SECURITIES AND EXCHANGE COMMISSION

FORM S-11/A

Registration statement for securities to be issued by real estate companies [amend]

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FILER

Aspire Real Estate Investors, Inc.	Mailing Address	Business Address
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As filed with the Securities and Exchange Commission on November 6, 2020

Registration Statement No. 333-249285

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

Form S-11

FOR REGISTRATION
UNDER THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

Aspire Real Estate Investors, Inc.

(Exact name of registrant as specified in its governing instruments)

1920 Main Street, Suite 150
Irvine, California 92614
Tel: (949) 269-4700

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Daryl J. Carter
1920 Main Street, Suite 150
Irvine, California 92614
Tel: (949) 269-4700

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: □

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. □

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. □

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. □

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. □

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer □ Accelerated filer □ Non-accelerated filer ☒ Smaller reporting company ☒
Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. □

CALCULATION OF REGISTRATION FEE

Title of Securities To Be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, $0.01 par value per share	$345,000,000	$37,639.50

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes shares of common stock subject to the underwriters' option to purchase additional shares.

(3) $10,910 previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION,
DATED NOVEMBER 6, 2020

PROSPECTUS

15,000,000 Shares

ASPIRE

Aspire Real Estate Investors, Inc.

Common Stock

Aspire Real Estate Investors, Inc. is a newly incorporated Maryland corporation formed to invest in, develop, redevelop and manage a portfolio of primarily affordable and workforce multifamily properties located in Opportunity Zones, as designated by the Tax Cuts and Jobs Act of 2017, within dynamic, U.S. metropolitan areas. We are externally managed and advised by Aspire REIT Manager, LLC, a newly-formed entity controlled by affiliates of Avanath Capital Management, LLC and MacFarlane Partners, LLC, two of the largest African American-owned real estate companies in the U.S.

This is our initial public offering. No public market currently exists for our common stock.

We are selling all of the shares of common stock offered by this prospectus. We expect the initial public offering price to be $20.00 per share. We have applied to list our common stock on the New York Stock Exchange under the symbol "ASPI."

Concurrently with the closing of this offering, we will sell shares of our common stock to members of our senior management team, affiliates of our Manager and investors in our Manager in a separate private placement, at the initial public offering price per share, for an aggregate investment equal to $6.7 million, and members of our senior management team will purchase a 1.0% limited partnership interest in our subsidiary partnership, at a price per unit equal to the initial public offering price per share, for an aggregate investment of $3.3 million. In addition, we have received binding subscriptions from certain accredited investors to purchase shares of our common stock in the concurrent private placement for an aggregate investment equal to $5 million. We have also received an oral commitment from an accredited investor to purchase $15 million in shares of our common stock in the concurrent private placement. Such oral commitment is non-binding and the investor may ultimately elect not to purchase any shares in the concurrent private placement.

We intend to elect and qualify as a qualified opportunity fund, or Opportunity Zone Fund, for U.S. federal income tax purposes commencing with the month of closing of this offering and to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2020. We believe we will be the first Opportunity Zone Fund listed for trading on a national securities exchange. To assist us in qualifying as a REIT, stockholders generally will be restricted from owning more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. In addition, our charter contains various other restrictions on the ownership and transfer of our common stock. See "Description of Capital Stock−Restrictions on Ownership and Transfer."

We are an "emerging growth company" under U.S. federal securities laws and will be subject to reduced public company reporting requirements. You should consider the risks described in "Risk Factors" beginning on page 48 of this prospectus for risks relevant to an investment in our common stock.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$

Proceeds, to us, before expenses	$	$

The underwriters may purchase up to an additional 2,250,000 shares of our common stock from us, at the initial public offering price less the underwriting discount, within 30 days after the date of this prospectus.

Neither the United States Securities and Exchange Commission nor any state or non-U.S. securities commission or authority has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about , 2020.

Joint Book-Running Managers

Morgan Stanley **B. Riley Securities** **Wells Fargo Securities** **BMO Capital Markets** **KeyBanc Capital Markets**

Co-Managers

Loop Capital Markets **Ramirez & Co., Inc.** **Siebert Williams Shank**

The date of this prospectus is , 2020.

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You should rely only on the information contained in this prospectus or any free writing prospectus prepared by us. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the cover of this prospectus. Our business, financial condition, liquidity, results of operations and prospects may have changed since that date.

Market Data

We use market data, demographic data, industry forecasts and industry projections throughout this prospectus. Unless otherwise indicated, we have obtained such market and industry data from publicly available industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The industry forecasts and projections are based on historical market data and the preparers' experience in the industry, and there is no assurance that any of the projected amounts will be achieved. We believe that the market and industry research others have performed are reliable, but we have not independently verified this information.

Certain Terms Used in This Prospectus

The following terms are used throughout this prospectus and, unless the context otherwise requires or indicates, these terms are defined as follows:

"2017 Tax Act" means the Tax Cuts and Jobs Act of 2017.

"affordable housing" is defined by us to mean housing that is generally not leased to households earning more than 60% of AMI.

"AMI" means area median income, which is the midpoint of a region's income distribution calculated annually by HUD to determine the income eligibility requirements of federal housing programs in every metropolitan region in the country. Half of the families in a region earn more than the AMI, and half earn less than the AMI.

"Aspire Real Estate Investors Predecessor I" means a combination of real estate entities and operations that are under common ownership and management of Avanath Affordable Housing I, LLC.

"Aspire Real Estate Investors Predecessor II" means a combination of real estate entities and operations that are under common ownership and management of Avanath Affordable Housing II, LLC.

"Aspire TRS" means Aspire Real Estate TRS, LLC, a Delaware limited liability company, the general partner of our subsidiary partnership and a TRS of ours.

"Avanath" means Avanath Capital Management, LLC and its controlled affiliates.

"Code" means the Internal Revenue Code of 1986, as amended.

"concurrent private placement" means the sale by us to members of our senior management team, affiliates of our Manager, investors in our Manager and certain Avanath-managed funds and certain other accredited investors, in a separate private placement that will close concurrently with the closing of this offering, of $26.7 million of our common stock, or a total of 1,335,000 shares, at a price per share equal to the public offering price per share in this offering.

"cost burdened" means for those families that pay more than 30% of their household income for housing, including rent and utilities.

"Equity Incentive Plan" means the Aspire Real Estate Investors, Inc. 2020 Equity Incentive Plan.

"formation transactions" means the transactions described under "Structure and Formation of Our Company" that we have consummated or intend to consummate prior to, concurrently with or shortly after the closing of this offering, including the acquisition of our initial portfolio.

"higher quality affordable and workforce housing assets" refer to affordable or workforce housing properties that are in good to excellent condition, require little to no capital improvements and offer amenities to residents (such as a clubhouse, pool and laundry facilities).

"HUD" means the United States Department of Housing and Urban Development.

"initial portfolio" means the portfolio of six multifamily projects located in Opportunity Zones and three Non-OZ Investments that we will acquire in connection with the formation transactions, as described in "Prospectus Summary−Our Initial Properties" and "Business and Properties−Our Initial Properties".

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"MacFarlane" means MacFarlane Partners, LLC and its controlled affiliates.

"Manager" means Aspire REIT Manager, LLC, a Delaware limited liability company, our external manager and an entity controlled by affiliates of Avanath and MacFarlane.

"market-rate" means housing that is not subject to rent restrictions.

"Opportunity Zone" means a population census tract that is a low-income community that has been designated by the governor or other chief executive of the relevant state (including the District of Columbia) or territory as a "qualified opportunity zone" for U.S. federal income tax purposes and certified as such by the U.S. Department of the Treasury pursuant to the 2017 Tax Act.

"Opportunity Zone Business" means a trade or business of an Opportunity Zone Fund (or a partnership or corporate subsidiary thereof) that, in accordance with the 2017 Tax Act and the final Treasury regulations thereunder: (1) holds at least 70% of its tangible property (by value) as Opportunity Zone Business Property; (2) derives at least 50% of its gross income from the active conduct of a trade or business in an Opportunity Zone; (3) uses at least 40% of its intangible property in such trade or business; (4) holds less than 5% of its property (by unadjusted basis) in the form of certain nonqualified financial property; and (5) does not operate (or lease more than 5% of its property to) any of several enumerated "sin businesses."

"Opportunity Zone Business Property" means tangible property used in a trade or business of an Opportunity Zone Fund (or a partnership or corporate subsidiary thereof) that, in accordance with the 2017 Tax Act and the final Treasury regulations thereunder: (1) was acquired by (a) purchase from an unrelated party, (b) self-construction, or (c) lease, in each case after December 31, 2017; (2) (a) for which the "original use" of the property commences with the Opportunity Zone Fund, (b) is "substantially improved" by the Opportunity Zone Fund, or (c) is leased pursuant to arm's-length, market rate terms; and (3) for which, during at least 90% of the Qualified Opportunity Fund's holding period for the property, was used at least 70% in an Opportunity Zone.

"Opportunity Zone Fund" means an investment vehicle which is organized as a corporation or a partnership for U.S. federal income tax purposes for the purpose of investing in Qualified Property (other than another Opportunity Zone Fund) that holds at least 90% of its assets in Qualified Property, determined by the average of the percentage of Qualified Property held in the Opportunity Zone Fund as measured (1) on the last day of the first 6-month period of the taxable year of the Opportunity Zone Fund, and (2) on the last day of the taxable year of the Opportunity Zone Fund.

"Opportunity Zone Partnership Interest" means any capital or profits interest in a U.S. entity classified as a partnership for U.S. federal income tax purposes if (1) such interest was acquired by the Opportunity Zone Fund after December 31, 2017 from the partnership solely in exchange for cash, (2) such partnership was an Opportunity Zone Business as of the time such interest was acquired (or, in the case of a new partnership, such partnership was being organized for purposes of being an Opportunity Zone Business), and (3) during at least 90% of the Opportunity Zone Fund's holding period for such interest, such partnership qualified as an Opportunity Zone Business.

"Opportunity Zone Stock" means any stock in a U.S. entity classified as a corporation for U.S. federal income tax purposes if (1) such stock was acquired by the Opportunity Zone Fund after December 31, 2017 at its original issuance (directly or through an underwriter) solely in exchange for cash, (2) such corporation was an Opportunity Zone Business at the time such stock was issued (or, in the case of a new corporation, such corporation was being organized for purposes of being an Opportunity Zone Business), and (3) during at least 90% of the

Opportunity Zone Fund's holding period with respect to such stock, such corporation qualified as an Opportunity Zone Business.

"our Predecessors" means Aspire Real Estate Investors Predecessor I and Aspire Real Estate Investors Predecessor II, collectively.

"Qualified Property" means (1) Opportunity Zone Stock, (2) Opportunity Zone Partnership Interests, and/or (3) Opportunity Zone Business Property.

"REIT" means a real estate investment trust for U.S. federal income tax purposes.

"Section 8 Housing" refers to Project-Based Section 8 or Housing Choice Vouchers funded through HUD.

"stabilized" refers to properties that have achieved a long-term stabilized occupancy rate after exposure for leasing in the open market for at least six months.

"TRS" means a "taxable REIT subsidiary" within the meaning of Section 856(l) of the Code.

"value add" refers to properties that have in-place cash flow where we will seek to increase that cash flow over time by making improvements to or repositioning the properties.

"we," "our," "us" and "our company" mean Aspire Real Estate Investors, Inc., a Maryland corporation, together with its consolidated subsidiaries.

"workforce housing" means housing that is generally leased to households earning between 60% and 120% of AMI.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully, including the section entitled "Risk Factors," as well as the financial statements and related notes included elsewhere in this prospectus, before making an investment decision.

Unless otherwise indicated, the information contained in this prospectus assumes (i) the underwriters' option to purchase up to an additional 2,250,000 shares of our common stock is not exercised, (ii) the shares of our common stock to be sold in this offering are sold at $20.00 per share and (iii) the sale in the concurrent private placement to members of our senior management team, affiliates of our Manager and investors in our Manager, certain Avanath-managed funds and certain other accredited investors of shares of our common stock for an aggregate investment equal to $26.7 million and a $3.3 million investment by members of our senior management team in limited partnership units representing a 1.0% interest in our subsidiary partnership. In addition, unless otherwise indicated, the information in this prospectus assumes that this offering and the formation transactions have been completed.

Our Company

We are a newly incorporated Maryland corporation formed to invest in, develop, redevelop and manage a portfolio of primarily affordable and workforce multifamily properties in dynamic U.S. metropolitan areas. We will be the first publicly traded REIT to pursue a strategy focused on affordable and workforce multifamily housing. These sectors historically have been fragmented in ownership and underserved by institutional capital, yet they comprise a majority of the U.S. multifamily market (by units) and offer strong long-term fundamentals to generate attractive returns for investors. Moreover, we intend to elect and qualify as the first publicly traded Opportunity Zone Fund REIT listed on a national securities exchange, which we expect will provide our investors with meaningful tax benefits available as part of the Opportunity Zone tax legislation ("QOZ Tax Benefits").

Our strategy is to focus on acquiring existing income producing affordable and workforce multifamily properties, some of which we intend to redevelop by upgrading existing housing units, adding additional units to existing buildings, and/or constructing new buildings within the property or on adjacent land that we purchase. We will also undertake ground up development of new affordable and workforce multifamily housing in vibrant, supply-constrained markets, in circumstances where we believe we will be able to leverage our management team's experience and relationships to generate strong risk-adjusted returns for our stockholders. Up to 30% of our portfolio may be comprised of stabilized and value add properties for which we do not intend to undertake significant redevelopment work, including properties located outside of Opportunity Zones. We believe that the affordable and workforce housing sectors offer attractive risk-adjusted returns, with superior supply and demand dynamics and greater fragmentation of existing ownership than the market-rate segment of the multifamily market.

Our initial portfolio will be comprised of nine multifamily projects (our "initial properties"), six of which are located in Opportunity Zones. The combined estimated total project cost for our initial properties, including initial purchase prices plus development and redevelopment costs, which include capitalized construction loan interest expenses, if any, is approximately $582.4 million. Consistent with our strategy, three of the initial properties are stabilized existing operating properties (approximately 17% of estimated total project cost), five of the initial properties are redevelopments of existing operating properties (approximately 76% of estimated total project cost) and one of the initial properties is a ground up development (approximately 7% of estimated total project cost). Our initial portfolio will be concentrated in vibrant, supply-constrained markets where our management team has strong existing relationships. In addition to our initial portfolio, we maintain an acquisition pipeline of additional prospective investments located both within and outside of Opportunity Zones, focused on assets in high growth metropolitan areas with close proximity to mass transportation, healthcare and social infrastructure.

Experienced Manager with Decades of Affordable and Workforce Housing and Development Experience

We will be externally managed and advised by our Manager, which is majority owned and controlled by an affiliate of Avanath, a real estate investment manager that invests in property markets nationwide on behalf of pension funds and other institutional investors through commingled funds. Our President and CEO Daryl J. Carter, an investment executive with a 39-year track record in building and managing successful commercial real estate enterprises, founded Avanath in 2008. Avanath is principally focused on the affordable and workforce multifamily housing sectors and is one of the leading national investors and one of the few institutional investors operating at scale in these fragmented sectors. Avanath's primary strategy is to invest in high-quality multifamily apartment communities in established residential neighborhoods in markets with high income growth and a significant supply/demand imbalance. Apartment communities owned and operated by Avanath typically enjoy amenities such as pools, gyms, clubhouses and well-appointed unit interiors. Avanath has a long track record of investing in areas now categorized as Opportunity Zones under the 2017 Tax Act. As of June 30, 2020, Avanath had approximately $2.2 billion in gross assets under management from 49 institutional investors, and its managed funds owned 80 apartment communities with approximately 10,560 units. This managed portfolio includes 11 apartment communities containing approximately 1,936 units located in areas now designated as Opportunity Zones. Five of these apartment communities located in Opportunity Zones are included in our initial portfolio, which we will acquire in the formation transactions. These properties will contain a total of approximately 1,679 units upon completion of their redevelopment. Our initial portfolio will also include one workforce housing development project located in an Opportunity Zone that an affiliate of Avanath is in the process of acquiring from unaffiliated third parties. Additionally, three apartment communities from Avanath-managed funds not located in Opportunity Zones containing approximately 633 total units will be included in our initial portfolio.

Our Manager's expertise in the affordable and workforce multifamily sectors will be enhanced by its access to the real estate investment platform of MacFarlane, which also owns an interest in our Manager. MacFarlane is an experienced real estate investment and development firm that focuses on urban property markets. Over the past three decades, MacFarlane has managed more than $20 billion in real estate assets in nearly 40 metropolitan areas nationwide. The firm is recognized as a pioneer of the urban investment concept, having formed one of the institutional investment management industry's first urban ventures in 1996. Victor MacFarlane, Chairman and CEO of MacFarlane, will serve as the Chairman of our Board upon completion of this offering.

Through various ventures and initiatives, Messrs. Carter and MacFarlane enjoy a working relationship that has spanned over three decades. The combined sponsorship of Avanath and MacFarlane, under the leadership of Messrs. Carter and MacFarlane, will provide our company with the benefit of decades of experience in affordable and workforce housing and urban development in under-invested communities. We believe that this will enhance our ability to identify investment opportunities consistent with our target strategy, execute on such investments quickly and effectively and efficiently manage our properties to generate attractive returns for our shareholders.

Our development and redevelopment strategies include engaging smaller developers with local market expertise, including minority owned and controlled real estate developers. In our development projects, we will focus on employing contractors and property level employees from the immediate area, and we will seek to engage minority contractors when and wherever reasonably possible. In addition, we will work with local non-profit organizations in order to provide supportive services for our residents.

Attractive Risk-Adjusted Returns Supported by Strong Long-Term Market Dynamics

We believe attractive risk-adjusted returns in affordable and workforce housing can be achieved by: (i) investing in vibrant markets with high income growth; (ii) targeting acquisition of properties on an off-market basis through existing relationships; and (iii) implementing operational improvements through expense management and providing community-based services and activities that enhance the lifestyle of our residents. Capitalization rates for stabilized, higher quality affordable and workforce housing assets generally trade in the range of 4.0% to 5.5% depending on market, age of the property, unit mix, nature and timing of any rent restrictions and economic and market conditions. Market-rate assets in our target markets generally trade for capitalization rates in the range of 3.75% to 5.0%. For our redevelopment and development investments, we intend to undertake projects which underwrite to approximately 50 to 150 basis points of additional yield on cost upon stabilization compared to acquisitions of stabilized properties in the same market.

Given the scarcity of available units in affordable and workforce housing, lease up of new units tends to be faster and more predictable and tenants tend to reside in their units longer, resulting in less volatility in occupancy and reduced unit turnover costs (i.e., lower ongoing capital expenditure requirements) as compared to the market-rate segment of the multifamily market, with rent growth in line with market-rate units. We believe redevelopment properties within Opportunity Zones are particularly attractive as the properties provide current cash flow to our company while the redevelopment is in process. We seek to generate strong risk-adjusted returns that are independent of the incremental QOZ Tax Benefits available to our stockholders.

Moreover, the demand for affordable and workforce housing is very strong, as a high percentage of renters in the United States spend more than 30% of their household income on housing, including rent and utilities. Additionally, most of the new supply in the multifamily sector over the last several years has been focused on higher rent product and often specific submarkets catering to higher earning millennials. Furthermore, very little new affordable housing has been built for renters earning less than 60% of AMI and very little new product has been built in submarkets now designated as Opportunity Zones. See the section of this prospectus entitled "Market Opportunity" for more detail on these attractive supply and demand dynamics.

First Publicly Traded REIT Listed on a National Securities Exchange to Qualify as an Opportunity Zone Fund

We intend to elect and qualify as an Opportunity Zone Fund, and we would be the first publicly traded REIT listed on a national securities exchange to achieve this qualification. An Opportunity Zone Fund is a special type of company that was created by Congress in the 2017 Tax Act to incentivize long-term private sector investments in low-income, economically distressed communities. Provided that we qualify and maintain our qualification as a REIT, our company will generally be free from U.S. federal corporate income tax to the extent we distribute our net taxable income to our stockholders. In addition, so long as we qualify and maintain our qualification as an Opportunity Zone Fund, our stockholders will be eligible for QOZ Tax Benefits, including the right to (i) temporarily defer capital gain from other investments to the extent such gain is invested in shares of our common stock generally within 180 days after such gain is incurred by the stockholder (provided that, if an investor's 180-day period was to expire on or after April 1, 2020 and before December 31, 2020, such investor has until December 31, 2020 to invest such gain), (ii) permanently exclude up to 10% of that gain if the investment in our common stock is made by December 31, 2021 and is held for a period of at least five years, and (iii) permanently exclude all capital gain arising out of their investment in shares of our common stock attributable to periods through December 31, 2047, provided certain conditions are satisfied, including a requirement to hold shares of our common stock for at least ten years. Following the closing of this offering, it is expected that investors that purchase outstanding shares of our common stock from an existing investor utilizing eligible capital gains will be eligible for QOZ Tax Benefits.

To qualify as an Opportunity Zone Fund, we will be required to invest a significant amount of our capital in real properties that are located within designated Opportunity Zones and will be required to be the original user of the property (as defined in the Opportunity Zone tax legislation) or to make substantial improvements (as defined in the Opportunity Zone tax legislation) to each property by investing additional capital that generally doubles the tax basis of the existing real property improvements (excluding land value) within the time periods specified by the final Treasury regulations promulgated under the 2017 Tax Act and applicable Internal Revenue Service ("IRS") guidance. Our strategy is to focus primarily on investments in the affordable and workforce segments of the multifamily housing sector, which we believe offer attractive risk/return dynamics and are specifically well suited for Opportunity Zone investing.

We expect to acquire our initial properties through a partnership subsidiary that is expected to qualify as being engaged in an Opportunity Zone Business. Although a portion of our investments will not be qualifying investments for Opportunity Zone purposes ("Non-OZ Investments"), consistent with the requirements of the Opportunity Zone legislation, our investment policy will require that at least 70% of the value of the properties in which our subsidiary partnership invests qualify as Opportunity Zone Business Property. We will target affordable and workforce multifamily housing investments both inside and outside of Opportunity Zones primarily in transitioning metropolitan markets that have vibrant, growing economies. We will also selectively target stabilized and value add properties both inside and outside of Opportunity Zones where we do not plan to double the tax basis of the real property improvements of the property. We will limit our Non-OZ Investments so as to allow us to maintain our Opportunity Zone Fund status. We intend to invest primarily in locations close to mass transportation, healthcare, employment and social infrastructure.

Our Initial Properties

Concurrently with or shortly after the closing of this offering and the concurrent private placement, we will contribute, directly and indirectly through Aspire TRS, the net proceeds of the offering and concurrent private placement to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will acquire an initial portfolio comprised of nine multifamily properties across six states for an aggregate purchase price of approximately $260.4 million in cash. The combined estimated total project cost for our initial properties, including initial purchase prices plus development and redevelopment costs, which include capitalized construction loan interest expenses, if any, is approximately $582.4 million.

Our initial portfolio will include three stabilized multifamily properties that are not located in Opportunity Zones. We will purchase these three properties (Country Wood, Coopers Crossing and Wellington Woods) from a private investment fund that is managed by Avanath for an aggregate purchase price of approximately $82.5 million. The purchase price for these properties is based on third party appraisals, which approximate fair value.

Six of the properties in our initial portfolio are located in Opportunity Zones. The combined estimated total project cost for the six Opportunity Zone properties, including the purchase price and future estimated development and redevelopment costs, which include capitalized construction loan interest expenses, if any, is approximately $485.4 million. Five of the Opportunity Zone properties in our initial portfolio (Arbors at Cary, Academy at Waterford Lakes, Woodside Senior, Oak Village and Seaport Village) are existing operating properties which we will purchase from a private investment fund that is managed by Avanath for an aggregate purchase price of approximately $176.4 million. The purchase price for these properties is based on a combination of third party appraisals, broker opinions of value and the current book value of the properties, which approximates fair value. The sixth

Opportunity Zone property (North End Landings) is a proposed ground up workforce housing multifamily development project. We will acquire from an Avanath affiliate certain parcels of land that it currently controls as well as additional parcels of land from third parties, including City of Detroit Land Bank Authority. The aggregate purchase price for these land parcels is expected to be $1.5 million. The purchase prices for the land parcels that comprise this project were negotiated with private land owners, Vanguard Community Development Corporation and the City of Detroit Land Bank Authority. The total project cost for North End Landings is estimated to be $43.2 million.

We have entered into purchase and sale contracts to purchase the nine properties comprising our initial portfolio. The acquisition of these properties is still subject to, among other things, the completion of this offering, customary closing conditions and the satisfactory completion of due diligence. Accordingly, we cannot assure you that we will acquire these properties on the terms described above or at all.

The following provides certain information about the properties in our initial portfolio.

Name of Property	Location	Description	Occupancy Nine Months ended September 30, 2020(1)	2019 Average Monthly Rent	2019 Total Revenues (in millions)	2019 Net Operating Income (in millions)(2)	Current Units	Projected Units	Purchase Price (in millions)	Est. Total Project Cost(3) (in millions)	Est. Start Date	C
Stabilized:												
Country Wood	Naperville, IL	Affordable	97.1%	$ 1,000	$ 2.2	$ 0.8	180	180	$ 20.0	$ 23.9	N/A(4)	
Wellington Woods	Kissimmee, FL	Affordable	98.9%	$ 865	$ 4.1	$ 2.0	360	360	$ 51.0	$ 59.5	N/A(4)	
Coopers Crossing	Irving, TX	Affordable	96.1%	$ 1,082	$ 1.2	$ 0.4	93	93	$ 11.5	$ 13.6	N/A(4)	
Subtotals/Weighted Average:				$ 935	$ 7.5	$ 3.2	633	633	$ 82.5	$ 97.0		
Redevelopments:												
Arbors at Cary	Cary, NC	Workforce Housing	70.3%(5)	$ 851	$ 1.9	$ 0.1(6)	248	268	$ 19.8	$ 45.7	Dec-20	
Academy at Waterford Lakes	Orlando, FL	Affordable	99.1%	$ 824	$ 2.4	$ 1.1	228	378	$ 24.0	$ 52.6	Jan-21	
Seaport Village	Long Beach, CA	Workforce Housing	97.3%	$ 1,605	$ 7.0	$ 3.6	358	637	$ 89.9(7)	$ 244.0(8)	Dec-20(8)	
Woodside Senior	Ontario, CA	Affordable	95.9%	$ 1,147	$ 1.9	$ 1.0	144	216	$ 23.0(7)	$ 48.3(9)	Dec-20(9)	
Oak Village	Oakland, CA	Affordable	97.1%	$ 1,302	$ 2.1	$ 0.8	117	180	$ 19.7	$ 51.6	Dec-20	
Subtotals/Weighted Average:				$ 1,182	$ 15.3	$ 6.6	1,095	1,679	$ 176.4	$ 442.2		

Ground Up Developments:											
North End Landings	Detroit, MI	Workforce Housing	N/A	N/A	N/A	N/A	N/A	187	$ 1.5	$ 43.2[9]	Jul-21[9]
Subtotals:				N/A	N/A	N/A	N/A	187	$ 1.5	$ 43.2	
Totals:				$ 1,090	$ 22.8	$ 9.8	1,728	2,499	$ 260.4	$ 582.4	

[1] Average occupancy is the weighted average daily occupied units for the reporting period divided by the daily average of total units available for rent during the reporting period.

[2] Net operating income is a non-GAAP financial measure. For a description of net operating income and a statement of why our management believes the presentation of this metric provides useful information to investors, see "Management's Discussion and Analysis of Financial Condition and Results of Operations−Net Operating Income."

[3] Including purchase price.

[4] We expect to make certain renovations to this property in the future upon expiration of applicable income restrictions. See "Business and Properties−Our Initial Properties."

[5] Occupancy for the nine months ended September 30, 2020 was 70.3% including units intentionally held vacant pending redevelopment. Occupancy for the nine months ended September 30, 2020 was 95.1% excluding units intentionally held vacant pending redevelopment.

[6] Commencing in September 2018, units requiring significant capital expenditures were intentionally held vacant pending redevelopment. This caused a reduction in 2019 net operating income.

[7] Purchase price does not include additional parcels not currently owned by Avanath, which we expect to acquire in the future. The estimated purchase prices for such parcels are included in the estimated total project cost.

[8] The estimated total project cost and estimated project start and completion dates shown here assume acquisition of and new construction on privately owned adjacent parcels. We are also considering alternate approaches, including a plan with a greater focus on developing new units on our existing land, which includes 3.92 recently reclaimed acres, and which would have a different estimated total project cost and different estimated project start and completion dates.

[9] The estimated total project cost and estimated project start and completion dates shown here assume acquisition of and new construction on privately owned adjacent parcels.

Stabilized Properties

Our initial portfolio will include three stabilized multifamily properties that are not located in Opportunity Zones.

Country Wood

Country Wood is an existing, stabilized, 180-unit affordable, multifamily residential property in Naperville, Illinois that was originally constructed in 1995 under the LIHTC Program. As a stabilized investment, the business plan is to implement light interior unit renovations within the existing 180 units, as well as selective exterior upgrades and replacements. The property is income restricted with 10% of units restricted to families earning at or below 50% of AMI and 90% of units restricted to families earning at or below 60% of AMI. These income restrictions are scheduled to expire in 2026. As of September 2020, the average rents at the property are approximately 19% below market for properties of comparable quality. See "Business and Properties−Our Initial Properties."

Wellington Woods

Wellington Woods is an existing, stabilized, 360-unit affordable, multifamily residential property in Kissimmee, Florida that was originally constructed in 1994 under the LIHTC Program. As a stabilized investment, the business plan is to implement light interior unit renovations within the existing 360 units, as well as selective exterior upgrades and replacements. The property is income restricted with 100% of units restricted to families earning at or below 60% of AMI. These income restrictions are scheduled to expire in 2024. As of September 2020, the average rents at the property are approximately 26% below market for properties of comparable quality. See "Business and Properties−Our Initial Properties."

Coopers Crossing

Coopers Crossing is an existing, stabilized, 93-unit affordable, multifamily residential property in Irving, Texas that was originally constructed in 1995 under the LIHTC Program. As a stabilized investment, the business plan is to implement light interior unit renovations within the existing 93 units, as well as selective exterior upgrades and replacements. The property is income restricted with 100% of units restricted to families earning at or below 60% of AMI. These income restrictions are scheduled to expire in 2026. As of September 2020, the average rents at the property are approximately 7% below market for properties of comparable quality. See "Business and Properties−Our Initial Properties."

Redevelopment Properties

Our initial portfolio will include five redevelopment properties located in Opportunity Zones.

Arbors at Cary

Arbors at Cary is a 248-unit workforce housing multifamily property in Cary, North Carolina that was originally constructed between 1967 and 1971. The business plan is to renovate 232 of the existing units that includes aesthetic, structural and system upgrades and enhancements. Certain units at the property have been held vacant pending redevelopment. Two buildings (16 units) will be demolished and replaced with 36 new townhouse rental units. The large floorplans of the townhouse units are expected to appeal especially to families with young children enrolled in the local public school system. The redevelopment will position the property to be more competitive with newer properties in the Cary market. The property is located in an Opportunity Zone that is surrounded by one of the best performing submarkets in the Raleigh MSA. As of September 2020, the average rents at the property are approximately 36% below market for properties of comparable quality after taking into account our planned rehab for the property. See "Business and Properties−Our Initial Properties."

Academy at Waterford Lakes

Academy at Waterford Lakes is a 228-unit affordable (income restricted) multifamily property in Orlando, Florida that was originally constructed in 1997 under the Low-Income Housing Tax Credit Program (the "LIHTC Program"). The business plan is to renovate the existing 228 units and build approximately 150 new affordable family units on vacant land currently designated as a wetland conservation area. The existing property is income restricted with 15% of units at 35% of AMI and 85% of units at 60% of AMI and benefits from a 50% property tax abatement. As of September 2020, the average rents at the property are approximately 28% below market for properties of comparable quality. See "Business and Properties−Our Initial Properties." We expect that the new units will be at market rate. The market rate rents are expected to generate higher returns on new construction.

Seaport Village

Seaport Village is an existing 358-unit workforce housing multifamily property in Long Beach, California that was originally constructed in 1963 and has undergone several renovations under previous ownership. The business plan is to renovate the existing 358 units and common areas, acquire and demolish an adjacent retail center, and develop approximately 279 market rate units on the former retail center site. As of September 2020, the average rents at the property are approximately 15% below market for properties of comparable quality after taking into account our planned rehab for the property. See "Business and Properties−Our Initial Properties." We expect that the new units will be at market rate. The market rate rents are expected to generate higher returns on new construction. Because of its location in the supply constrained Long Beach market and the potential to generate higher rents on new units and renovated existing units, we believe the property is an attractive investment candidate.

Woodside Senior

Woodside Senior is a 144-unit affordable (income restricted), age restricted (55+ years old) multifamily property in Ontario, California that was originally constructed in 1984. The property is located on two separate parcels consisting of 60 units and 84 units. In between the two Woodside Senior parcels, there is a two-story office building consisting of 19,248 square feet. The office building is situated on 1.22 acres. We are currently under a purchase contract with the owner of the office building to sell the property to us. The business plan is to renovate the existing 144 units and common areas, acquire and demolish the office building, and develop approximately 72 new, age restricted units on the office building site.

The existing property is income restricted with 9% of units at 50% of AMI, 11% of units at 80% of AMI and 80% of units at 110% of AMI. As of September 2020, the average rents at the property are approximately 36% below market for properties of comparable quality. See "Business and Properties−Our Initial Properties." We expect that the new units will be at market rate. The market rate rents are expected to generate higher returns on new construction. The Greater Ontario/Rancho Cucamonga area has some of the most attractive demand-drivers in the region, including its proximity to Greater Los Angeles employment centers.

Oak Village

Oak Village is a 117-unit affordable (income restricted) multifamily property in Oakland, California that was originally constructed in 1973 and underwent extensive renovation in 2004 under the LIHTC Program. The business plan is to renovate the existing 117 units and build approximately 63 new units on an adjacent parking lot that is on the property. The existing property is income restricted with 20% of units at 50% of AMI, and 80% of units at 60% of AMI. As of September 2020, the average rents at the property are approximately 45% below market for properties of comparable quality. See "Business and Properties−Our Initial Properties." We expect that 20% of the new units will be at 80% of AMI and the remaining 80% of the new units will be at market rate. The market rate rents are expected to generate higher returns on new construction. The property benefits from a property tax abatement. The general shortage of affordable housing in the overall Bay Area has led to greater demand for housing in Oakland which has experienced a general revitalization and economic renaissance in many neighborhoods in the city. These trends, which we expect to continue, have resulted in improving rental rates in properties located in Oakland.

Ground-up Development Property

Our initial portfolio will include one ground-up development property located in an Opportunity Zone.

North End Landings

North End Landings is a proposed workforce housing multifamily development in Detroit, Michigan. The project will be built in multiple phases, with the initial phase consisting of approximately 187 multifamily units. We are currently in discussions with the City of Detroit regarding a partial property tax abatement for the property. The project is located in Detroit's Historic North End, which is located just north of Downtown Detroit and adjacent to Wayne State University. The project is also near one of Detroit's main transit corridors, Woodward Avenue. Detroit has continued to show strong job and economic growth, with Quicken Loans employing more than 17,000 people and JPMorgan Chase planning to invest $200 million in Detroit prior to 2022. Downtown Detroit continues to see new and creative commercial and multifamily developments.

Our Acquisition Pipeline

In addition to the nine initial properties, as of the date of this prospectus, we are evaluating acquisition opportunities of properties within and outside of Opportunity Zones from third parties, which we may acquire for cash or in exchange for partnership interests in our subsidiary partnership, subject to compliance with the Opportunity Zone program. The estimated aggregate acquisition, development and redevelopment cost for these properties is approximately $1.1 billion. We consider a property to be under evaluation if it satisfies the following criteria: (i) the owner has advised us that the property is available for sale, (ii) we have had active discussions with the owner regarding a potential purchase of the property and such discussions have not been terminated by either party and (iii) we are considering the preparation of a written proposal for delivery to the owner regarding a potential purchase of the property. These investments are under general review, and we have not conducted due diligence nor submitted indications of interest to, or entered into non-binding letters of intent with, the owners of these properties. There can be no assurance that we will be able to secure these investments as we may not have access to capital or may not be able to negotiate acquisition terms that are reasonable to us.

We do not view any of the acquisition opportunities discussed above as probable at this time.

Our Manager and our Property Manager

Upon the closing of this offering, we will enter into a management agreement with our Manager pursuant to which our Manager will manage our business and affairs, subject to the oversight of our board of directors. Additionally, upon the closing of this offering, our subsidiary partnership will enter into property management agreements with a property manager that is affiliated with our Manager (our "Property Manager") pursuant to which our Property Manager will manage, operate, maintain and lease all of the properties in our initial portfolio. Our Property Manager is an affiliate of Avanath and MacFarlane.

Under the management agreement, our Manager will be responsible for, among other things, providing us with a management team, each of whom is currently a member of the management team at Avanath. In addition to Daryl J. Carter, our President and Chief Executive Officer, our Manager will provide us with our other executive officers including Jun Sakumoto, our Executive Vice President and Chief Operating Officer, Wesley Wilson, our Executive Vice President, Chief Financial Officer and Treasurer, and Ellen Guccione, our Secretary.

Our Property Manager's approach to property management is built around reduced risk, improved tenant retention, enhanced long-term property values and reduced operating costs, while maintaining a superior living environment for tenants. Our Property Manager's vertically integrated property management platform includes a 276 person in-house property management team as well as a dedicated 10 person property compliance team. Through innovative and rigorous property management strategies, our Property Manager will seek to maintain high levels of occupancy and tenant satisfaction, and will provide cost containment, accounting, energy management and sustainability practices that will allow for operational and financial efficiency.

Our management team has a track record of investing in markets that have been underserved by institutional capital. Members of our executive team have been responsible for raising institutional capital across multiple real estate investment funds and separate account mandates. Our management team is diverse with respect to gender and ethnicity. Our inclusive investment team seeks to identify attractive investment opportunities in underserved markets. As a result, Avanath is often an early-stage investor in emerging real estate markets that have been overlooked by traditional institutional investors. Avanath has successfully executed on redeveloping and repositioning a variety of investments across numerous asset classes with an emphasis on multifamily throughout major urban markets nationwide. We will leverage our management team's expertise in these markets to execute our Opportunity Zone real estate investment strategy.

Additionally, Avanath is a signatory to the Principles for Responsible Investing ("PRI"), a United Nations sponsored initiative consisting of a network of international investors working together to implement environmental, social and governance ("ESG") principles. Avanath also participates in the California Organized Investment Network ("COIN"), which facilitates insurance industry investments that provide solid returns to investors and yield environmental and social benefits to underserved communities. COIN is a collaborative effort between the California Department of Insurance, the insurance industry, economic development organizations, and community advocates. Starting in the third quarter of 2021, Avanath will report to the Global Real Estate Sustainability Benchmark ("GRESB"), which provides a global standard for sustainability performance in real assets, offering standardized and validated ESG data to the capital markets. More than 80 institutional investors use GRESB data and analytical tools. Avanath's participation in these organizations underscores its commitment to be a responsible and inclusive investor in U.S. commercial real estate markets, which differentiates the firm from many competitive organizations in the industry. We believe we will be the first ESG affordable and workforce multifamily REIT listed for trading on a national securities exchange.

Avanath Background

Founded in 2008 by Daryl J. Carter, Avanath is a real estate investment manager that invests on behalf of pension funds and other institutional investors, including ESG and socially responsible investors. Avanath has a focus in the affordable and workforce multifamily housing sectors which enjoy strong long-term fundamentals and are underserved by institutional capital. Avanath acquires value-oriented multi-family properties that were originally developed under the LIHTC Program or with other similar structures, with the goals of enhancing the physical properties and maintaining long-term affordability. Avanath invests in high-quality multifamily apartment communities in established residential neighborhoods and focuses primarily on markets with high income growth and a significant supply/demand imbalance. Avanath's apartment communities typically enjoy amenities found in market-rate multifamily properties, such as a pool, gym, clubhouse and well-appointed unit interiors. As of June 30, 2020, Avanath had approximately $2.2 billion in gross assets under management from 49 institutional investors and owned 80 apartment communities with approximately 10,560 units.

In addition to investing in physical properties, Avanath embraces a culture of commitment, investing in community-based services and activities that enhance the lifestyle of its residents. Avanath promotes these responsible investment practices throughout its portfolio. Avanath implements unique social programs that truly enhance resident life. For example, Avanath incorporates activities such as arts & crafts and exercise classes at its age restricted senior properties and provides transportation services to its senior residents. Avanath offers after-school programs for kids, summer youth programs, computer training and career workshops at its family properties. Avanath also recently launched its Activate Health and Wellness Program at its Maryland properties, where Avanath has partnered with University of Maryland Capital Region Health to offer vital health screenings and health education to residents.

Avanath also promotes responsible investment through environmental sustainability initiatives, including, but not limited to, the installation of solar panels, drought tolerant landscaping and LED lights at its properties. Recently, in select deregulated energy markets, Avanath has entered into fixed-rate energy contracts to purchase renewable energy at a discount to current market rates offered by local utilities.

Avanath has successfully deployed capital from Avanath Affordable Housing I, LLC, Avanath's first fund ("Avanath I"), with $117 million of equity capital commitments; Avanath Affordable Housing II, LLC ("Avanath II"), with $188 million of equity capital commitments, including co-investment capital; and Avanath Affordable Housing III, LLC ("Avanath III"), with $388 million of equity capital commitments, including co-investment capital. Currently, Avanath is seeking $850 million of equity commitments for Avanath Affordable Housing IV, LLC ("Avanath IV"), which will target value-oriented rentals in high-growth, high-cost markets in the U.S. Avanath IV will focus on acquisitions of core plus and value add properties with comparably lower levels of renovation than we expect will be required in the redevelopment projects undertaken by our company. Avanath IV is prohibited from investing in ground up development. Therefore, Opportunity Zone projects, which generally require doubling the cost basis of existing property, are not compatible with Avanath IV's investment mandate. Our management agreement contains a provision that is intended to enable us to share equitably with other clients of our Manager and its affiliates in all opportunities that may be suitable for us and such other clients and that will provide us with priority allocation of all investment opportunities that are suitable for us but are unsuitable for Avanath IV, including investment opportunities that require development and stabilized properties owned or controlled by Avanath. Prior to the expiration of its investment period, Avanath IV will have priority allocation with respect to those investment opportunities that may be suitable for Avanath IV. Upon the expiration of Avanath IV's investment period, and with no change to the allocation provision set forth in our management agreement, we will have priority access to all investment opportunities sourced by our Manager and its affiliates. Avanath IV's investment period ends upon the earlier of deployment of 90% of Avanath IV's commitments and May 31, 2022, provided that the investment period can be extended for one year with the approval of a majority of Avanath IV's advisory committee. The investment allocation policy described above could be waived or revised at any time by a majority of our independent directors without the consent of our stockholders. **This prospectus does not constitute an offer to sell or a solicitation of offers to purchase any securities of Avanath IV or its current or prospective investors.**

Avanath is registered with the United States Securities and Exchange Commission (the "SEC") as an investment advisor and is headquartered in Irvine, California, with additional offices in Alexandria, Virginia and Chicago, Illinois, and as of June 30, 2020 has 311 employees. Avanath has received a number of industry awards, including the 2016 Management Company of the Year award by the

Apartment Association of California Southern Cities. Avanath was one of the companies highlighted in the Inc. Magazine 2019 annual guide to the 5,000 fastest growing privately held companies in the United States. Mr. Carter has received the Distinguished Mentor Award by the Urban Land Institute and the Distinguished Alumni Award from MIT Sloan School of Management.

MacFarlane Background

Founded in 1987 by Victor B. MacFarlane, MacFarlane has provided real estate investment management services to pension funds and other institutional investors through commingled funds and separate accounts, building a track record that spans multiple market cycles and a broad range of property sectors, geographic areas, capital structures, and investment strategies, including core, value add and opportunistic. Over the past three decades, the firm has managed more than $20 billion in real estate assets in nearly 40 metropolitan areas nationwide. MacFarlane has acquired stabilized properties, renovated and repositioned existing assets, developed new projects and taken over underperforming properties and portfolios−all with the objective of managing real estate to higher values and achieving attractive investment returns.

Today, MacFarlane focuses exclusively on real estate investments that promote smart growth, urban revitalization and sustainability in urban and high-density suburban submarkets of select "gateway cities" of the United States, acquiring and developing properties itself and through joint ventures with others. The firm is recognized as a pioneer of the urban investment concept, having formed one of the institutional investment management industry's first urban ventures in 1996. Since that time, it has invested in approximately $13 billion in properties in markets nationwide through its urban real estate program, totaling eight million square feet of commercial space and 15,000 multifamily housing units. MacFarlane has served as an investor or development partner for a number of multifamily, office and mixed-use projects, including The Hotel & Residences at L.A. LIVE and the recently completed Park Fifth and Trademark developments in Los Angeles, California; Bay Street Emeryville in Emeryville, California; Time Warner Center in New York, New York; Mark on 8th in Seattle, Washington; and 55 M Street in Washington, D.C. MacFarlane's controlled development pipeline includes approximately 800 affordable housing units and 2,700 market-rate units.

MacFarlane also owns a minority interest in LDP Holdings, LLC, which does business as Jair Lynch Real Estate Partners, a real estate operating and development company based in Washington, D.C., that will also be a potential source of investments for our company. MacFarlane acquired the equity interest in the company through its Emerging Managers Fund I, which was formed in 2008 with equity from the California State Teachers' Retirement System to invest both in and with early and mid-stage real estate operating companies, focusing on minority- and women-owned firms active in urban and high-density suburban property markets. The fund acquired equity stakes in such companies, nurtured their growth and provided them with investment capital for their real estate strategies. Its objective was to incubate the next generation of real estate talent and enable those firms to fully manage property assets for institutional investors. Jair Lynch Real Estate Partners became the sole focus of Emerging Managers Fund I and successfully "graduated" from that program in 2017. The fund was liquidated as part of that process.

Jair Lynch Real Estate Partners was founded in 1998 by Jair Lynch, a graduate of Stanford University, a Harvard Graduate School of Design Loeb Fellow, and a silver medal winner (men's parallel bars) at the 1996 Summer Olympics. Based in Washington, D.C., Jair Lynch Real Estate Partners specializes in the socially responsible transformation of walkable urban places and sustainable neighborhoods. From 2007 through 2017, Lynch invested in 15 properties in Washington, D.C. and its suburbs in partnership with MacFarlane through Emerging Managers Fund I and another investment entity.

MacFarlane is headquartered in San Francisco, California and operates a regional office in Los Angeles, California. Properties developed by MacFarlane, either directly or in partnership with others, have received awards and honors from real estate industry groups such as the Urban Land Institute, the National Association of Home Builders, the National Association of Office and Industrial Properties, and the Los Angeles Business Council; as well as from publications such as *Multi-Housing News, Real Estate Forum* and the *San Francisco Business Times*.

Avanath Investment Performance

Since its inception in 2008, Avanath has closed three commingled funds with equity commitments, including co-investment capital, totaling $694 million. Avanath recapitalized its first fund with an additional $122 million in equity commitments. Avanath is also currently in the process of raising $850 million of equity commitments for its fourth fund, Avanath IV, which will target value-oriented rentals in high-growth, high-cost markets in the U.S. **This prospectus does not constitute an offer to sell or a solicitation of offers to purchase any securities of Avanath IV or its current or prospective investors.**

Avanath has investment experience in 12 states across the U.S., primarily focusing on larger metropolitan statistical areas on both coasts. Avanath has generated the following investment track record:

As of June 30, 2020, Avanath I has achieved the following:

Raised approximately $117.1 million of equity capital commitments and deployed capital for the acquisition of 18 investments (2,804 units) for $232.3 million in total acquisition cost from 2011 through 2014.

Invested in high-cost and high-growth markets in California, the upper Midwest, Florida, Texas and the Northeast.

Disposed of four assets, which generated $140.7 million of proceeds (versus an aggregate project cost of approximately $57.7 million).

Recapitalized the remaining portfolio in March 2019 and redeemed the initial investors' equity capital at a $248 million redemption price.

Generated a gross internal rate of return of 20.6% and equity multiple of 2.1x and a net internal rate of return of 16.2% and equity multiple of 1.8x for the initial investors.

Currently managing the remaining portfolio for a UBS-led consortium of new institutional investors.

As of June 30, 2020, Avanath II has achieved the following:

Raised approximately $168.1 million of equity capital commitments and deployed/committed capital for the acquisition of 15 investments (18 assets, 3,287 units) for $414.8 million in total acquisition cost from 2014 through 2016.

Invested in high-cost and high-growth markets in California, Washington, the Northeast and the Southeast.

Based on two actual realizations and appraisals as of December 31, 2019, generated a mark-to-market gross internal rate of return of 14.2% and an equity multiple of 1.9x and a net internal rate of return of 10.8% and equity multiple of 1.6x.

As of June 30, 2020, Avanath III has achieved the following:

Raised approximately $338.3 million of equity capital commitments and deployed capital across 25 investments (46 assets, 4,016 units) for $662.4 million in total acquisition cost from 2016 to 2019.

Invested in high-cost and high growth markets in California, Washington, Colorado, Texas, Florida, the upper Midwest, and the Northeast.

Given recent date of acquisitions, no assets have been sold and estimated return data is not relevant at this date.

Currently, Avanath is raising equity commitments for Avanath IV, which:

Has raised approximately $437.6 million of a cap of $850 million of equity capital commitments and invested approximately $150.4 million in total acquisition cost across nine investments with a total of 1,556 units from June 2019 to June 30, 2020. Avanath IV originally had a cap of $550 million of equity capital commitments which has been upsized to its current cap of $850 million.

Targets value-oriented rentals in high-growth, high-cost markets in the U.S. and focuses on acquisitions of core plus and value add affordable and workforce housing properties with comparably lower levels of renovation than expected to be required in the redevelopment projects undertaken by the Opportunity Zone Fund.

Is prohibited from investing in ground up development.

Given recent date of acquisitions, no assets have been sold and estimated return data is not relevant at this date.

The information above sets forth certain historical investment performance data about Avanath I, Avanath II, Avanath III and its parallel fund, and Avanath IV (the "Avanath Funds"). This information is a reflection of the past performance of the Avanath Funds and is not intended to be indicative of, or a guarantee or prediction of, the returns that we, our Manager, Avanath, MacFarlane or the Avanath Funds may achieve in the future. Gross internal rates of return and equity multiples represent contributions and distributions between the applicable fund and its investors as if no investment management fees or incentive fees had been incurred. Net internal rates of return and equity multiples are calculated using actual contributions and distributions between the applicable fund and its investors and are net of investment management fees and incentive fees. In the case of Avanath II, the unrealized net asset value of the fund (net of incentive fee for net returns) is considered a distribution on the effective date of the calculation.

Market Opportunity

We will be the first publicly traded REIT to pursue a strategy focused on affordable and workforce multifamily housing. We believe these sectors present a compelling opportunity for us to generate attractive, stable returns for our stockholders. Demand for affordable housing far exceeds supply, tends to be higher when compared to other types of multifamily properties, and is generally more consistent across economic cycles. As a result of the significant supply/demand imbalance in these sectors, property lease up at affordable and workforce rental properties is typically faster, tenant tenure is typically longer and unit vacancy is typically shorter compared to market-rate multifamily properties, resulting in lower operating costs and more stable returns. We also believe that the size and fragmented nature of the affordable and workforce housing sectors will provide significant opportunities for us to acquire, develop and redevelop additional properties and grow our portfolio over time. As a public company with enhanced access to capital, we expect our business to be well positioned to take advantage of these opportunities.

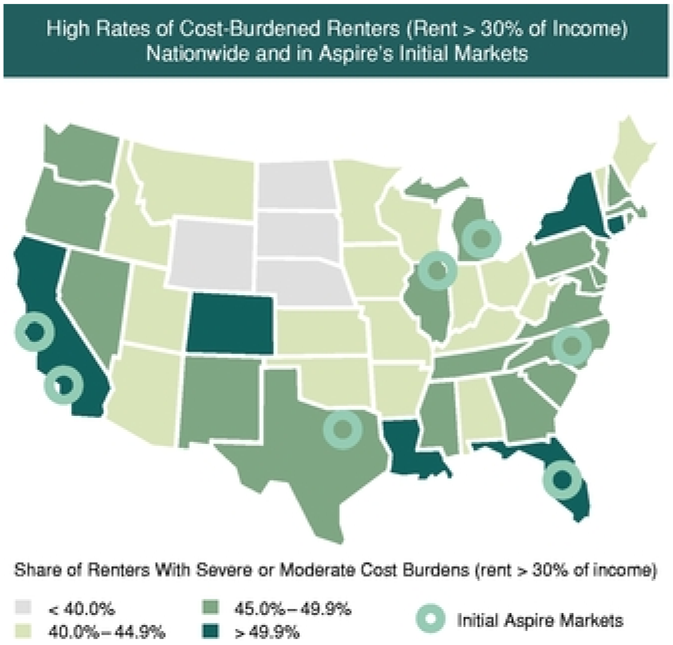
Large and Fragmented Market

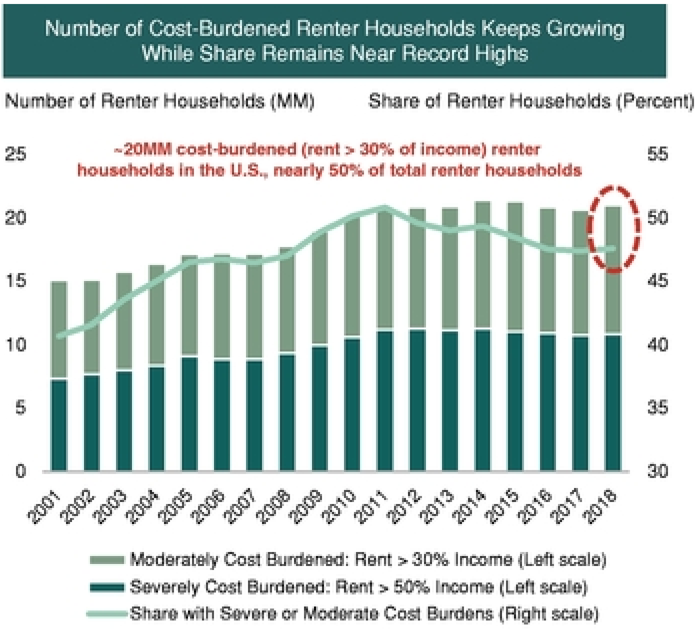
Affordable housing represents approximately half of the multifamily housing sector in the United States. According to "The Affordable Housing Asset Class", a September 2019 report prepared by RCLCO (the "RCLCO 2019 Report"), there are approximately 10.2 million affordable housing units in the United States, representing approximately half of all housing units in the multifamily market. The 10.2 million affordable housing units include both rent-regulated and unregulated housing and are comprised of approximately 5.3 million naturally occurring units and 4.9 million subsidized units. Despite the size of the affordable housing segment, the market remains fragmented and underserved by institutional capital, which we attribute to high barriers to entry, including the costs necessary to develop or redevelop affordable housing projcts, limited availability of tax credits and the experience and specialized knowledge required to own and manage rent-regulated properties in compliance with applicable regulations.

Demand Driven by Significant Number of Cost-Burdened Renters

Demand for affordable housing in the United States has consistently outpaced supply and continues to rise due to increasingly expensive rents for market rate units combined with wage stagnation for middle-income and lower-income households. Across the U.S., many lower-income and moderate-income households find it challenging to cover their basic living expenses, as housing costs comprise a significant proportion of their incomes. According to the "America's Rental Housing 2020" report by the Joint Center for Housing Studies of Harvard University (the "JCHS 2020 Report"), in 2018 approximately 20.8 million renter households were cost-burdened, spending more than 30% of income on rent and utilities. More than half of those renter households, or approximately 10.9 million households, were severely cost-burdened, spending in excess of 50% of income on housing costs.

As shown in the charts below, 47.5% of renters in the U.S. were cost-burdened in 2018 and, in 46 states, more than 40% of renters were cost-burdened. Despite improvements since the peak in 2011, the overall share of cost-burdened renters was 6.9% higher in 2018 than 2001, while the share of severely cost-burdened renters increased by 4.6%. According to the JHCS 2020 Report, these longer-term increases reflect the fact that renter incomes grew just 1.4% from 2001 to 2018 while rents increased by 13.9%. Further, the aggregate number of cost-burdened rental households grew by approximately 3 million from 2008 through 2018, a period during which real median household income grew at a 0.7% compounded annual growth rate, according to the U.S. Census Bureau.


High Rates of Cost-Burdened Renters (Rent > 30% of Income) Nationwide and in Aspire's Initial Markets
Share of Renters With Severe or Moderate Cost Burdens (rent > 30% of income)
< 40.0%
40.0%–44.9%
45.0%–49.9%
> 49.9%
Initial Aspire Markets



"Renters with Cost Burdens" are defined to be households with housing costs that represent more than 30% of household income. Source (left): JCHS 2020 Report; data tabulated from US Census Bureau, 2018 American Community Survey 1-Year Estimates; households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens

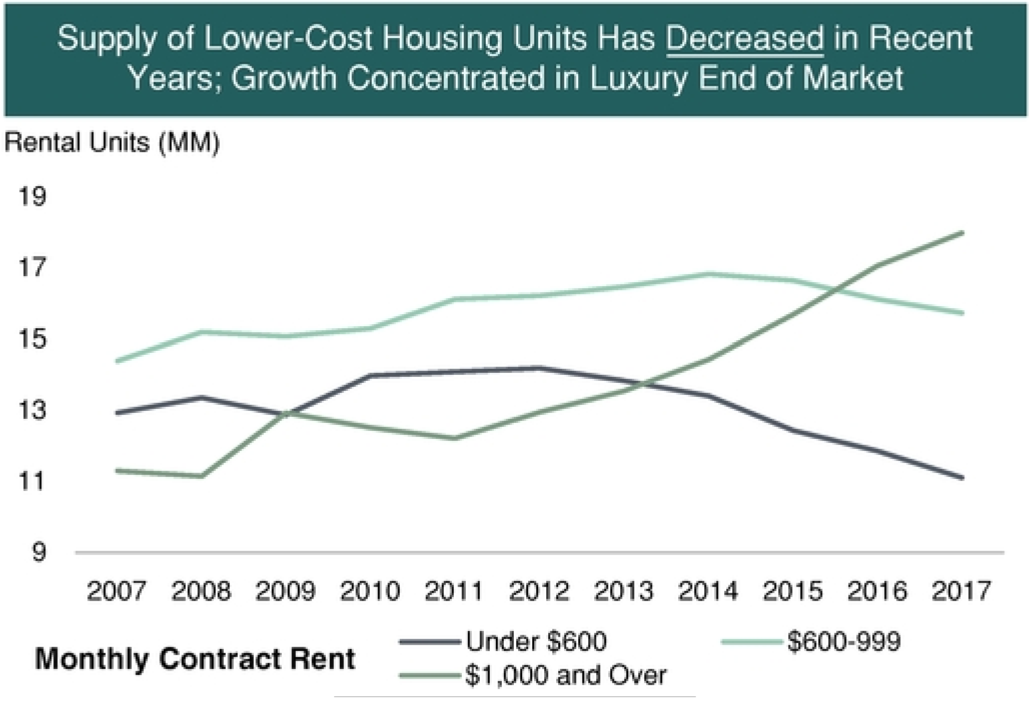
Source (right): JCHS, "Nearly Half of American Renters Are Cost Burdened", 2020

Substantial Shortage in Supply of Affordable and Workforce Multifamily Housing

While the number and share of cost-burdened renters remain near record highs, there is a substantial shortage of affordable and available rental units in the U.S. According to "The Gap: A Shortage of Affordable Homes", a March 2020 report by the National Low Income Housing Coalition (the "NLIHC"), there was a shortage of 7.5 million affordable and available rental units for households with income at or below 50% of AMI in 2018, with 57 units affordable and available for every 100 households. For households with income at or below 30% of AMI, there was a shortage of approximately 7.0 million units, with 36 units affordable and available for every 100 households.

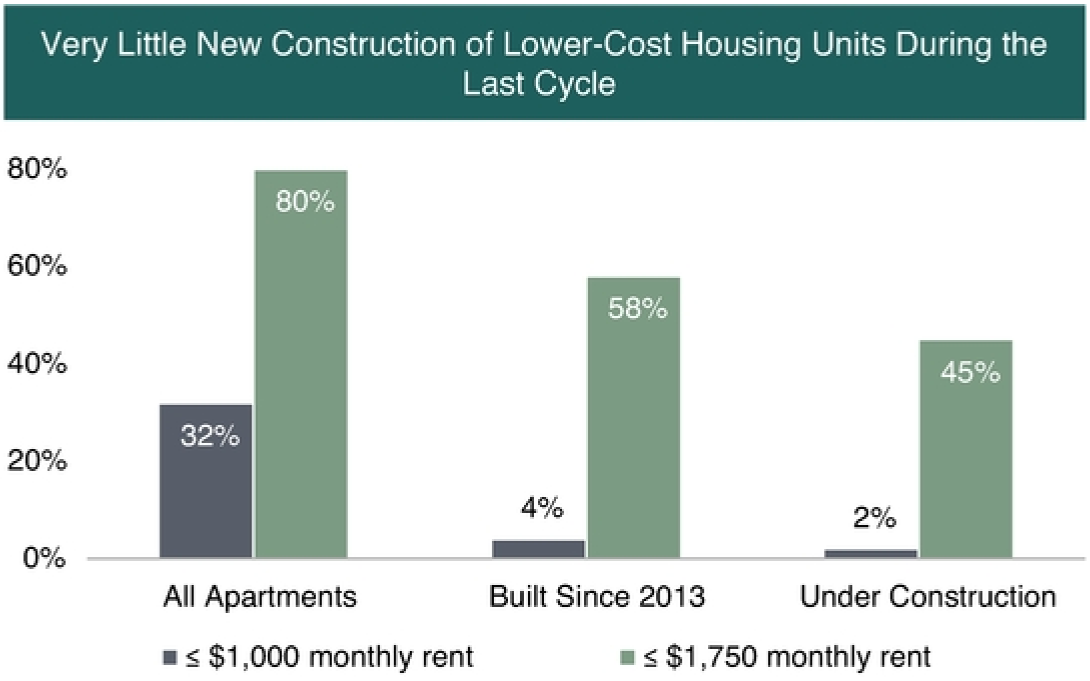
As illustrated in the chart below, the higher-rent segment of the multifamily market has grown in recent years while the lower-cost segment has declined. According to the JCHS 2020 Report, during the period from 2012 to 2017, the number of units with monthly contract rent of under $600 decreased by 3.1 million units, while the number of units with monthly contract rent of $1,000 per month or more increased by 5.0 million units. Supply for units with monthly contract rent of $600-$999 declined by

450,000 units. The decline in low-cost units brought their share of the national rental stock down from 33% in 2012 to just 25% in 2017, with decreases in every state.



Rental units may be occupied, vacant for rent, or rented but unoccupied and exclude units occupied without cash rent. Dollar values are adjusted for inflation using the CPI-U for all items less shelter. Contract rent excludes all utilities paid separately. Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates via IPUMS USA

Construction of new rental units has not addressed the shortfall in affordable housing and has largely targeted the higher-rent segment of the market due in part to limited availability of tax credits and rising costs of land, labor and materials. According to the Survey of Market Absorption, only 9% of apartments in unsubsidized multifamily buildings completed in the first quarter of 2018 had asking rents below $1,050, and only 4% rented for less than $850. In addition, as illustrated in the chart below, according to data from Fannie Mae, only 4% of apartments built since 2013 and only 2% of apartments under construction as of the fourth quarter of 2019 had asking rents or anticipated rents of less than or equal to $1,000.

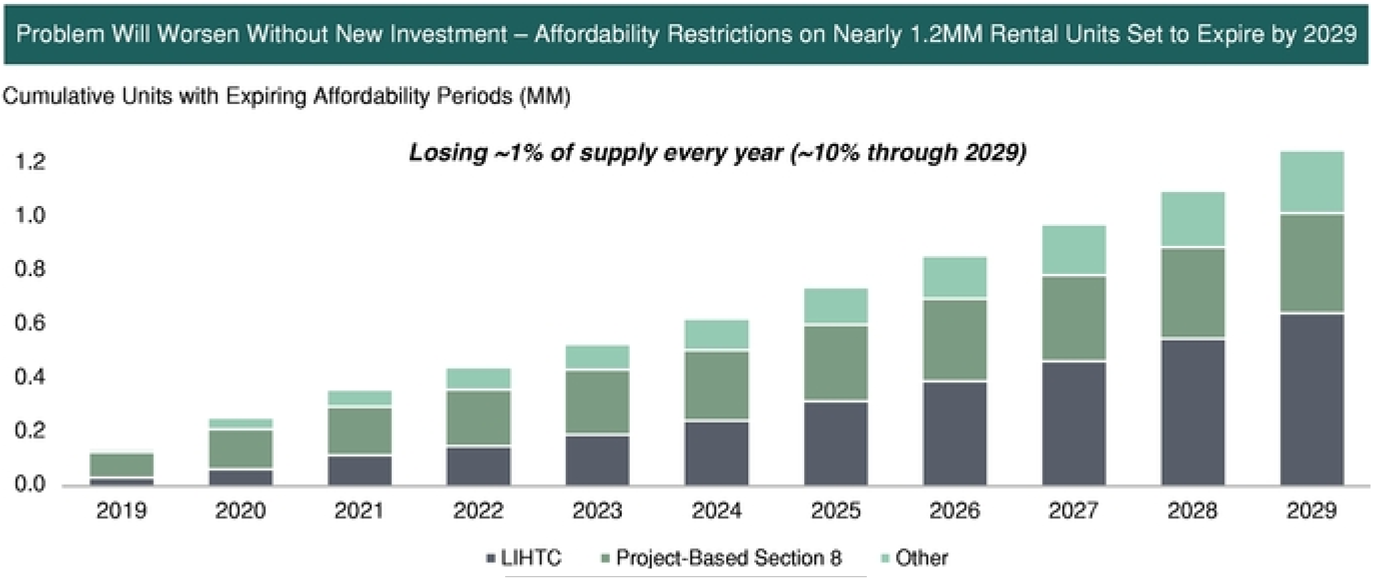


Very Little New Construction of Lower-Cost Housing Units During the Last Cycle

Source: Fannie Mae data, as of the fourth quarter of 2019; assumes 30% of income needed to afford apartment; excludes federally subsidized units

The focus of new construction on higher-cost units has shifted the overall distribution of rents upward. Rising construction costs and added amenities have also pushed up asking rents for all units, including affordable units. According to data from the JCHS, in 2011 the median asking rent for new rentals was 48% ($350 per month) higher than the median contract rent. By comparison, the 2018 median asking rent for new rental units was $1,620, or 78% ($700 per month) higher than existing apartments. Further, according to the JCHS 2020 Report, during the five year period from the third quarter of 2014 through the third quarter of 2019, overall apartment rents rose by approximately 18% nationally.

As indicated above, the supply of affordable housing has declined in recent years and additional units are at risk of loss from the affordable stock. According to JCHS's "The State of the Nation's Housing 2018", citing a Hudson Institute analysis, 60% of low-cost rental units in 1985 were lost by 2013 through permanent removal (27%), conversions to other uses (18%) or upgrading to higher rents (12%). Further, as illustrated in the chart below, affordability restrictions are set to expire on 1.2 million rental units by 2029 which, absent new investment, will further diminish the supply of affordable housing.

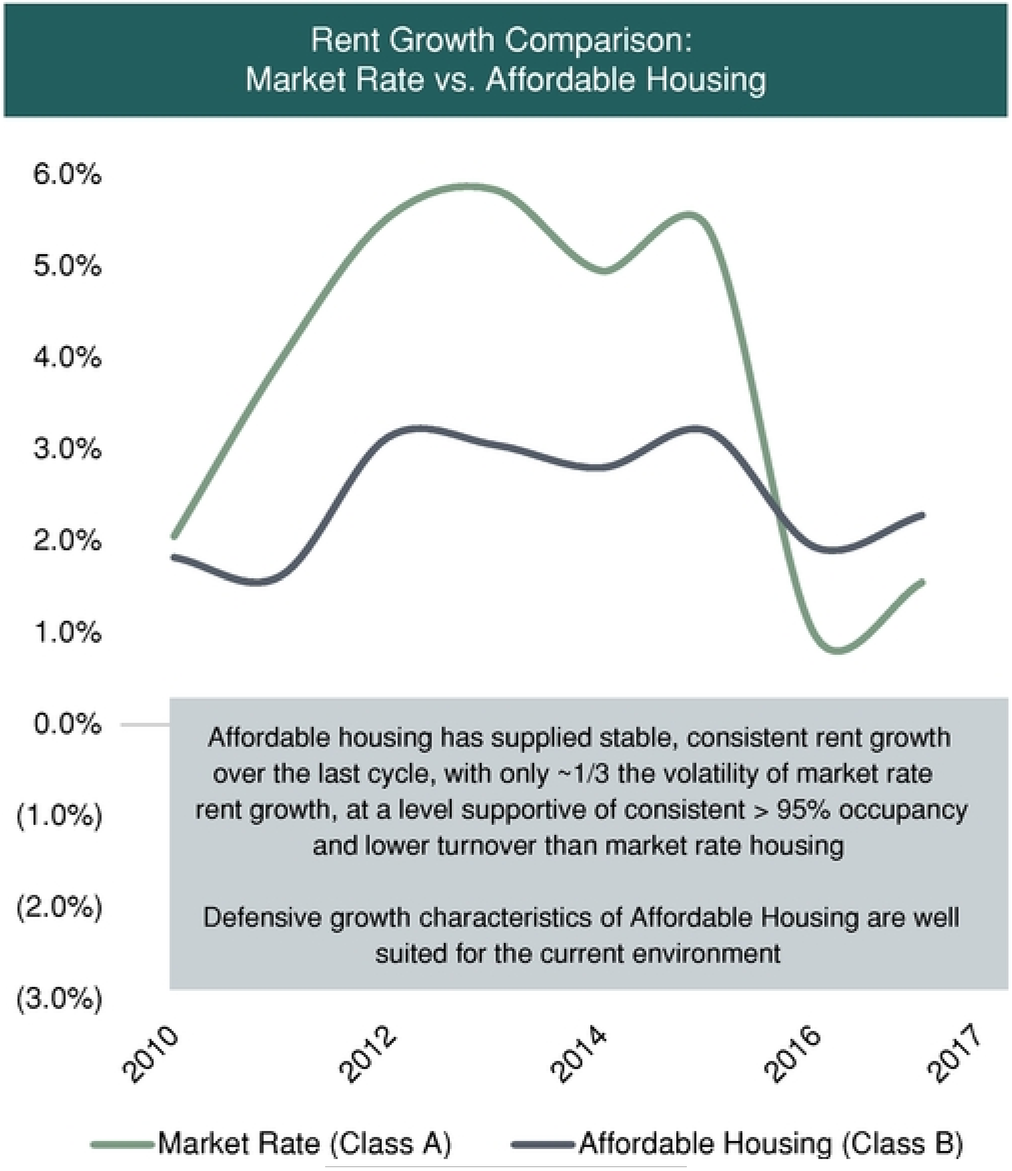


Data includes properties with active subsidies as of January 1, 2019. Other includes units funded by HOME Rental Assistance, Section 236 Insurance, Section 202 Direct Loans, USDA Section 515 Rural Rental Housing Loans, and units with more than one subsidy type expiring on the same day.

Source: JCHS tabulations of data from Public and Affordable Housing Research Corporation and NLIHC

Supply/Demand Imbalance Drives Occupancy and Rent Growth

The affordable and workforce housing segment continues to experience increasing demand for, and a shortage in supply of, available units. As a result of this supply/demand imbalance, property lease up at affordable and workforce rental properties is typically faster, tenant tenure is typically longer and unit vacancy is typically shorter as compared to market-rate multifamily properties. This reduced turnover results in lower operating costs and more stable returns, benefiting the overall performance of the properties. According to the RCLCO 2019 Report, during the period from 2010 to 2017, affordable housing has supplied stable, consistent rent growth, with only one-third of the volatility of market-rate rent growth, at a level supportive of consistent occupancies greater than 95%.



Rent Growth Comparison:
Market Rate vs. Affordable Housing

Affordable housing has supplied stable, consistent rent growth over the last cycle, with only ~1/3 the volatility of market rate rent growth, at a level supportive of consistent > 95% occupancy and lower turnover than market rate housing

Defensive growth characteristics of Affordable Housing are well suited for the current environment

Source: RCLCO 2019 Report

Affordable and Workforce Housing Programs

Rent-regulated housing is an important component of the multifamily sector and comprises 24% of all multifamily properties. There are 4.9 million rent-regulated units across the United States and more than $100 billion in private equity capital has been generated from the sale of tax credits since the inception of the LIHTC Program. Founded in 1986, the LIHTC Program uses tax credits to encourage private developers to create and preserve affordable housing for a fixed period of time (generally 15 years). Once the affordability period is over, owners can generally seek regulatory relief from the LIHTC covenants on their property. Residents who choose to rent an apartment home in a LIHTC community should expect to meet stringent screening criteria pertaining to set-aside limits based on a percentage of the AMI in exchange for a discounted rent. Not only do residents qualify ahead of their initial move-in, they recertify annually in order to ensure compliance. Property owners who fail to adequately supervise and ensure resident compliance with property covenants can face significant consequences, including fines. The compliance skillset required is highly specialized, and, as a result, owners of rent-regulated housing must employ certified professionals to coach and supervise the on-site employees with regard to record keeping, policies and processes or risk facing significant consequences. Avanath has a track record of acquiring LIHTC properties, and we plan to participate in the LIHTC Program and other affordable programs to finance the redevelopment of our properties, including certain of the properties in our initial portfolio.

Aside from the LIHTC Program, Section 8 Housing is another affordable housing program option. There are two Section 8 Housing options: Project Based Section 8, which signifies an apartment community or property that has a pre-established HUD funding layer that runs with the property, and a Section 8 (Housing Choice Voucher) that is portable and held by the renter. In either instance, the resident generally pays no more than 40% of their income toward their rent. Both the Section 8 Housing and LIHTC Programs are among the most successful tools utilized by the federal government in response to housing needs. In the recent budget year, HUD received approximately $54 billion in funding, and more than $20.5 billion of that funding is spent on housing choice vouchers.

Because rental rates are tied to AMI, increases in rental rates on rent-regulated housing are generally less dramatic than those of conventional, market rate housing. This creates greater stability for renters and leads to less turnover for property owners as a result. However, as year 15 approaches and rent-regulated housing nears the expiration of its initial affordability period, residents of rent-regulated housing units are at risk of losing this stability as a property owner may choose to convert the property from rent-regulated to market rate housing without consequence.

With diminishing rent restricted supply, renters continue to spend more of their income towards rent. This makes it more difficult for renters to build the financial wherewithal necessary to obtain the financing that they need in order to purchase a home. This dynamic, combined with a lack of affordable options for first time homebuyers, makes owning a home out of reach for many renters in even the most affordable housing markets in the United States, creating even more demand for lower cost rental housing.

Opportunity Zones

The Opportunity Zone program was established by Congress in the 2017 Tax Act as an innovative approach to incentivize long-term private sector investments in low-income, economically distressed communities. The goal of the program is to economically revitalize underserved markets and create jobs. The Opportunity Zone program is unique in that it provides a vehicle for investors to defer taxes on prior capital gains and reduce subsequent taxes, depending on their holding period and date of investment, which is not possible through most traditional investment vehicles. Opportunity Zone Funds use the capital invested to make qualifying investments in real estate property or businesses that are located and operate within Opportunity Zone-designated census tracts. The U.S. Department of the Treasury has certified over 8,760 individual census tracts across all 50 states, six territories, and the District of Columbia as Opportunity Zones.

The market potential for the program is significant, with $6.1 trillion in unrealized capital gains held as of March 2018 by U.S. corporations and households, according to the Economic Innovation Group ("EIG"). The diverse makeup of Opportunity Zones, both in terms of geography and underlying development opportunity, is central to our investment strategy. We believe the potential for a diversified portfolio of Opportunity Zone real property investments across a range of markets at different stages of development will help manage the risks associated with an investment strategy focused on underserved real property markets.

Our Business and Growth Strategies

Our primary business objective is to provide our stockholders with stable, tax-advantaged returns, with the opportunity for liquidity and value enhancement over time by investing in Qualified Property in Opportunity Zones. We believe we can achieve this objective by pursuing the following strategies:

Pursue high-quality projects sourced by our Manager. We will target affordable and workforce multifamily housing investments sourced by our Manager both inside and outside of Opportunity Zones primarily in transitioning metropolitan markets that have vibrant, growing economies. Specifically, we intend to invest primarily in locations close to mass transportation, healthcare and social infrastructure. We will focus on acquiring existing income producing properties that can be improved through upgrading existing housing units or by adding additional units to existing buildings or through the construction of new buildings within the property or on adjacent land. We will also undertake ground up development of new affordable and workforce multifamily housing in vibrant, supply-constrained markets and in circumstances where we believe we will be able to leverage our management team's experience and relationships to generate strong risk-adjusted returns for our stockholders. We believe that the Opportunity Zone program will help transform the areas in which our properties are located from low-income, underserved markets into more attractive mixed-income and higher-performing areas. We believe these changes will ultimately translate into higher property rents, occupancy and operating cash flows, in addition to more attractive capitalization rates and higher valuations. With a portfolio of 80 apartment communities consisting of approximately 10,560 units, Avanath is one of the most active acquirers in the affordable housing market. We believe the industry relationships our Manager has cultivated with government agencies, leading developers, owners, brokers and other industry participants will provide us with attractive opportunities to acquire properties located in Opportunity Zones and grow our portfolio over time.

Focus on tenant relationships. According to a 2020 report from Affordable Housing Finance Magazine, Avanath is among the largest institutional investors in the affordable housing space. Avanath believes it is essential to focus on providing quality affordable housing for its tenants. Avanath embraces a culture of commitment, investing in community-based services and activities that enhance the lifestyle of its residents. Avanath implements unique social programs that truly enhance resident life. For example, Avanath incorporates activities, such as arts & crafts and exercise classes, at its age restricted senior properties and provides transportation services to senior residents. Avanath offers after-school programs, summer youth programs, computer training and career workshops at its family properties. Avanath also recently launched its Activate Health and Wellness Program at its Maryland properties, where Avanath has partnered with University of Maryland Capital Region Health to offer vital health screenings and health education to residents. In order to build long term relationships with our tenants, Avanath expects to bring these practices and programs to our properties.

Focus on the affordable and workforce segments within the multifamily property sector. We believe that our focus on the affordable and workforce segments of the multifamily property sector will allow us to provide our stockholders with stable returns. Demand for affordable housing far exceeds the supply, tends to be higher when compared to other types of multifamily properties, and is generally more consistent in all economic cycles. On the other hand, supply for affordable housing is constrained by high barriers to entry, including the costs necessary to develop or redevelop affordable housing projects, limited availability of tax credits and the experience and specialized knowledge required to own and manage rent-regulated properties in compliance with applicable regulations. A consequence of this supply/demand imbalance is that property lease up is typically faster, tenant tenure is typically longer and unit vacancy is typically shorter as compared to market-rate multifamily properties. This reduced turnover results in lower operating costs, benefiting the overall performance of the properties.

Preserve QOZ Tax Benefits for our stockholders. We intend to operate in a manner so that QOZ Tax Benefits will be available to our stockholders. As discussed elsewhere in this prospectus, the availability to our stockholders of QOZ Tax Benefits requires that we qualify as an Opportunity Zone Fund under the U.S. federal income tax laws. In order for us to qualify as an Opportunity Zone Fund, we must meet a number of requirements relating to the acquisition, improvement and use of the properties in which we invest. We will also generally hold our investments for longer periods of time than non-Opportunity Zone Funds in order to allow our investors to take full advantage of the QOZ Tax Benefits. One such benefit is the ability to exclude from income capital gain dividends to stockholders arising out of our sales of Qualified Property, which requires that a stockholder have held its interest in our company for at least ten years at the time we identify such capital gain dividend.

Leverage access to capital to create value. In connection with this offering, we will become a publicly traded company with enhanced access to capital as we pursue our business plan. We anticipate that we will have access to capital through a revolving credit facility that we anticipate obtaining concurrently with or shortly after the completion of this offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations−Liquidity and Capital Resources Following the Completion of This Offering and the Formation Transactions−Our Anticipated Revolving Credit Facility." We may engage in other forms of capital raising available to other public REITs such as conducting offerings of preferred stock or common equity. We intend to leverage our ability to access capital to pursue value-creation strategies at our properties.

Actively direct capital to underserved markets. In executing investments for our stockholders in these underserved markets, we will seek attractive, risk-adjusted returns, but we will also invest in the spirit in which the Opportunity Zone program was created, connecting financial capital with human potential. Likewise, we believe there is a large market for opportunistic, yet compassionate investing in lower income areas being sensitive to issues of gentrification and displacement. Given our industry presence and the deep experience of our senior management team in these types of markets, we believe we are in prime position to benefit from this opportunity. We will seek to include employment from the immediate area and endeavor that minority contractors be used, when and wherever possible, in all of our Opportunity Zone developments. In addition, we will work with local non-profit organizations in the provision of supportive services for our residents.

Work with strategic and diverse partners. We have established relationships with local developers, major financial institutions, leading property service companies, government agencies and other market participants. We plan to leverage our extensive experience and strong network of relationships in the commercial real estate industry to source and execute investments. In particular, Messrs. Carter and MacFarlane are founding members of the Real Estate Executive Council, a leading professional trade association composed of men and women of color in the commercial real estate industry. Our development strategy includes partnering with smaller developers with local market expertise, including minority developers that are developing in Opportunity Zones and have limited access to capital. We are currently collaborating with Laurel Street, a woman-owned affordable housing developer on the redevelopment of the Arbors at Cary and Academy at Waterford Lakes properties. For the Woodside Senior property in Ontario, California, we are working with Silverado Canyon Partners, a Latino-owned real estate developer of multifamily housing. For the North End Landings project in Detroit, Avanath is working with Vanguard Community Development Corporation and RMC Development. Vanguard was founded in

1994 by Bishop Edgar Vann to facilitate the revitalization of the North End community in Detroit. RMC Development is an African

American-owned developer of mixed-use, transit oriented, military based redevelopment and student housing.

Our Competitive Strengths

We believe that the following competitive strengths will enable us to implement our business and growth strategies and compete effectively in the Opportunity Zone market:

Experienced management team with a successful track record raising and managing third-party capital. We believe the significant experience, expertise and relationships of our management team, which has a track record of investing in underserved markets, will drive our business and growth. Members of our executive team have been responsible for raising institutional capital across multiple real estate investment funds and separate account mandates and deploying such capital in our target properties and markets. Mr. Carter was an early proponent of urban investing, partnering with the California Public Employees' Retirement System ("CalPERS") through the pension fund's CURE program to make capital investments in inner cities and other underserved communities. This $220 million partnership with CalPERS provided mezzanine, preferred and joint venture equity investments in urban multifamily properties with seasoned operating partners. Mr. Carter is a former independent director on the boards of Catellus Development Corporation, Silver Bay Realty Trust and Whitestone REIT. Mr. Carter is currently on the National Advisory Council for KeyBank N.A.

Access to attractive off-market and target marketed acquisition and investment opportunities. We anticipate that the industry relationships we have cultivated with government agencies, leading developers, owners, brokers and other industry participants will generate attractive Opportunity Zone investment opportunities for us. Our pipeline properties are transactions sourced through existing relationships of our management team and our Manager, and we believe these relationships will provide us with additional off-market acquisition and investment opportunities, as well as target-marketed opportunities that are strategically presented to a limited number of real estate investors. We believe such off-market and target-marketed transactions may not be available to many of our competitors and will therefore provide us with the opportunity to purchase properties outside the competitive bidding process. In general, we believe the number of competitive bidders for affordable and workforce housing opportunities to be substantially less than market rate assets.

High quality initial portfolio and identified future investment opportunities. Upon or shortly following the completion of this offering and the formation transactions, we will acquire an initial portfolio comprised of nine multifamily properties across six states for an aggregate purchase price of approximately $260.4 million in cash. Three of these properties (Country Wood, Coopers Crossing and Wellington Woods) are stabilized operating properties that are not located in Opportunity Zones. The aggregate purchase price for these three stabilized properties is approximately $82.5 million, and they are estimated to generate annualized base rent of approximately $7.6 million, based on monthly rent in June 2020. The remaining six of our initial properties (Arbors at Cary, Academy at Waterford Lakes, Woodside Senior, Seaport Village, Oak Village, and North End Landings) are located in Opportunity Zones. The combined estimated total project cost for these six Opportunity Zone properties, including the purchase price and future estimated development and redevelopment costs, which include capitalized construction loan interest expenses, if any, is approximately $485.4 million. In addition to our initial properties, we maintain a pipeline of additional prospective investments located both within and outside of Opportunity Zones, as described above under "−Our Acquisition Pipeline." We intend to engage in a combination of redevelopment and ground up development. We believe redevelopment properties within Opportunity Zones are particularly attractive as the properties will provide current cash flow to our company while the redevelopment is in process.

Experience navigating barriers to entry. As discussed in the section of this prospectus entitled "Market Opportunity," supply for affordable housing is constrained by high barriers to entry, including the costs necessary to develop or redevelop affordable housing projects, limited availability of tax credits and the experience and specialized knowledge required to own and manage rent-regulated properties in compliance with applicable regulations. Our management team has been able to overcome these barriers through the development of sophisticated operating strategies and reporting procedures and through the implementation of cost management strategies. We have also established strong relationships with many governmental and regulatory agencies. We intend to leverage this experience to pursue development and redevelopment projects that our competitors may be unable or unwilling to pursue.

Sourcing and underwriting capabilities. We expect to capitalize on the extensive industry relationships of our Manager and its affiliates to source potential investment opportunities. Our Manager utilizes market research and surveys of industry conditions to identify prospective investments. When a prospective property has passed a preliminary "broad market" review, our Manager conducts due diligence and underwriting, which encompasses a detailed assessment of demographics, supply and demand factors, third-party research, property condition and improvements, legal considerations, financial analyses (including a pro forma budget and cash flows) and exit strategies. Furthermore, our Manager's acquisitions team initially performs an internal analysis and audit of a prospective investment's operating statements, rent roll and other financial information. In preparing financial projections, our Manager employs conservative underwriting assumptions for rental rates, rent growth projections and borrowing costs and capitalization rates that are based on historical levels. The acquisitions team then carefully evaluates a project's location, local demographics, school systems, local amenities, highway access, tenant make-up, average area income and redevelopment potential to determine the proper balance of improvements and amenities that will appeal to prospective tenants and ultimately enhance cash flow.

Access to MacFarlane development expertise. We expect to benefit from the significant real estate development and financing capabilities of MacFarlane. See "Business and Properties−Our Manager and our Property Manager−MacFarlane Background." We anticipate that we will engage MacFarlane to develop or redevelop certain of our projects. MacFarlane has served as an investor or development partner for a number of multifamily, office and mixed use projects, including The Hotel & Residences at L.A. LIVE and the recently completed Park Fifth and Trademark developments in Los Angeles, California; Bay Street Emeryville in Emeryville, California; Time Warner Center in New York, New York; Mark on 8th in Seattle, Washington; and 55 M Street in Washington, D.C. MacFarlane's controlled development pipeline includes approximately 800 affordable housing units and 2,700 market-rate units.

Proactive asset management. Our Manager will proactively manage the assets in our portfolio. Once a property is acquired, our Manager will create and implement a formal business plan for the property, including a capital improvement and operating budget. Our Manager will regularly review the performance and material events impacting our investments and monitor overall capital and real estate market issues, which will allow our Manager to anticipate and proactively address potential property or market issues.

Access to capital for value creation. We believe many owners of affordable and workforce housing lack the access to capital necessary to make strategic capital investments that enhance the cash flow of affordable and workforce properties. Conversely, we are undertaking this offering to become a publicly traded company in order to provide us with enhanced access to capital and capital flexibility as we pursue our business plan. In addition, we anticipate that we will have access to capital through a revolving credit facility that we anticipate obtaining concurrently with or shortly after the completion of this offering. We anticipate that our ability to access capital will allow us to pursue value-creation strategies at our properties. Specific examples that have been implemented or planned for the Company's investments include: (i) construction of a new leasing office and conversion of an existing leasing office into a rentable apartment unit, (ii) installation of washers and dryers in individual units, (iii) installation of solar panels and low-water-usage landscaping, which translate into lower utility costs, (iv) extensive upgrading of kitchens and bathrooms and (v) construction of new buildings on available land within or next to the existing property.

Tax-advantaged investment vehicle with secondary market trading. We intend to qualify as an Opportunity Zone Fund. Assuming we qualify as an Opportunity Zone Fund, our stockholders will have access to the unique QOZ Tax Benefits. Given the numerous attractive elements of the program to investors seeking tax advantages, we expect that there will be numerous Opportunity Zone Funds offered to the market to invest in Opportunity Zones. We believe that most of these funds are commingled closed-end fund vehicles that are not expected to be traded in a public or secondary market. However, final Treasury regulations under the Opportunity Zone program provide that a purchase of outstanding interests in an Opportunity Zone Fund from an existing investor utilizing eligible capital gains will be eligible for QOZ Tax Benefits. In connection with this offering, we will register the shares of our common stock offered hereby with the SEC and seek to list such shares on a national securities exchange. As such, we believe that we will be the first Opportunity Zone Fund listed for trading on a national securities exchange. We believe registration and listing of our common stock will provide liquidity to our stockholders through secondary trading, thereby transforming our company into a vehicle in which smaller retail investors can invest. We believe access to liquidity will differentiate our company from other Opportunity Zone Funds as investors may consider the 10 years or greater holding periods necessary to take advantage of all of the QOZ Tax Benefits to be too long. As such, our stockholders will be able to make decisions based on their liquidity needs, and some stockholders may want to recognize their capital gains and match capital losses they have prior to the end of that period and sell their shares to an investor seeking to defer gain by making an investment in an Opportunity Zone Fund. Alternatively, other stockholders may decide to sell after the step up in basis but not take advantage of the QOZ Tax Benefit of holding our shares for ten years. In general, we believe this overall added liquidity will make our vehicle more attractive to many investors who fear that they will have limited or no liquidity options in closed end funds. Given the compelling nature of our investments and focus on low income communities, we expect our shares will also attract non-tax driven investors, such as social impact funds and those investors focused on ESG issues.

Substantial alignment of interests with our Manager and commited private capital. We believe the interests of our Manager and its management team and our stockholders are strongly aligned. Concurrently with the consummation of this offering, members of our senior management team, affiliates of our Manager and investors in our Manager will purchase $6.7 million in shares of our common stock (at the same price per share as investors in this offering), and members of our senior management team will purchase a 1.0% limited partnership interest in our subsidiary partnership, at a price per unit equal to the initial public offering price per share, for an aggregate investment of $3.3 million. These shares will be subject to a 180-day lockup. In addition, our Manager will have the ability to earn incentive fees based on our total stockholder return exceeding an 8% cumulative annual hurdle rate. The incentive fee will be payable in LTIP Units issued by our subsidiary partnership. See "Our Manager and the Management Agreement−Management Agreement−Incentive Fee." In addition to the investment by members of our senior management team and affiliates of and investors in our Manager, we have received binding subscriptions from certain accredited investors to purchase shares of our common stock in the concurrent private placement for an aggregate investment equal to $5 million and an oral commitment from an accredited investor to purchase shares of our

common stock in the concurrent private placement for an investment equal to $15 million. Such oral commitment is non-binding and the investor may ultimately elect not to purchase any shares in the concurrent private placement.

Culturally diverse organization with strong presence in Opportunity Zone markets. Our management team is diverse and includes women and people of color. Our inclusive investment team seeks to identify attractive investment opportunities in underserved markets. As a result, we believe that we will often be an early-stage investor in emerging real estate markets. The management team has successfully executed on redeveloping and repositioning a variety of investments across numerous asset classes with an emphasis on multifamily throughout major urban markets nationwide. We will leverage our management team's expertise and prior investment experience in these markets and property classes to execute our Opportunity Zone strategy. Underwriting, developing, financing and operating affordable multifamily housing projects requires an in-depth understanding of the complex and sometimes tangled web of regulatory, tax and political considerations that prevail in the affordable housing sector. We will draw upon the expertise of our management team to navigate these complexities. In particular, Avanath has a track record of acquiring LIHTC properties and obtaining property tax exemptions in states such as California, Florida and Washington.

Overview of Opportunity Zone Program

As established by the 2017 Tax Act, Opportunity Zones are generally low-income census tracts nominated by governors and certified by the U.S. Department of the Treasury into which investors can now put capital to work financing new projects and enterprises by investing in Opportunity Zone Funds in exchange for QOZ Tax Benefits. The U.S. Department of the Treasury has certified over 8,760 individual census tracts across all 50 states, six territories, and the District of Columbia as Opportunity Zones.

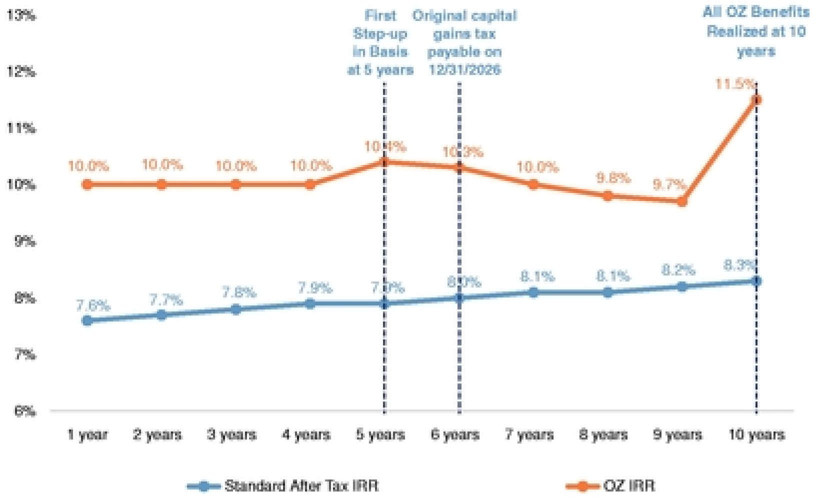
An Opportunity Zone Fund is generally an investment vehicle organized as a corporation (including a REIT) or as a partnership for the purpose of investing in Opportunity Zones. In order to qualify as an Opportunity Zone Fund, a number of requirements must be met relating to the acquisition and use of property by the Opportunity Zone Fund and any Opportunity Zone Businesses in which the Opportunity Zone Fund invests, including the requirements that at least 90% of the Opportunity Zone Fund's property consist of Qualified Property and that at least 70% of the tangible property of each Opportunity Zone Business is Opportunity Zone Business Property. See "Material U.S. Federal Income Tax Considerations−Opportunity Zone Fund Considerations" for further discussion of the requirements for qualification as an Opportunity Zone Fund.

In order to qualify for QOZ Tax Benefits, a taxpayer must invest in an Opportunity Zone Fund in an amount equal to gain from the sale to, or exchange with, an unrelated person of any property (the "Deferred Gain Amount") generally within 180 days of generating the Deferred Gain Amount prior to January 1, 2027, provided that, if a taxpayer's 180-day period was to expire on or after April 1, 2020 and before December 31, 2020, such taxpayer has until December 31, 2020 to invest such gain. Eligible gains include capital gains, whether short-term or long-term, from sales of real estate and non-real estate investments, including stock, bonds and other publicly traded securities. Final Treasury regulations provide that Section 1231 gains are eligible gains on a gross basis, unreduced by Section 1231 losses. Only the gain or profit from the sale of property (and not the principal invested in the property) needs to be invested in an Opportunity Zone Fund, and any amounts invested in an Opportunity Zone Fund in excess of such gain do not qualify for any of the QOZ Tax Benefits. In addition, final Treasury regulations under the Opportunity Zone program provide that a purchase of outstanding interests in an Opportunity Zone Fund from an existing investor utilizing eligible capital gains will be eligible for QOZ Tax Benefits.

The Opportunity Zone program has the following potential QOZ Tax Benefits for investing in low-income communities through an Opportunity Zone Fund:

Hold Period	Potential Benefits
Fewer Than 5 Years	Temporary deferral of U.S. federal income tax on Deferred Gain Amounts until the earlier of: 1. the date on which the interest in the Opportunity Zone Fund is sold or exchanged; and 2. December 31, 2026
5 Years or More (Investment Made by December 31, 2021)	Elimination of 10% of the Deferred Gain Amount Temporary deferral of U.S. federal income tax on Deferred Gain Amounts until the earlier of: 1. the date on which the interest in the Opportunity Zone Fund is sold or exchanged; and 2. December 31, 2026
Greater Than 10 Years	No U.S. federal income tax on post-investment appreciation through December 31, 2047 If investment made by December 31, 2021, elimination of 10% of the Deferred Gain Amount Temporary deferral of U.S. federal income tax on Deferred Gain Amounts until December 31, 2026

OZ Incremental Returns−Illustrative Example



The above graph presents an illustrative incremental internal rate of return ("IRR") an investor in an Opportunity Zone Fund can expect to earn over a standard after-tax IRR by investing in an Opportunity Zone Fund across various holding periods. The scenario assumes the taxpayer achieves a pre-tax rate of return of 10% in both standard and Opportunity Zone scenarios, the taxpayer faces a capital gains tax rate of 23.8% (excluding state taxes), no dividends are paid out, and the same basis is used for both standard after-tax IRR and Opportunity Zone IRR. The QOZ Tax Benefits generally increase after-tax returns by more than 200 basis points from year 1 to 9 and then nearly 400 basis points once the 10-year QOZ Tax Benefit of elimination of capital gains on the new qualifying Opportunity Zone investment comes into effect. The information above is presented for informational purposes only and is not intended to be indicative of, or a guarantee or prediction of, the returns that an investor in our company may achieve in the future. In particular, we note that, as a REIT, our company will be required to distribute as dividends to our stockholders at least 90% of our REIT taxable income (excluding net capital gain and without regard to the deduction for dividends paid).

Summary Risk Factors

An investment in shares of our common stock involves a high degree of risk. If any of the factors enumerated below or in the section entitled "Risk Factors" occurs, our business, financial condition, liquidity, results of operations and prospects could be materially and adversely affected. In that case, the market price of our common stock could decline, and you may lose some or all of your investment. Some of the more significant risks relating to this offering and an investment in our common stock include:

our lack of prior operating history;

our ability to qualify and maintain our qualification as an Opportunity Zone Fund under the 2017 Tax Act;

our ability to consummate the acquisition, development and/or redevelopment of our properties in the time frame, on the terms or in the manner we currently anticipate;

the impact of development and construction delays and cost overruns;

the risks related to the illiquidity of real estate investments;

our ability to successfully identify and consummate acquisitions of properties within Opportunity Zones;

the impact of potential declines in real estate valuations and impairment charges;

our exposure to adverse economic or regulatory developments, including rent control and variations in AMI, in the municipalities and states in which our properties are located;

the impact of pandemics such as the recent outbreak of novel coronavirus ("COVID-19") or other sudden or unforeseen events that disrupt the economy;

our ability to properly value our investments;

the focus of our business on real estate investments in Opportunity Zones, which are generally lower-income areas;

the impact on our business from delays in our locating suitable investments in Opportunity Zones;

the impact of competition for a limited supply of properties for us to develop, redevelop or acquire;

the impact of conflicts of interest between us, our Manager, our Property Manager and their affiliates;

our ability to qualify as a REIT or thereafter maintain our qualification as a REIT;

our ability to make distributions to our stockholders; and

the lack of a public market for shares of our common stock.

Our Formation and Operating Structure

Prior to or in connection with this offering, we will engage in certain formation transactions as a result of which we will acquire the initial properties, become externally managed by our Manager pursuant to the management agreement and be able to qualify as an Opportunity Zone Fund commencing with the month of the closing of this offering and as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2020. In connection with the formation transactions, the following transactions have occurred or will occur prior to, concurrently with, or shortly after, the completion of this offering:

Aspire Real Estate Investors, Inc. was formed as a Maryland corporation on January 8, 2020.

On January 8, 2020, we issued and sold 100 shares of our common stock to Daryl J. Carter, our President and Chief Executive Officer, for a purchase price of $1,000. Such shares will be repurchased by us at the closing of this offering for $1,000.

On August 26, 2020, we formed Aspire TRS, which is the general partner of our subsidiary partnership. Aspire TRS elected to be treated as a TRS of ours effective as of August 26, 2020.

Concurrently with the closing of this offering, we will sell shares of our common stock to members of our senior management team, affiliates of our Manager, investors in our Manager and certain Avanath-managed funds and certain other accredited investors in the concurrent private placement, at the initial public offering price per share, for an aggregate investment equal to $26.7 million, and members of our senior management team will purchase a 1.0% limited partnership interest in our subsidiary partnership, at a price per unit equal to the initial public offering price per share, for an aggregate investment of $3.3 million.

We will sell 15,000,000 shares of our common stock in this offering (or 17,250,000 shares if the underwriters exercise their option to purchase additional shares of common stock in full).

We will enter into the management agreement with our Manager.

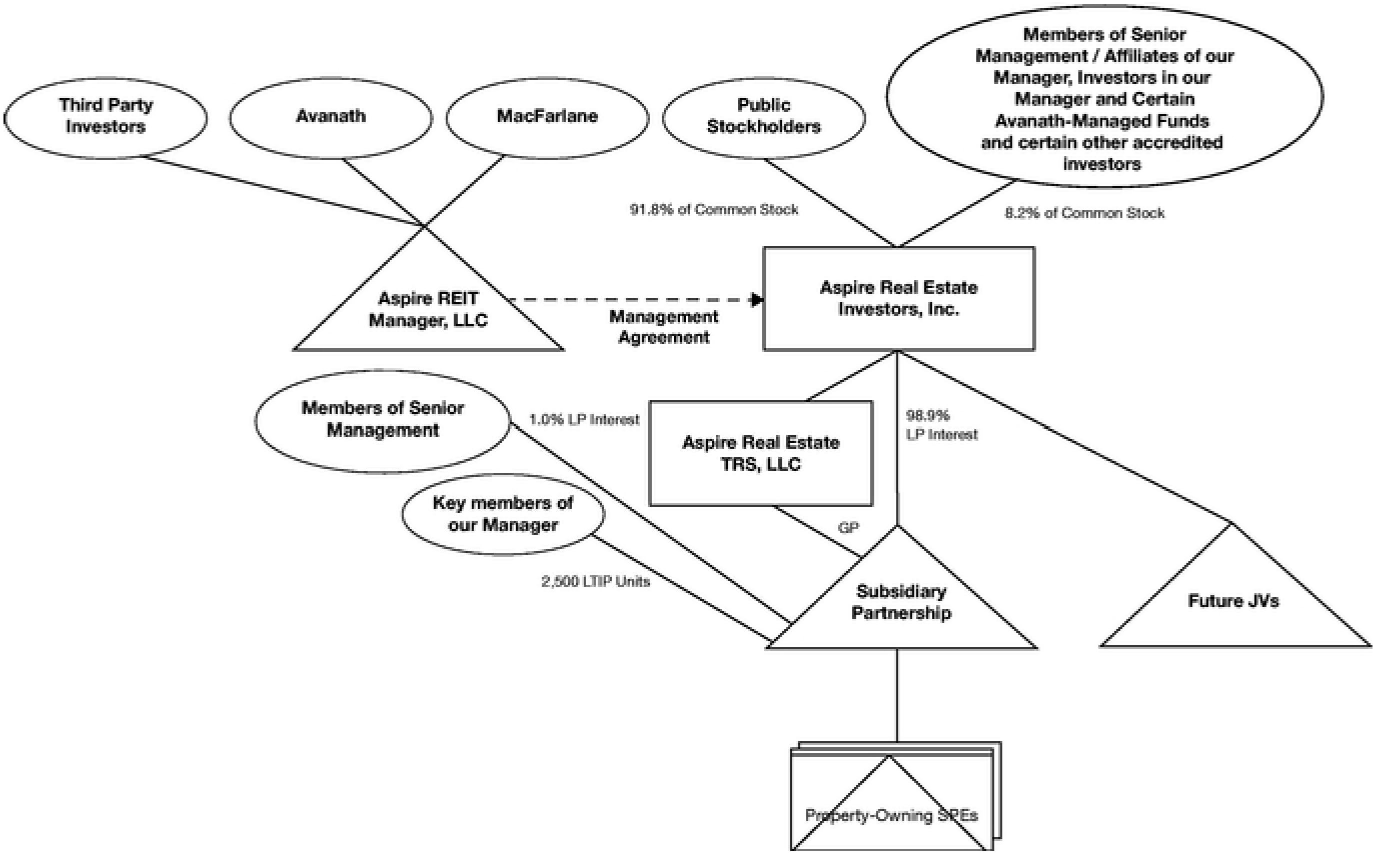
Our subsidiary partnership will enter into property management agreements with our Property Manager.

We will contribute, directly and indirectly through Aspire TRS, the net proceeds from this offering and the concurrent private placement to our subsidiary partnership in exchange for interests therein.

Our subsidiary partnership will issue 2,500 long-term incentive plan units ("LTIP Units") to certain key members of our Manager.

Our subsidiary partnership will acquire our nine initial properties by cash purchase.

We may acquire certain development projects through joint venture structures in which we would hold a controlling interest. The following diagram illustrates via graphics our organizational structure:


Third Party Investors
Avanath
MacFarlane
Public Stockholders
Members of Senior Management / Affiliates of our Manager, Investors in our Manager and Certain Avanath-Managed Funds and certain other accredited investors
91.8% of Common Stock
8.2% of Common Stock
Aspire REIT Manager, LLC
Management Agreement
Aspire Real Estate Investors, Inc.
Members of Senior Management
1.0% LP Interest
Aspire Real Estate TRS, LLC
98.9% LP Interest
Key members of our Manager
GP
2,500 LTIP Units
Subsidiary Partnership
Future JVs
Property-Owning SPEs

Our Financing Strategy

We are undertaking this offering to become a publicly traded company in order to provide us with substantial access to capital and capital flexibility as we pursue our business plan. In addition, we anticipate that we will have access to capital through a revolving credit facility that we anticipate obtaining concurrently with or shortly after the completion of this offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations−Liquidity and Capital Resources Following the Completion of This Offering and the Formation Transactions−Our Anticipated Revolving Credit Facility."

We do not currently expect to use permanent, company-level debt. However, if our investments are leveraged, we expect that total debt financing across all our investments will not exceed 55% of the aggregate market value of our investments (determined at the time any such financing or incremental financing is obtained), but we may borrow up to 65% of the market value of an asset or project in which a given investment is made. We will leverage our investments with debt financing provided by commercial banks, life insurance companies and government sponsored enterprises such as Fannie Mae, Freddie Mac and HUD/FHA, or through other debt capital markets transactions.

We may engage in other forms of capital raising available to other public REITs such as conducting offerings of preferred stock or common equity.

Our Management Agreement and our Property Management Agreements

Upon completion of this offering and the formation transactions, we will enter into the management agreement with our Manager. Pursuant to this agreement, our Manager will manage the day-to-day operations of our company in accordance with our investment guidelines, which may be modified or supplemented by our board of directors from time to time.

Upon completion of this offering and the formation transactions, our subsidiary partnership will enter into property management agreements with our Property Manager, an affiliate of Avanath and MacFarlane. Pursuant to these agreements, our Property Manager will manage, operate, maintain and lease our properties.

The following table summarizes the fees and expense reimbursements that we will pay to our Manager and our Property Manager:

Type	Description
Base Management Fee	1.5% of our Equity per annum (0.375% per fiscal quarter), calculated quarterly for the most recently completed fiscal quarter and payable in quarterly installments in arrears. For purposes of calculating the base management fee, Equity means, as of a particular date, (i) the sum of the net cash proceeds and the value of non-cash consideration from all issuances of equity securities by our company and any subsidiary of our company since our inception, less (ii) any amount that we have paid to repurchase shares of our common stock or to repurchase or redeem other equity securities since our inception. Equity includes all securities, including preferred equity securities, included in stockholders' equity calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP") and shown on the face of our consolidated balance sheets. Equity may be adjusted to exclude one-time events pursuant to changes GAAP and certain non-cash items after discussions between our Manager and our independent directors and with any adjustments approved in advance by a majority of our independent directors.
Incentive Fee	An annual incentive fee, if any, with respect to each measurement period, in the amount equal to the product of (a) 20% multiplied by (b) the outperformance amount multiplied by (c) the weighted average shares.

Type	Description
	For purposes of calculating the incentive fee under the management agreement: "outperformance amount" means, with respect to any measurement period, (i) our total stockholder return with respect to such measurement period, minus (ii) the cumulative hurdle; "total stockholder return" means, with respect to any measurement period, an amount equal to (i) the final share price, plus (ii) all dividends with respect to a share of our common stock paid since the beginning of such measurement period (whether paid in cash or a distribution in kind), minus (iii) the high water price; "cumulative hurdle" means an amount equal to an 8% cumulative annual return on the high water price; "final share price" means, with respect to any measurement period, the volume weighted average trading price for a share of our common stock on the NYSE (or any other securities exchange on which our common stock is principally traded) over the ten consecutive trading days ending on the last trading day of such measurement period; "high water price" means, with respect to any measurement period, the volume weighted average trading price for a share of our common stock on the NYSE (or any other securities exchange on which our common stock is principally traded) over the ten consecutive trading days ending on the last trading day immediately prior to the beginning of such measurement period; provided, however, that the high water price with respect to the first measurement period will not be lower than the initial public offering price per share of the shares of common stock sold in this offering; provided, further, that the high water price for any measurement period will never be less than the highest high water price for any preceding measurement period; "measurement period" means each period beginning on January 1 after the last measurement period with respect to which the incentive fee shall have been payable (January 1, 2021 with respect to the first measurement period) and ending on December 31 of the applicable calendar year, provided that if the management agreement expires or is terminated other than on December 31, the last measurement period will end on the last complete trading day for our common stock on the NYSE (or any other securities exchange on which our common stock is principally traded) prior to such termination or expiration; and

Type	Description
	"weighted average shares" means, with respect to any measurement period, the weighted average fully diluted number of shares of our common stock issued and outstanding during such measurement period, as determined in accordance with GAAP. Any incentive fee earned by our Manager will be paid in the form of LTIP units issued by our subsidiary partnership.
Expense Reimbursement	We are required to reimburse our Manager for operating expenses related to us that are incurred by our Manager, including expenses relating to legal, accounting, due diligence and other services. Our Manager will be responsible for the expenses related to any personnel of our Manager and its affiliates who provide services to us pursuant to the management agreement (including our executive officers), including salaries, bonus and other wages, payroll taxes and the cost of employee benefit plans of such personnel, and costs of insurance with respect to such personnel. However, if any personnel of our Manager (including our executive officers) provide us with legal, tax, accounting, consulting, auditing and other similar services, we will reimburse our Manager for the costs of such services in amounts which are no greater than those which would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis. Our reimbursement obligations are not subject to any dollar limitation. Expenses will be reimbursed in cash on a quarterly basis.

Type	Description
Termination Fee	Upon any termination of the management agreement by us (other than for cause), any non-renewal of the management agreement by us or any termination of the management agreement by our Manager due to our material breach of the management agreement, our Manager will be paid a termination fee equal to three times the sum of (i) the average annual base management fee earned by our Manager during the 24-month period immediately preceding the most recently completed calendar quarter prior to the termination date and (ii) the average annual incentive fee, if any, earned by our Manager during the two most recently completed measurement periods prior to the termination date; provided, that, (a) in the case of the average annual base management fee, if 24 months have not elapsed since the effective date of the management agreement at the time of the effective termination date, the average annual base management fee will be the actual base management fee (in either case paid or payable) for the preceding 12 months, or if 12 months have not elapsed since the effective date of the management agreement at the time of the effective termination date, the average annual base management fee will be calculated on an annualized basis, and (b) in the case of the average annual incentive fee, if two full measurement periods have not elapsed since the effective date of the management agreement at the time of the effective termination date, the average annual incentive fee will be the actual incentive fee (in either case paid or payable), if any, for the most recently completed measurement period, or if a measurement period has not elapsed since the effective date of the management agreement at the time of the effective termination date, the average annual incentive fee will be calculated on an annualized basis.
Internalization of Management	Our Manager has agreed to present to us an initial proposal to acquire all of the assets or equity interests in our Manager, subject to the procedures described below. No later than 90 days following the date on which our company has achieved a fully-diluted equity market capitalization of $750,000,000 based on the volume-weighted average price of our common stock on the NYSE over 20 consecutive trading days (an "Internalization Event"), our Manager will offer to contribute to us all of the assets or equity interests in our Manager (an "internalization") on such terms and conditions included in a written offer provided by our Manager. Upon receipt of our Manager's initial internalization offer, a special committee comprised solely of independent members of our board of directors (the "Special Committee") may accept our Manager's proposal or submit a counter offer to our Manager.

Type	Description
	The offer price (the "Offer Price") will be equal to the lesser of the following amounts: (i) one times the base management fee earned by our Manager during the 12-month period ended as of the end of the most recently completed fiscal quarter prior to the date on which a definitive agreement relating to the internalization is entered into, and (ii) 2% of our equity market capitalization based on the volume-weighted average price of our common stock on the NYSE over 20 consecutive trading days ended on the date immediately preceding the date on which a definitive agreement relating to the internalization is entered into; provided that the Offer Price shall not exceed the amount that will allow the internalization transaction to be accretive on an estimated FFO per share basis over the 12-month period beginning on the first day of the quarter following the closing of the internalization transaction, as determined by the Special Committee based on discussions with our Manager. See "Our Manager and the Management Agreement−Management Agreement−Internalization of Our Manager."
Property Management Fee	5.5% of monthly gross receipts, paid on the first business day of the following month, collected from the operation of a property of ours, including, without limitation, all rent and other sums and charges received from all prospective tenants, tenants and lessees and payments made in consideration of the cancellation of any tenant leases or damages by reason of any default, security deposits to the extent applied to rent, tenant application fees, late rent charges, non-sufficient fund check charges, miscellaneous administrative charges, convenience fees, utility reimbursement, proceeds from rental interruption insurance, net receipts from vending machines, concessions and other commercial operations conducted on the property.
Construction Management Fee	5.0% of the total project cost of any contracted capital expenditure performed on a property of ours that is not routine in nature or related to ground-up construction, offset by any construction management fee we pay to any third-party construction manager.
Development Fee	In connection with any development services provided by MacFarlane, MacFarlane and Avanath will be entitled to a development fee equal to up to 5.0% of the total project costs associated with the development, depending upon the size, complexity and development status of the property, offset by any development fees we pay to any third-party who provides us with development services on the property.

See "Our Manager and the Management Agreement−Management Agreement" and "−Property Management Agreements" for a more detailed description of the terms of the management agreement and the property management agreements.

Additional Activities of Our Manager; Allocation of Investment Opportunities; Conflicts of Interest

We do not expect to have any employees and we will rely completely on our Manager to manage our day-to-day operations and business affairs. Certain of our officers and directors, and the officers and other personnel of our Manager, also serve or may serve as officers, directors or partners of Avanath and MacFarlane. Accordingly, the ability of our Manager and its officers and other personnel to engage in other business activities may reduce the time our Manager spends managing our business. In addition, officers and other personnel of our Manager may have obligations to those entities, the fulfillment of which might not be in the best interests of us or our stockholders.

Our management agreement expressly provides that it does not (1) prevent our Manager or any of its affiliates, officers, directors or employees from engaging in other businesses or from rendering services of any kind to any other person or entity, (2) in any way restrict or otherwise limit our Manager or any of its affiliates, officers, directors or employees from buying, selling or trading any securities or commodities for their own accounts or for the account of others for whom our Manager or any of its affiliates, officers, directors or employees may be acting, or (3) prevent our Manager or any of its affiliates from receiving fees or other compensation or profits from activities described in clause (1) or (2) above, which will be for our Manager's (and/or its affiliates') sole benefit.

Currently, Avanath is seeking $850 million of equity commitments for Avanath IV, which will target value-oriented rentals in high-growth, high-cost markets in the U.S. Avanath IV will focus on acquisitions of core plus and value add properties with comparably lower levels of renovation than we expect will be required in the redevelopment projects undertaken by our company. Avanath IV is prohibited from investing in ground up development, and Opportunity Zone projects, which require doubling the basis of existing property, as such projects are not compatible with Avanath IV's investment mandate. Our management agreement contains a provision that is intended to enable us to share equitably with other clients of our Manager and its affiliates in all opportunities that may be suitable for us and such other clients and that will provide us with priority allocation of all investment opportunities that are suitable for us but are unsuitable for Avanath IV, including investment opportunities that require development and stabilized properties owned or controlled by Avanath. Prior to the expiration of its investment period, Avanath IV will have priority allocation with respect to those investment opportunities that may be suitable for Avanath IV. Upon the expiration of Avanath IV's investment period, and with no change to the allocation provision set forth in our management agreement, we will have priority access to all investment opportunities sourced by our Manager and its affiliates. Avanath IV's investment period ends upon the earlier of deployment of 90% of Avanath IV's commitments and May 31, 2022, provided that the investment period can be extended for one year with the approval of a majority of Avanath IV's advisory committee. The investment allocation policy described above could be waived or revised at any time by a majority of our independent directors without the consent of our stockholders. Any transaction by and between one or more of our Manager, Avanath, MacFarlane, or their respective affiliates and us will contain terms no more favorable than if the transaction were the result of arms' length negotiations with an unaffiliated third party and will require the approval of a majority of our independent directors.

Our Tax Status

We intend to elect and qualify as an Opportunity Zone Fund commencing with the month of the closing of this offering. If we qualify as an Opportunity Zone Fund, stockholders will be eligible to (i) temporarily defer capital gain from other investments to the extent such gain is invested in shares of our common stock within 180 days after such gain is incurred by the stockholder (subject to special rules for eligible gain realized through an investment in a pass-through entity, REIT, or regulated investment company ("RIC") and provided that, if an investor's 180-day period was to expire on or after April 1, 2020 and before December 31, 2020, such investor has until December 31, 2020 to invest such gain), (ii) permanently exclude up to 10% of that gain if the investment in our common stock is made by December 31, 2021 and is held for a period of at least five years, and (iii) permanently exclude all capital gain arising out of their investment in shares of our common stock attributable to periods through December 31, 2047, provided certain conditions are satisfied, including a requirement to hold such shares for at least ten years. In connection with this offering, we will receive an opinion from Vinson & Elkins L.L.P. that, commencing with the month of the closing of this offering, we will be organized in a manner that will allow us to qualify as an Opportunity Zone Fund under the U.S. federal income tax laws and our proposed method of operations will enable us to satisfy the requirements for qualification as an Opportunity Zone Fund under the U.S. federal income tax laws. Investors should be aware that Vinson & Elkins L.L.P.'s opinion is based upon customary assumptions, will be conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets and the conduct of our business, is not binding upon the IRS or any court and speaks as of the date issued. In addition, Vinson & Elkins L.L.P.'s opinion will be based on existing U.S. federal income tax law governing qualification as an Opportunity Zone Fund, which is subject to change either prospectively or retroactively. Moreover, our qualification an Opportunity Zone Fund depends upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal tax laws. Vinson & Elkins L.L.P. will not review our compliance with those tests on a continuing basis.

We may be subject to penalties if we do not meet the requirements for qualification as an Opportunity Zone Fund. If we do not satisfy the 90% Asset Test and our failure was not due to reasonable cause, we will be subject to a penalty for each month we do not meet the 90% Asset Test. For our 2020 taxable year, IRS guidance provides that any such failure will automatically be deemed to be due to reasonable cause and no penalty will apply. Any penalty is an amount calculated as the amount equal to (i) the excess of 90% of our aggregate assets, over the aggregate amount of Qualified Property held by us on the last day of the month, multiplied by (ii) the federal short-term rate (as determined by the IRS) plus 3%, and divided by (iii) 12. In addition, if our interest in our subsidiary partnership failed to qualify as an Opportunity Zone Partnership Interest, and we were not able to establish reasonable cause or qualify for a one-time cure, we generally would be subject to a penalty based on the value of our interest in our subsidiary partnership, as determined by financial statements or our cost, as applicable. The Opportunity Zones rules were recently enacted and final Treasury regulations have only recently been issued. There is no assurance that we will meet the requirements necessary to qualify as an Opportunity Zone Fund or that any stockholder will be able to realize any QOZ Tax Benefits as a result of an investment in us.

We also intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2020 and expect to operate in a manner that will allow us to continue to be classified as such. Our qualification as a REIT depends upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Code, relating to, among other things, the sources of our gross income, the composition and value of our assets, our distribution levels, and the diversity of ownership of our shares. In connection with this offering, we will receive an opinion from Vinson & Elkins L.L.P. that, commencing with our taxable year ending December 31, 2020, we will be organized in conformity with the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws and our proposed method of operations will enable us to satisfy the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws for our taxable year ending December 31, 2020 and subsequent taxable years. Investors should be aware that Vinson & Elkins L.L.P.'s opinion is based upon customary assumptions, will be conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets and the conduct of our business, is not binding upon the IRS or any court and speaks as of the date issued. In addition, Vinson & Elkins L.L.P.'s opinion will be based on existing U.S. federal income tax law governing qualification as a REIT, which is subject to change either prospectively or retroactively. Moreover, our qualification and taxation as a REIT depend upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal tax laws. Vinson & Elkins L.L.P. will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements.

If we qualify to be taxed as a REIT, we generally will not be subject to U.S. federal income tax on our net taxable income that we distribute currently to our stockholders. If we fail to qualify to be taxed as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we would be subject to U.S. federal income tax at regular corporate rates and would be precluded from re-electing to be taxed as a REIT for the subsequent four taxable years following the year during which we lost our REIT qualification. Even if we qualify to be taxed as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income or property, and the income of and any taxable REIT subsidiary of ours will be subject to taxation at regular corporate rates.

The Code generally requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it distributes annually less than 100% of its net taxable income, including capital gains. We intend to make distributions to our stockholders to comply with the REIT requirements of the Code and to avoid paying entity level tax. If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, pay a portion in shares, borrow funds, sell assets or reduce such distributions.

Our Distribution Policy

We intend to make distributions to our stockholders to comply with the REIT requirements of the Code and to avoid paying entity level tax. Any distributions we make will be at the sole discretion of our board of directors and will depend upon a number of factors, including our actual and projected financial condition, liquidity, results of operations, cash flow generated by our operations, operating expenses, debt service requirements, capital expenditure requirements, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements, restrictions on making distributions under Maryland law and such other factors as our board of directors deems relevant.

We anticipate that our distributions generally will be taxable as ordinary income to our stockholders, although a portion of the distributions may constitute a return of capital or may be designated by us as qualified dividend income or capital gain. Distributions to our stockholders may impact the QOZ Tax Benefits discussed above with regard to investments in Opportunity Zone Funds. In particular, because a stockholder electing to treat an investment in us as an investment qualifying for deferral of gains will initially have a zero tax basis with respect to shares of our common stock purchased with such gains, distributions constituting a return of capital will generally be treated as resulting in a taxable sale of such shares, effectively ending the deferral on a portion of such gains. In such a case, a stockholder could reinvest the return of capital in shares of our common stock or in another Opportunity Zone Fund within 180 days to defer current recognition of gain, although such stockholder would have a new holding period with respect to the new interest, including for purposes of determing future QOZ Tax Benefits. We intend to provide our stockholders with additional information about how to reinvest return of capital in shares of our common stock before we pay our first dividend.

We anticipate that our estimated cash available for distribution will allow us to satisfy the annual distribution requirements applicable to REITs and to avoid the payment of tax on undistributed taxable income. However, under some circumstances, our cash available for distribution may be less than the amount required to meet the annual distribution requirements applicable to REITs, and we may be required to make distributions in excess of cash available for distribution in order to meet these distribution requirements, and we may need to borrow funds, sell certain of our properties or use proceeds from this or future offerings of equity or debt to make certain distributions. Although we currently have no intention to do so, we may under certain circumstances satisfy our annual distribution requirements through a taxable distribution of our common stock or debt securities. However, to the extent that our holders of stock or debt securities receive a taxable distribution of our common stock or debt securities, such holders will be taxed on such securities as if such holders had received the equivalent value in cash.

Our Corporate Information

We were incorporated in January 2020. Our principal executive offices are located at 1920 Main Street, Suite 150, Irvine, California 92614. Our telephone number is (949) 269-4700.

The Offering

Common stock offered by us	15,000,000 shares (plus up to an additional 2,250,000 shares that we may issue and sell upon the exercise of the underwriters' option to purchase additional shares)
Common stock to be outstanding after this offering and the concurrent private placement	16,340,000 shares(1)
Use of proceeds	We expect to receive net proceeds from this offering of approximately $274.1 million (or approximately $316.0 million if the underwriters exercise in full their option to purchase additional shares), assuming an initial public offering price of $20.00 per share, after deducting the underwriting discount and estimated offering expenses payable by us. We also expect to receive net proceeds from the concurrent private placement of approximately $26.3 million, assuming a price of $20.00 per share. We also expect to receive net proceeds from an investment by members of our senior management team in limited partnership units in our subsidiary partnership of $3.3 million. We intend to contribute the net proceeds from this offering and the concurrent private placement to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will utilize such proceeds to acquire the nine multifamily projects that will comprise our initial portfolio for an aggregate cash purchase price of approximately $260.4 million, to develop or redevelop the six properties in our initial portfolio that are located in Opportunity Zones, and to acquire and, if they are located in Opportunity Zones, develop or redevelop other properties, which may include properties in our acquisition pipeline, and for general corporate and working capital purposes. See "Use of Proceeds."

(1) Includes (a) 15,000,000 shares of our common stock to be issued in this offering, (b) 1,335,000 shares of our common stock to be issued and sold to members of our senior management team, affiliates of our Manager, investors in our Manager and certain Avanath-managed funds and certain other accredited investors in the concurrent private placement, and (c) an aggregate of 5,000 shares of restricted common stock to be granted to our independent directors upon the completion of this offering pursuant to the Equity Incentive Plan. Excludes (a) 2,250,000 shares of our common stock issuable upon the exercise in full of the underwriters' option to purchase additional shares, (b) 100 shares of our common stock that were issued to Daryl J. Carter, our President and Chief Executive Officer, for $1,000 in connection with our initial capitalization and that will be repurchased by us at the closing of this offering, (c) 165,000 units of limited partnership interest representing a 1.0% interest in our subsidiary partnership that members of our senior management team will purchase for $3.3 million upon the closing of this offering, (d) 2,500 LTIP Units in our subsidiary partnership that we will issue to certain key members of our Manager upon completion of this offering and (e) 817,000 shares of our common stock available for future issuance pursuant to the Equity Incentive Plan.

Directed Share Program	At our request, the underwriters have reserved up to 5% of the shares of our common stock offered by this prospectus, for sale at the initial public offering price through a directed share program to certain individuals, including our directors, officers, employees of affiliates of our Manager and business associates and other parties related to us. The sales will be made at our direction by Morgan Stanley & Co. LLC and its affiliates through a directed share program. The number of shares of our common stock available for sale to the general public in this offering will be reduced to the extent that these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of common stock offered by this prospectus. For additional information, see the section titled "Underwriting−Directed Share Program."
New York Stock Exchange symbol	"ASPI"
Risk factors	Investing in our common stock involves risks. You should carefully read and consider the information set forth under "Risk Factors" beginning on page 47 of this prospectus and all other information in this prospectus before making a decision to invest in our common stock.

Summary Selected Historical and Other Data−Aspire Real Estate Investors Predecessor I

Set forth below is summary selected financial information and other data presented on a historical basis for Aspire Real Estate Investors Predecessor I. Aspire Real Estate Investors Predecessor I is not a legal entity but rather a combination of real estate entities and operations invested in the properties that we refer to as Wellington Woods, Coopers Crossing and Country Wood. We have not presented historical data for Aspire Real Estate Investors, Inc. because we have not had any corporate activity since our formation other than the issuance of 100 shares of common stock in connection with our initial capitalization and activity in connection with this offering and the formation transactions. Accordingly, we do not believe that a presentation of the historical results of Aspire Real Estate Investors, Inc. would be meaningful. Prior to or concurrently with the completion of this offering, we will consummate the formation transactions pursuant to which, among other things, we will contribute the net proceeds to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will acquire the nine multifamily projects that will comprise our initial portfolio by cash purchase. For more information regarding the formation transactions, please see "Structure and Formation of Our Company."

Aspire Real Estate Investors Predecessor I's historical combined balance sheet data as of December 31, 2019 and 2018 and historical combined operating data for the years ended December 31, 2019 and 2018 have been derived from Aspire Real Estate Investors Predecessor I's audited historical combined financial statements included elsewhere in this prospectus. The historical combined financial data included below and set forth elsewhere in this prospectus are not necessarily indicative of our future performance.

Aspire Real Estate Investors Predecessor I's historical combined balance sheet data as of September 30, 2020 and historical combined operating data for the nine months ended September 30, 2020 and 2019 have been derived from Aspire Real Estate Investors Predecessor I's unaudited historical combined financial statements included elsewhere in this prospectus. Aspire Real Estate Investors Predecessor I's unaudited historical combined financial statements, in management's opinion, have been prepared in accordance with GAAP on the same basis as its audited historical combined financial statements included elsewhere in this prospectus and, in the opinion of management, reflect all adjustments consisting only of normal recurring adjustments that management considers necessary to state fairly the financial information as of and for the periods presented. The unaudited interim financial and operating data included below and set forth elsewhere in this prospectus are not necessarily indicative of our future performance, and results for any interim period are not necessarily indicative of the results for any full year.

You should read the following summary selected historical financial and other data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business and Properties" and the historical and pro forma financial statements and related notes appearing elsewhere in this prospectus.

Operating Data:

	(Dollars in thousands)			
	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Revenue				
Rental revenue	$ 5,556	$ 5,144	$ 6,961	$ 6,524
Other revenue	270	343	449	459
Total revenue	5,826	5,487	7,410	6,983
Operating Expenses				
General and administrative	285	287	391	418
Depreciation	1,509	1,640	2,165	2,097
Property operating and maintenance	1,815	1,828	2,474	2,564
Real estate taxes and insurance	779	727	998	875
Management fee	287	282	377	419
Total operating expenses	4,675	4,764	6,405	6,373
Other Income and (Expenses)				
Interest expense	(810)	(839)	(1,119)	(1,142)
Total other income (and expenses)	(810)	(839)	(1,119)	(1,142)
Net income (loss) and comprehensive income (loss)	$ 341	$ (116)	$ (114)	$ (532)

Balance Sheet Data:

	(Dollars in thousands, except per share amounts)		
	As of September 30, 2020	As of December 31, 2019	As of December 31, 2018
Assets			
Real estate investments, net	$ 39,533	$ 40,586	$ 41,537
Cash and cash equivalents	946	511	666
Restricted cash	815	1,568	1,288
Accounts receivable	67	22	8
Other assets	193	77	65
Total assets	$ 41,554	$ 42,764	$ 43,564
Liabilities and Equity			
Mortgage notes payable, net	$ 24,823	$ 25,460	$ 25,948
Accounts payable and accrued expenses	700	659	642
Security deposits, prepaid rent and other liabilities	341	340	384
Due to related parties	138	75	29
Total liabilities	26,002	26,534	27,003

Commitments and contingencies			
Equity	15,552	16,230	16,561
Total liabilities and equity	$ 41,554	$ 42,764	$ 43,564

Summary Selected Historical and Other Data−Aspire Real Estate Investors Predecessor II

Set forth below is summary selected financial information and other data presented on a historical basis for Aspire Real Estate Investors Predecessor II. Aspire Real Estate Investors Predecessor II is not a legal entity but rather a combination of real estate entities and operations invested in the properties that we refer to as Academy at Waterford Lakes, Arbors at Cary, Woodside Senior, Seaport Village and Oak Village. We have not presented historical data for Aspire Real Estate Investors, Inc. because we have not had any corporate activity since our formation other than the issuance of 100 shares of common stock in connection with our initial capitalization and activity in connection with this offering and the formation transactions. Accordingly, we do not believe that a presentation of the historical results of Aspire Real Estate Investors, Inc. would be meaningful. Prior to or concurrently with the completion of this offering, we will consummate the formation transactions pursuant to which, among other things, we will contribute the net proceeds to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will acquire the nine multifamily projects that will comprise our initial portfolio by cash purchase. For more information regarding the formation transactions, please see "Structure and Formation of Our Company."

Aspire Real Estate Investors Predecessor II's historical combined balance sheet data as of December 31, 2019 and 2018 and historical combined operating data for the years ended December 31, 2019 and 2018 have been derived from Aspire Real Estate Investors Predecessor II's audited historical combined financial statements included elsewhere in this prospectus. The historical combined financial data included below and set forth elsewhere in this prospectus are not necessarily indicative of our future performance.

Aspire Real Estate Investors Predecessor II's historical combined balance sheet data as of September 30, 2020 and historical combined operating data for the nine months ended September 30, 2020 and 2019 have been derived from Aspire Real Estate Investors Predecessor II's unaudited historical combined financial statements included elsewhere in this prospectus. Aspire Real Estate Investors Predecessor II's unaudited historical combined financial statements, in management's opinion, have been prepared in accordance with GAAP on the same basis as its audited historical combined financial statements included elsewhere in this prospectus and, in the opinion of management, reflect all adjustments consisting only of normal recurring adjustments that management considers necessary to state fairly the financial information as of and for the periods presented. The unaudited interim financial and operating data included below and set forth elsewhere in this prospectus are not necessarily indicative of our future performance, and results for any interim period are not necessarily indicative of the results for any full year.

You should read the following summary selected historical financial and other data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business and Properties" and the historical and pro forma financial statements and related notes appearing elsewhere in this prospectus.

Operating Data:

	(Dollars in thousands)			
	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Revenue				
Rental revenue	$ 11,134	$ 10,726	$ 14,367	$ 14,008
Other revenue	414	694	848	696
Total revenue	11,548	11,420	15,215	14,704
Operating Expenses				
General and administrative	502	609	796	777
Depreciation and amortization	3,078	3,146	4,186	4,220
Property operating and maintenance	3,796	3,839	5,188	4,723
Real estate taxes and insurance	1,505	1,379	1,876	1,967
Management fee	616	610	810	866
Total operating expenses	9,497	9,583	12,856	12,553
Other Income and (Expenses)				
Interest income	4	5	8	3
Interest expense	(1,988)	(1,995)	(2,660)	(2,709)
Total other income (and expenses)	(1,984)	(1,990)	(2,652)	(2,706)
Net income (loss) and comprehensive income (loss)	$ 67	$ (153)	$ (293)	$ (555)

Balance Sheet Data:

	(Dollars in thousands, except per share amounts)		
	As of September 30, 2020	As of December 31, 2019	As of December 31, 2018
Assets			
Real estate investments, net	$ 102,065	$ 104,498	$ 107,710
Cash and cash equivalents	1,252	1,834	1,489
Restricted cash	2,802	2,075	1,938
Accounts receivable, net	342	135	293
Other assets	277	126	114
Total assets	$ 106,738	$ 108,668	$ 111,544
Liabilities and Equity			
Mortgage notes payable, net	$ 64,304	$ 65,316	$ 66,592
Accounts payable and accrued expenses	1,299	732	921
Security deposits, prepaid rent and other liabilities	740	804	774
Due to related parties	866	165	71

Total liabilities	67,209	67,017	68,358
Commitments and contingencies			
Equity	39,529	41,651	43,186
Total liabilities and equity	$ 106,738	$ 108,668	$ 111,544

Pro Forma Financial Information

Set forth below is summary selected financial information and other data presented on a pro forma basis for our company after giving effect to the completion of this offering, the formation transactions and the other adjustments described in the unaudited pro forma combined financial statements beginning on page F-2 of this prospectus. Prior to or concurrently with the completion of this offering, we will consummate the formation transactions pursuant to which, among other things, we will contribute the net proceeds to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will acquire the nine multifamily projects that will comprise our initial portfolio by cash purchase. For more information regarding the formation transactions, please see "Structure and Formation of Our Company."

The summary selected pro forma financial and operating data as of September 30, 2020 and for the nine months ended September 30, 2020 and for the year ended December 31, 2019 assume the completion of this offering, the concurrent private placement and other formation transactions, and the other adjustments described in the unaudited pro forma combined financial statements had occurred on September 30, 2020 for purposes of the unaudited pro forma combined balance sheet data and on January 1, 2019 for purposes of the unaudited pro forma combined statements of operations data. Our pro forma financial information is not necessarily indicative of what our actual financial position and results of operations would have been had the formation transactions and other adjustments described occurred as of the date and for the period indicated, nor does it purport to represent our future financial position or results of operations.

Operating Data:

	(Dollars in thousands)	
	For the Nine Months Ended September 30, 2020	For the Year Ended December 31, 2019
	Pro Forma	Pro Forma
Revenue		
Rental revenue	$ 16,690	$ 21,328
Other revenue	684	1,297
Total revenue	17,374	22,625
Operating Expenses		
General and administrative	787	1,187
Depreciation and amortization	5,716	14,100
Property operating and maintenance	5,611	7,662
Real estate taxes and insurance	3,240	4,200
Management fee	932	1,215
Total operating expenses	16,286	28,364
Other Income and (Expenses)		
Interest income	4	8
Interest expense	–	–
Asset management fee	(3,472)	(4,629)
Total other income (and expenses)	(3,468)	(4,621)
Net loss and comprehensive loss	$ (2,380)	$ (10,360)
Net loss and comprehensive loss attributable to noncontrolling interest	24	104
Net loss and comprehensive loss attributable to common shareholders	(2,356)	(10,256)

Balance Sheet Data:

		(Dollars in thousands, except per share amounts)
		As of September 30, 2020
		Pro Forma
Assets		
Real estate investments, net	$	252,809
Cash and cash equivalents		44,001
Restricted cash		3,617
Accounts receivable		409
Other assets		6,949
Total assets	$	307,785
Liabilities and Equity		
Mortgage notes payable, net	$	–
Accounts payable and accrued expenses		1,999
Security deposits, prepaid rent and other liabilities		1,081
Due to related parties		1,004
Total liabilities		4,084
Commitments and contingencies		
Equity		
Common Stock		163
Additional Paid in Capital		300,238
Noncontrolling interest		3,300
Total equity		303,701
Total liabilities and equity	$	307,785

RISK FACTORS

Investing in our common stock involves risks. Before you invest in our common stock, you should carefully consider the risk factors below together with all of the other information included in this prospectus. If any of the risks discussed in this prospectus were to occur, our business, financial condition, liquidity, cash flows, results of operations and prospects and our ability to service our debt and make distributions to our stockholders could be materially and adversely affected (which we refer to collectively as "materially and adversely affecting us" or having "a material adverse effect on us" and comparable phrases), the market price of our common stock could decline significantly, and you could lose all or part of your investment in our common stock. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section in this prospectus entitled "Special Note Regarding Forward-Looking Statements."

Risks Related to Our Business and Properties

We have no prior operating history, and the prior performance of Avanath and MacFarlane or other real estate investment opportunities sourced by Avanath or MacFarlane may not be indicative of our future results.

We are a recently formed company and have no operating history. We have not made any investments, although we have identified the properties to be included in our initial portfolio. Even though Avanath and MacFarlane have substantial experience in real estate investments, you should not assume that our performance will be similar to the past performance of other real estate investment opportunities sourced by Avanath or MacFarlane. Our lack of an operating history significantly increases the risk and uncertainty you face in making an investment in our common stock.

There is no assurance we will be successful in qualifying as an Opportunity Zone Fund under the 2017 Tax Act or that any stockholder will qualify for QOZ Tax Benefits with respect to an investment in us.

We were organized for the express purpose of qualifying as an Opportunity Zone Fund under the 2017 Tax Act. However, the 2017 Tax Act is a relatively new law and its provisions regarding Opportunity Zone Funds are as yet untested. Although the IRS has issued final Treasury regulations, there remains uncertainty regarding the interpretation of certain issues. In addition, future legislation or guidance from the IRS may negatively affect our ability to qualify as an Opportunity Zone Fund or your ability to qualify for QOZ Tax Benefits with respect to an investment in us. Therefore, you should not assume we will be successful in meeting our investment objectives, including qualifying as an Opportunity Zone Fund or obtaining QOZ Tax Benefits for our stockholders.

The acquisition and development or redevelopment of the properties in our initial portfolio is subject to a number of conditions which could delay or materially adversely affect the timing of its completion, or prevent it from occurring.

The acquisition and development or redevelopment of the properties in our initial portfolio may not occur or may be delayed as a result of, among other things, one or more of the closing conditions failing to occur, including, but not limited to, obtaining any necessary regulatory approvals, receipt of title, completion of due diligence and our satisfactory review of the zoning, land use, building, environmental and other rules, laws or regulations applicable to the properties. For example, our acquisitions of Wellington Woods and Academy at Waterford Lakes are subject to the consent of the Florida Housing Finance Corporation and such consent has not yet been received. The acquisition of the properties in our initial portfolio is subject to a number of other conditions beyond our control that may prevent, delay or otherwise materially adversely affect its completion. We cannot predict whether and when these conditions will be satisfied.

Our development or redevelopment of the properties in our initial portfolio will be subject to negotiation of definitive documentation, receipt of any necessary approvals by us and certain of our lenders and regulatory agencies, and other conditions. There can be no assurance that we will be able to enter into applicable definitive agreements, obtain any necessary approvals or satisfy all of the closing conditions or that the closing conditions beyond our control will be satisfied or waived. As such, the consummation of the development or redevelopment projects may not be completed at all, or may not be completed in the time frame, on the terms or in the manner currently anticipated. No assurance can be given that, if we do complete the development or redevelopment projects, the actual cost or completion dates of the developments or redevelopments will not exceed our estimate or that our expected returns will be achieved.

In addition, our plans for the redevelopment of the Seaport Village and Woodside Senior properties and the development of the North End Landings property include the purchase of additional parcels not currently owned by Avanath and there can be no assurance that we will be able to acquire such parcels in the timeframe or at the prices we have estimated or at all and as a result our plans for the redevelopment or development of such properties may be adversely impacted including in terms of the estimated total project cost, estimated project start and completion dates, expected total number of units and revenues expected to be generated from such number of units.

Potential development and construction delays and resultant increased costs and risks may hinder our operating results and impact our revenues and may cause us to abandon the redevelopment projects, in whole or in part.

We intend to "substantially improve" the properties in our initial portfolio and other properties we may acquire in order for them to qualify as assets that satisfy the requirements for us to be treated as an Opportunity Zone Fund. The success of the development of the properties in our initial portfolio and such other properties will be subject to the uncertainties associated with the development and construction of real property, including those related to re-zoning land for development, environmental concerns of governmental entities and/or community groups and our builders' ability to build in conformity with plans, specifications, budgeted costs and timetables. If a builder fails to perform, we may resort to legal action to rescind the purchase or the construction contract or to compel performance. A builder's performance may also be affected or delayed by conditions beyond the builder's control. Delays in completing construction could also give tenants the right to terminate preconstruction leases, if any. We may incur additional risks when we make periodic progress payments or other advances to builders before they complete construction. In addition, we expect to incur a number of non-recurring costs associated with the redevelopment projects. We expect that the majority of non-recurring expenses will be comprised of transaction and regulatory costs related to the consummation of the redevelopment projects. These and other factors may increase costs for the development of the properties in our initial portfolio or other projects, materially and adversely impact the operating and financial results of our redevelopment efforts, cause us to abandon the redevelopment projects, in whole or in part, and result in loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly constructed projects. We also must rely on rental income and expense projections and estimates of the fair market value of property upon completion of construction when agreeing upon a purchase price at the time we acquire the property. If our projections are inaccurate, we may pay too much for a property, and the return on our investment could suffer. In addition, to the extent we make or acquire loans to finance construction or renovation projects, risks of cost overruns and non-completion of the construction or renovation of the properties we acquire may adversely affect our investments.

Such costs may materially and adversely impact the operating and financial results of the redevelopment projects and may cause us to abandon the redevelopment projects, in whole or in part.

Our performance will depend on the collection of rent from our tenants, those tenants' financial condition and the ability of those tenants to maintain their leases.

A substantial portion of our income will be derived from rental income from real property. As a result, our performance will depend on the collection of rent from our tenants at the properties in our portfolio. Our income would be negatively affected if a significant number of our tenants at the properties in our portfolio, among other things: (1) decline to extend or renew leases upon expiration; (2) renew leases at lower rates; (3) fail to make rental payments when due; or (4) become bankrupt or insolvent. Any of these actions could result in the termination of the tenant's lease and our loss of rental income. We cannot be certain that any tenant whose lease expires will renew or that we will be able to re-lease space on economically advantageous terms. The loss of rental revenues from a number of tenants and difficulty replacing such tenants may adversely affect our profitability and our ability to meet our financial obligations.

The illiquidity of real estate investments could significantly impede our ability to respond to changing economic, financial, and investment conditions or changes in the operating performance of our properties, which could adversely affect our business, financial condition, results of operations and cash flows.

Real estate investments are relatively illiquid and this lack of liquidity may limit our ability to react promptly to changes in the economy or other conditions. Significant expenditures associated with real estate investments, such as secured mortgage payments, real estate taxes, insurance and maintenance costs, are generally not reduced when circumstances cause a reduction in rental revenue. As a result of the illiquidity of the real estate investments, we may not be able to sell a property or properties quickly or on favorable terms in response to changing economic, financial and investment conditions or changes in the property's operating performance when it otherwise may be prudent to do so. We cannot predict whether we will be able to sell any property we desire to sell for the price or on the terms set by us or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. We may be required to expend funds to correct defects or to make improvements before a property can be sold, and we cannot provide any assurances that we will have funds available to correct such defects or to make such improvements. Our inability to dispose of assets at opportune times or on favorable terms could materially and adversely affect our business, financial condition, results of operations and cash flows. In addition, properties that we own may be subject to takings or eminent domain by the government, which could adversely affect our business, financial condition, results of operations and our ability to make distributions on, and the value of, our common stock.

Furthermore, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interests. Therefore, we may not be able to vary our portfolio promptly in response to economic or other conditions or on favorable terms, which could adversely affect our business, financial condition, results of operations and our ability to make distributions on, and the value of, our common stock.

In addition, our ability to dispose of properties could be constrained by their tax attributes. Properties which we own for a significant period of time may have low tax bases. If we dispose of these properties outright in taxable transactions, we may be required to distribute the taxable gain to our stockholders under the requirements of the Code applicable to REITs or to pay tax on that gain, either of which, in turn, would impact our cash flow and increase our leverage. To dispose of low basis properties efficiently, we may from time to time use like-kind exchanges, which qualify for non-recognition of taxable gain, but can be difficult to consummate and result in the property for which the disposed assets are exchanged inheriting their low tax bases and other tax attributes.

Our long-term growth depends in part on successfully identifying and consummating acquisitions of additional properties within Opportunity Zones and the failure to make such acquisitions could materially impede our growth.

We intend to continue to develop and acquire properties from time to time consistent with our investment strategy as long as we believe such properties offer an attractive total return opportunity, even if real estate markets are not as favorable as they have been in the recent past. Except for the properties in our initial portfolio, you will have no prior opportunity to evaluate the economic merits or the terms of our investments before making a decision to invest in our common stock. We can provide no assurances that we will be successful in identifying attractive properties within Opportunity Zones or that, once identified, we will be successful in consummating an acquisition.

We expect to finance future acquisitions through a combination of the use of retained cash flows, bank loan borrowings and offerings of equity and debt securities, which may not be available on advantageous terms, or at all. We may also acquire properties in exchange for partnership interests in our subsidiary partnership, subject to compliance with the Opportunity Zone program. We may spend significant time and money on potential acquisitions, including those that we do not consummate. Any delay or failure on our part to identify, negotiate, finance on favorable terms, consummate and integrate such acquisitions could materially impede our growth. If we are unsuccessful in locating suitable investments, other than the properties in our initial portfolio, we may ultimately decide to liquidate. In the event we are unable to timely locate suitable investments, we may be unable or limited in our ability to make distributions on our common stock and we may not be able to meet our business objectives.

Potential declines in real estate valuations and impairment charges could materially and adversely affect our business, financial condition and results of operations.

We will continuously monitor events and changes in circumstances, including those resulting from an economic downturn that could indicate that the carrying value of the real estate and related intangible assets in which we have an ownership interest may not be recoverable. Examples of such indicators may include a significant decrease in market price, a significant adverse change in the extent or manner the property is being used or in its physical condition, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development or a history of operating or cash flow losses. When such impairment indicators exist, we review an estimate of the future undiscounted net cash flows (excluding interest charges) expected to result from the real estate investment's use and eventual disposition and compare it to the carrying value of the property. We consider factors such as future operating income, trends and prospects, leasing demand, competition and other factors. If our future undiscounted net cash flow evaluation indicates that we are unable to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property. These losses have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based on numerous assumptions, including future operating income and property operating expenses and capital requirements that could differ materially from actual results in future periods. A worsening real estate market may cause us to re-evaluate the assumptions used in our impairment analysis. Impairment charges could adversely affect our business, financial condition, results of operations and our ability to make distributions on, and the value of, our common stock.

Projections of expected future cash flows require management to make assumptions to estimate future operating income, property operating expenses and the number of years the property is held for investment, among other factors. The subjectivity of assumptions used in the future cash flow analysis, including discount and capitalization rates, could result in an incorrect assessment of the property's fair value and, therefore, could result in the misstatement of the carrying value of our real estate and related intangible assets on our balance sheet and our results of operations. Adverse market and economic conditions and market volatility will likely make it difficult to value the future properties owned by us, as well as the value of our intangible assets. As a result of adverse market and economic conditions and market volatility, there may be significant uncertainty in the valuation, or in the stability of, the cash flows, discount rates and other factors related to such assets that could result in a substantial decrease in their value.

Adverse economic or regulatory developments in the municipalities and states in which we are invested could negatively affect our business, results of operations and financial condition and ability to make distributions on our common stock.

In the event this offering and the concurrent private placement is consummated and we are able to close on the acquisition of the properties in our initial portfolio, our business will be dependent on the condition of the economy in the municipalities and states in which we are invested. Following the completion of the formation transactions and this offering, the nine properties in our initial portfolio will be located in six states and nine municipalities including Cary, North Carolina; Orlando, Florida; Kissimmee, Florida; Detroit, Michigan; Naperville, Illinois; Irving, Texas; Ontario, California; Long Beach, California; and Oakland, California. This concentration may expose us to greater economic risks than if we owned a more geographically diverse portfolio. We will be susceptible to adverse developments in the economic and regulatory environments of the municipalities in which we are invested (such as business layoffs or downsizing, industry slowdowns, relocations of businesses, rent control, variations in AMI, social unrest, increases in real estate and other taxes, costs of complying with governmental regulations or increased regulation). In addition, we will be subject to similar localized economic conditions with respect to our future investments. Such adverse developments could materially reduce the value of our real estate portfolio and our rental revenues, and thus adversely affect our business, financial condition, results of operations and our ability to make distributions on, and the value of, our common stock.

If we overestimate the value or income-producing ability or incorrectly price the risks of our investments, we may experience losses.

Analysis of the value or income-producing ability of the properties in our initial portfolio or any property we may acquire in the future is highly subjective and may be subject to error. Our Manager will value our potential investments based on yields and risks, taking into account estimated future losses on select commercial real estate equity investments, and the estimated impact of these losses on expected future cash flows and returns. In the event that we underestimate the risks relative to the price we pay for a particular investment, we may experience losses with respect to such investment.

Our business focuses on real estate investments in Opportunity Zones.

Our business focuses on real estate investments located in Opportunity Zones. These investments may carry the risks associated with the concentration of real property in economically depressed areas. We may experience losses as a result of such concentration. If economic conditions worsen or fail to improve in line with our expectations in Opportunity Zones in which our investments will be concentrated, our business, financial condition and results of operations could be adversely affected.

Rent control and other changes in similar laws as well as variations in AMI could adversely affect our operations.

Lower revenue growth or significant unanticipated expenditures may result from our need to comply with changes in (i) rent control or rent stabilization laws or other similar residential landlord/tenant laws, or (ii) variations in AMI. Such changes could limit our ability to raise rents based solely on market conditions. Depending on the nature of such laws or regulations or variations in AMI and the number of our apartment communities that become subject to any such resulting restrictions on rent increases, our revenues and net income could be adversely affected.

We may suffer from delays in locating suitable investments in Opportunity Zones, which could limit our ability to make distributions on our common stock and lower the overall return on your investment.

We will rely upon our Manager's real estate professionals to identify suitable investments. To the extent that our Manager's real estate professionals face competing demands upon their time in instances when we have capital ready for investment, we may face delays in execution.

Additionally, the current market for properties that meet our investment objectives is often competitive, as is the leasing market for such properties. Except for the properties in our initial portfolio, you will have no prior opportunity to evaluate the terms of transactions or other economic or financial data concerning our future investments. You must rely entirely on the oversight and management ability of our Manager. We cannot be sure that our Manager will be successful in obtaining suitable investments in Opportunity Zones on financially attractive terms.

We could also suffer from delays in locating suitable investments as a result of the more limited scope of our intended investments in Opportunity Zones and our reliance on our Manager at times when its officers, employees, or agents are simultaneously seeking to locate suitable investments for other programs sponsored by Avanath or MacFarlane. Furthermore, where we acquire properties prior to the start of construction or during the early stages of construction, it will typically take several months to complete construction and rent available space. Therefore, you could suffer delays in the receipt of distributions on our common stock attributable to those particular properties.

There may be a limited supply of multifamily real-estate related assets for us to develop, redevelop or acquire in our existing or target markets, and we will have to compete for opportunities with companies that are larger and have more resources than we do.

We intend to focus our development and acquisition efforts primarily on multifamily real-estate related assets in underserved, attractive U.S. urban markets. As a result of our strategic focus on these locations and assets within Opportunity Zones, there may be a limited supply of existing properties or vacant land that matches our selection criteria. We will have significant competition with respect to our acquisition of properties and other investments with many other companies, including REITs, insurance companies, commercial banks, private investment funds, hedge funds, specialty finance companies, online investment platforms and other investors, many of which may have greater resources and name recognition than us. Consequently, we may not be able to compete successfully for investments. When we enter new markets or expand in markets where we and our Manager have only a limited presence and limited experience, we face competition from local real estate developers and market participants who may have more established local knowledge and relationships than we do. Such competition is significant, and our failure to successfully compete for the limited supply of properties or locations that match our selection criteria could materially and adversely affect our ability to grow.

In addition, the number of entities and the amount of funds competing for suitable investments may increase. If we acquire properties and other investments at higher prices than our competitors and/or by using less-than-ideal capital structures, our returns will be lower and the value of our assets may not increase or may decrease significantly below the amount we paid for such assets. If such events occur, you may experience a lower return on your investment in our common stock.

Furthermore, there may be changes in laws or regulations, or the interpretation thereof, impacting the availability or value of federal or state tax credits and other development incentives. Any decrease in the supply of these designated properties or the availability of tax credits or other development incentives, or any decrease in the investment value of tax credits or incentives, could further limit the availability or appeal of properties or locations in our target markets, which could materially and adversely affect our ability to grow, or cause us to alter our current strategy.

Our assets will be subject to the risks typically associated with real estate investments.

Our assets will be subject to the risks typically associated with real estate investments. The value of real estate may be adversely affected by a number of risks, including:

natural disasters such as hurricanes, earthquakes and floods;

acts of war or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001;

adverse changes in national and local economic and real estate conditions;

the impact of pandemics such as the recent outbreak of COVID-19 or other sudden or unforeseen events that disrupt the economy;

an oversupply of (or a reduction in demand for) space in the areas where particular properties are located and the attractiveness of particular properties to prospective tenants;

changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance and the potential for liability under applicable laws;

costs of remediation and liabilities associated with environmental conditions affecting properties; and

the potential for uninsured or underinsured property losses.

The value of real estate properties is typically affected significantly by their ability to generate cash flow and net income, which in turn depends on the amount of rental or other income that can be generated net of expenses required to be incurred with respect to the property. Many expenditures associated with properties (such as operating expenses and capital expenditures) cannot be reduced when there is a reduction in income from the properties. These factors may have a material adverse effect on the value that we can realize from our assets and our business, financial condition and results of operations and our ability to make distributions on, and the value of, our common stock could be adversely affected.

Actual or threatened epidemics, pandemics, outbreaks, or other public health crises may have an adverse impact on our tenants, our tenants' ability to pay rent pursuant to their leases and the profitability of the properties in our portfolio.

Our tenants and our business could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. As a result of shutdowns, quarantines, actual viral health issues or loss of employment, tenants at our properties may experience reduced or no wages for a prolonged period of time, may file for personal bankruptcy, or may experience other hardships that affect their ability or willingness to make their rental payments. In the event our tenants are unable or unwilling to make their rental payments to us, in addition to lost rent, we may incur costs in protecting our investment and re-leasing our property. Additionally, local and national authorities may expand or extend certain measures imposing restrictions on our ability to enforce tenants' contractual rental obligations. Local and national authorities may also reduce or discontinue stimulus and relief programs, implemented in response to such events, which may be providing benefits to our residents (or employers of our residents) which may impact their ability to make their rental payments. We have elected in response to the COVID-19 pandemic to discount rent and offer forbearance plans to residents, and may do so in the future, and these practices have resulted, and may in the future result in foregone revenue. Due to the COVID-19 pandemic, we have also incurred, and we may in the future as a result of COVID-19 or other epidemics, pandemics, outbreaks or other public health crises incur, an increase in operating expenses related to cleaning and sanitization supplies and temporary increases in our labor costs. In addition, our Property Manager may be limited in its ability to properly maintain our properties and our ability to complete the ground-up development or refurbishment of the properties in our initial portfolio may be inhibited due to social distancing or other restrictions implemented in response to such events. Restrictions inhibiting our employees' ability to meet with existing and potential residents has disrupted and could in the future further disrupt our ability to lease apartments which could adversely impact our rental rate and occupancy levels. We may also face an increased risk of cyber attacks due to an increased reliance on remote working as a result of an epidemic, pandemic, outbreak or other public health crisis. In addition, the deterioration of global economic conditions and increases in unemployment as a result of an epidemic, pandemic, outbreak or other public health crisis may ultimately decrease occupancy levels and pricing across our portfolio as residents reduce or defer their spending.

Epidemics, pandemics, outbreaks or other public health crises have caused, and may cause in the future, severe economic, market and other disruptions worldwide. Market fluctuations may affect our ability to obtain necessary funds for our operations from lenders. In addition, we may be unable to obtain financing for the acquisition of investments on satisfactory terms, or at all.

The ultimate extent of the impact of any epidemic, pandemic, outbreak or other public health crisis, including the COVID-19 pandemic, on our business, financial condition and results of operations will depend on future developments, which are highly uncertain, and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic, outbreak or other public health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic, outbreak or other public health crisis, such as the COVID-19 pandemic, could therefore materially and adversely affect our business, financial condition and results of operations.

Design, development, redevelopment and construction risks could adversely impact our profitability.

We intend to invest in, develop, redevelop and manage a portfolio of commercial real estate properties located in Opportunity Zones. These activities may expose us to a number of risks that may increase our construction costs and decrease our profitability, including the following:

construction delays or cost overruns;

problems with the construction companies we hire to build or renovate our properties and with their subcontractors, including delays in performance, defective performance, failure to perform and contract disputes, including disputes regarding change orders;

increased labor costs, labor shortages or labor disruptions;

increased construction commodity prices, particularly lumber, steel and concrete;

costs to address or remediate unforeseen or concealed structural deficiencies, termite damage or damage from other pests, environmental, health or safety hazards and other unanticipated problems not contemplated in a project's budget;

inability to obtain, or delays in obtaining, necessary zoning, land-use, building, licenses, occupancy, and other required permits, authorizations, inspections and approvals;

opposition from local community or political groups;

damage or alleged damage to adjacent property owners;

- health and safety incidents, site accidents and structural failures, which may cause significant property damage, personal injury or loss of life;
- other difficulties related to construction in urban areas such as the need for heightened security measures, higher crime rates, vagrancy, parking and access constraints, protests, civil unrest, interruptions or failure of utilities;
- difficulties complying with complex building codes and other local regulations; and
- incurrence of costs related to the abandonment of development opportunities we pursue and subsequently deem unfeasible.

Our inability to successfully implement our development, redevelopment, architecture and design and construction strategy could adversely affect our results of operations and our ability to satisfy our financial obligations.

Ongoing requirements for renovations and capital improvements may reduce our profitability and adversely impact our liquidity.

Acquisitions and developments of properties require significant capital expenditures, and properties that we acquire may need significant renovations and capital improvements at the time of acquisition. All of our properties require periodic capital expenditures for renovations and upgrades to remain competitive. We will have ongoing needs for renovations and capital improvements with respect to the properties that we will own. We may need to make renovations and capital improvements to comply with applicable laws and regulations, to remain competitive with other hotel, apartment and mixed-use properties and to maintain the economic value of our properties.

We may also undertake other renovations, expansions or additions of new features at our existing properties that involve significant capital expenditures. We may not be able to fund developments and capital improvements solely from cash provided from our operating activities. Consequently, we will rely upon the availability of debt or equity capital to fund developments and improvements. Consequently, our ability maximize the value of our portfolio may be limited if we cannot obtain satisfactory debt or equity financing, which will depend on market conditions and our future performance. The costs of renovations and capital improvements we are required or choose to make could reduce the funds available for other purposes and may reduce our profitability and adversely impact our liquidity.

Many real estate costs are fixed, even if revenue from properties in the initial portfolio or any properties we acquire in the future decreases.

Many real estate costs, such as real estate taxes, insurance premiums and maintenance costs, are not reduced even when a property is not fully occupied, rental rates decrease, a tenant fails to pay rent or other circumstances cause a reduction in property revenues. In the event that rentable space in properties in the initial portfolio or any other property we may acquire in the future remains vacant, we will still be obligated to pay real estate taxes, insurance premiums and maintenance costs. In addition, neither the properties in the initial portfolio nor any other property we acquire in the future may produce significant revenues immediately, and any such property's operating cash flow may be insufficient to pay the operating expenses and, if financed with debt, the debt service associated with these new properties. If we are unable to offset real estate costs with sufficient revenues from our properties, our business, financial condition and results of operations and our ability to make distributions on, and the value of, our common stock could be materially and adversely affected.

Increased competition and increased affordability of apartment homes could limit our ability to obtain and retain residents, lease apartment homes or increase or maintain rents at the properties in our initial portfolio and multifamily properties we may acquire or develop.

The multifamily properties in our initial portfolio that we intend to develop and multifamily properties we may acquire or develop will compete with numerous housing alternatives in attracting residents, including other multifamily properties and single-family rental homes, as well as owner occupied single and multifamily homes. Competitive housing in a particular area and an increase in the affordability of owner occupied single and multifamily homes due to, among other things, declining housing prices, oversupply, mortgage interest rates and tax incentives and government programs to promote home ownership, could adversely affect our ability to retain residents, lease apartment homes and increase or maintain rents.

We could be negatively impacted by the condition of the Federal National Mortgage Association, which we refer to as Fannie Mae, or the Federal Home Loan Mortgage Corporation, which we refer to as Freddie Mac.

Fannie Mae and Freddie Mac are a major source of financing for secured multifamily rental properties. We may depend heavily on Fannie Mae and Freddie Mac to finance growth by purchasing or guaranteeing apartment loans. In September 2008, the U.S. government assumed control of Fannie Mae and Freddie Mac and placed both companies into a government conservatorship under the Federal Housing Finance Agency. In December 2009, the Obama administration pledged to cover unlimited losses through 2012 for both companies, lifting an earlier cap of $400 billion. In February 2011, the U.S. Department of the Treasury and the Department of Housing and Urban Development released a report to Congress entitled "Reforming America's Housing Finance Market" in which they proposed to reduce or eliminate the role of Fannie Mae and Freddie Mac in mortgage financing. However, the report calls for an expansion of federal financing of multifamily real estate in order to provide greater support for rental housing.

While we believe Fannie Mae and Freddie Mac will continue to provide liquidity to the multifamily sector, should they discontinue doing so, have their mandates changed or reduced or be disbanded, consolidated or reorganized by the government, it could significantly reduce our access to debt capital and adversely affect our ability to finance or refinance existing indebtedness at competitive rates and it may adversely affect our ability to sell assets. Uncertainty in the future activity and involvement of Fannie Mae and Freddie Mac as a source of financing could negatively impact our ability to make acquisitions and make it more difficult or not possible for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of debt financing or difficulties in obtaining debt financing. Further, a decision by the government to eliminate Fannie Mae or Freddie Mac or reduce their acquisitions or guarantees of apartment loans may adversely affect interest rates, capital availability, and the development of multifamily properties.

Governmental actions could also make it easier for individuals to finance loans for single-family homes, which would make renting a less attractive option and could adversely affect our occupancy or rental rates.

Actions of any joint venture partners that we may have in the future could reduce the returns on joint venture investments.

We may enter into joint ventures to acquire properties and other assets. Subject to compliance with Opportunity Zone program, we may also develop other properties we may acquire in the future in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements. Such investments may involve risks not otherwise present with other methods of investment, including, for example, the following risks:

that our co-venturer, co-tenant or partner in an investment could become insolvent or bankrupt;

that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals that are or that become inconsistent with our business interests or goals;

that such co-venturer, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives; or

that disputes between us and our co-venturer, co-tenant or partner may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our operations.

Any of the above might subject a property to liabilities in excess of those contemplated and adversely affect our business, financial condition and results of operations and our ability to make distributions on, and the value of, our common stock.

Our projects may encounter significant opposition from local community or political groups or unions, which may damage our goodwill and reputation and adversely affect our financial condition and results of operations.

We may from time to time face opposition from local community or political groups or unions with respect to the design, development, redevelopment and construction of our properties. For instance, in the past, certain redevelopment efforts in economically depressed and concentrated areas have encountered criticism, skepticism and distrust from within these communities, manifesting in resident protests and petition campaigns. There is a risk that we may face potential opposition to future projects, which may delay or prevent their completion, increase costs, damage our reputation and potentially result in impairment of our goodwill.

Moreover, any damage to our reputation may limit our ability to develop or maintain local relationships and community ties, which may affect our ability to acquire or develop new properties or obtain financing on favorable terms, and thereby lead to projects and operations that may not be optimal. As a result, if we are unable to effectively manage real or perceived issues that could negatively impact sentiments toward us, our results of operations and financial condition could be adversely affected.

The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property or of paying personal injury or other damage claims could negatively and adversely affect our business, financial condition and results of operations and our ability to make distributions on our common stock.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous real property owner or operator may be liable for the cost of removing or remediating hazardous or toxic substances on, under or in such property. These costs could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures or prevent us from entering into leases with prospective tenants that may be impacted by such laws. Environmental laws provide for sanctions for noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for the release of and exposure to hazardous substances, including asbestos-containing materials and lead-based paint. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances and governments may seek recovery for natural resource damage. The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury, property damage or natural resource damage claims could reduce our revenues and consequently our business, financial condition and results of operations and our ability to make distributions on, and the value of, our common stock.

We expect that all of our properties will be subject to Phase I environmental assessments at the time they are acquired; however, such assessments may not provide complete environmental histories due, for example, to limited available information about prior operations at the properties or other gaps in information at the time we acquire the property. A Phase I environmental assessment is an initial environmental investigation to identify potential environmental liabilities associated with the current and past uses of a given property. If any of our properties were found to contain hazardous or toxic substances after our acquisition, the value of our investment could decrease below the amount paid for such investment. In addition, real estate-related investments in which we invest may be secured by properties with recognized environmental conditions. Where we are secured creditors, we will attempt to acquire contractual agreements, including environmental indemnities, that protect us from losses arising out of environmental problems in the event the property is transferred by foreclosure or bankruptcy; however, no assurances can be given that such indemnities would fully protect us from responsibility for costs associated with addressing any environmental problems related to such properties.

Costs imposed pursuant to governmental laws and regulations may reduce our revenues and the cash available to make distributions on our common stock.

Real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to protection of the environment and human health. We could be subject to liability in the form of fines, penalties or damages for noncompliance with these laws and regulations. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, the remediation of contamination associated with the release or disposal of solid and hazardous materials, the presence of toxic building materials and other health and safety-related concerns.

Some of these laws and regulations may impose joint and several liability on the tenants, owners or operators of real property for the costs to investigate or remediate contaminated properties, regardless of fault, whether the contamination occurred prior to purchase, or whether the acts causing the contamination were legal. Activities of our tenants, the condition of properties at the time we buy them, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties.

The presence of hazardous substances, or the failure to properly manage or remediate these substances, may hinder our ability to sell, rent or pledge such property as collateral for future borrowings. Any material expenditures, fines, penalties or damages we must pay will reduce our ability to make distributions and may reduce the value of your investment.

Compliance with the Americans with Disabilities Act and fire, safety and other regulations may require us to make expenditures that adversely affect our cash flows.

The properties in our initial portfolio are, and the other properties we may acquire in the future will be, required to comply with the Americans with Disabilities Act ("ADA"). The ADA has separate compliance requirements for "public accommodations" and "commercial facilities," but generally requires that buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers, and non-compliance could result in imposition of fines by the United States government or an award of damages to private litigants, or both. We could be required to expend substantial funds to comply with the provisions of the ADA, which could adversely affect our results of operations and financial condition. In addition, we are required to operate our properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to our properties. We may be required to make substantial capital expenditures to comply with, and we may be restricted in our ability to renovate our properties subject to, those requirements. The resulting expenditures and restrictions could have an adverse effect on our cash flows and our ability to make distributions on our common stock.

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce our cash flows and the return on an investment in our common stock.

There are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with potential acts of terrorism could sharply increase the premiums we pay for coverage against property and casualty claims. We will carry commercial liability, property and rental loss insurance covering the properties in our initial portfolio. We expect to select policy specifications and insured limits which we believe to be appropriate given the relative risk of loss, the cost of the coverage and industry practice. We do not expect to carry insurance for generally uninsurable losses such as loss from war. If any of our properties incurs a casualty loss that is not fully insured, the value of our assets will be reduced by any such uninsured loss, which may reduce the value of your investment. In addition, other than any working capital reserve or other reserves we may establish, we have no source of funding to repair or reconstruct any uninsured property. Also, to the extent we must pay unexpectedly large amounts for insurance, we could suffer reduced net income that would result in lower distributions on our common stock.

In addition, insurance may not cover all potential losses on properties that we may acquire, which may impair our security and harm the value of our assets. There are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods and hurricanes that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, might not be adequate to restore the economic value of properties in our portfolio, which might decrease the value of such property.

Certain of our properties may be subject to ground leases. If these ground leases are terminated unexpectedly, our interests in such properties could be materially and adversely affected.

A ground lease is a lease of land, usually on a long-term basis, that does not include buildings or other improvements on the land. Normally, any real property improvements made by the lessee during the term of the lease will revert to the owner at the end of the lease term. We may acquire properties in the future that are subject to ground leases. If these ground leases were to expire or terminate unexpectedly, our interests in such properties could be materially and adversely affected.

Future disruptions in the financial markets or deteriorating economic conditions could adversely impact the commercial real estate market as well as the market for equity-related investments generally, which could hinder our ability to implement our business strategy and generate returns to you.

We intend to acquire a diversified portfolio of urban multifamily and mixed-use assets located in Opportunity Zones. Economic conditions greatly increase the risks of these investments. The success of our business is significantly related to general economic conditions and, accordingly, our business could be harmed by an economic slowdown and downturn in real estate asset values, property sales and leasing activities. Periods of economic slowdown or recession, significantly rising interest rates, declining employment levels, decreasing demand for real estate, declining real estate values, or the public perception that any of these events may occur, can reduce volumes for many of our business lines. These economic conditions could result in a general decline in acquisition, disposition and leasing activity, as well as a general decline in the value of real estate and in rents, which in turn would reduce revenue from property management fees and brokerage commissions derived from property sales, leases and mortgage brokerage as well as revenues associated with investment management and/or development activities. In addition, these conditions could lead to a decline in property sales prices as well as a decline in funds invested in existing commercial real estate assets and properties planned for development.

Future disruptions in the financial markets or deteriorating economic conditions may also impact the market for our investments and the volatility of our investments. The returns available to investors in our targeted investments are determined, in part, by the supply and demand for such investments and the existence of a market for such investments, which includes the ability to sell or finance such investments. During periods of volatility, the number of investors participating in the market may change at an accelerated pace. If either demand or liquidity increases, the cost of our targeted investments may increase. As a result, we may have fewer funds available to make distributions on our common stock.

During an economic downturn, it may also take longer for us to dispose of real estate investments or the selling prices may be lower than originally anticipated. As a result, the carrying value of our real estate investments may become impaired and we could record losses as a result of such impairment or we could experience reduced profitability related to declines in real estate values. Further, as a result of our target leverage, our exposure to adverse general economic conditions is heightened.

These negative general economic conditions could reduce the overall amount of sale and leasing activity in the commercial real estate industry, and hence the demand for our services. We are unable to predict the likely duration and severity of disruptions in financial markets and adverse economic conditions in the United States and other countries. Our revenues and profitability depend on the overall demand for our services from our clients. While it is possible that the increase in the number of distressed sales and resulting decrease in asset prices will eventually translate to greater market activity, an overall reduction in sales transaction volume could materially and adversely impact our business, financial condition and results of operations and our ability to make distributions on, and the value of, our common stock.

All of the factors described above could adversely impact our ability to implement our business strategy and our ability to make distributions on, and the value of, our common stock.

Our Manager and its affiliates have no prior experience operating a publicly-traded REIT or an Opportunity Zone Fund and therefore may have difficulty in successfully operating our company.

Our Manager and its affiliates have no prior experience operating a publicly-traded REIT or an Opportunity Zone Fund. Our board of directors and our Manager will have overall responsibility for our management and, while our directors and our Manager have extensive experience in real estate marketing, development, management and finance, and Daryl J. Carter, our President and CEO, and Victor MacFarlane, who will serve as the chairman of our board of directors upon completion of this offering, have experience sitting on boards of publicly traded REITs, none of our directors or our Manager have prior experience in operating our business in accordance with the requirements under the Code applicable to publicly-traded REITs or Opportunity Zone Funds. We will be required to develop and implement substantial control systems, policies and procedures in order to maintain our REIT qualification and our qualification as an Opportunity Zone Fund. We cannot assure you that our Manager's past experience will be sufficient to successfully develop and implement these systems, policies and procedures and to operate our company. Failure to do so could jeopardize our status as a REIT or an Opportunity Zone Fund, and the loss of such status would materially and adversely affect us. See "−Risks Related to Our Qualification and Operation as a REIT" and "−Risks Related to Our Intended Qualification as an Opportunity Zone Fund."

Our board of directors has approved broad investment guidelines for our Manager and will not approve each investment and financing decision made by our Manager unless required by our investment guidelines.

Our Manager is authorized to follow broad investment guidelines established by our board of directors. Our board of directors will periodically review our investment guidelines and our portfolio of assets but will not, and will not be required to, review all of our proposed investments, except in limited circumstances as set forth in our investment policies. In addition, in conducting periodic reviews, our board of directors may rely primarily on information provided to them by our Manager. Furthermore, transactions entered into by our Manager may be costly, difficult or impossible to unwind by the time they are reviewed by our board of directors. Our Manager has great latitude within the broad parameters of our investment guidelines in determining the types and amounts of assets in which to invest on our behalf, including making investments that may result in returns that are substantially below expectations or result in losses, which would materially and adversely affect our results of operations, or may otherwise not be in the best interests of our stockholders.

Our business strategies may not be effective or may change over time.

We may not be able to effectively improve our financial position and maximize the attractiveness of our properties to our tenants in accordance with our business strategy. Even if we can appropriately gauge the needs and desires of our tenants and end-consumers or industry trends, we may not be able to execute our business strategies on a timely basis, if at all. In addition, we may not be able to enhance the tenant or end-consumer experience in our properties for several reasons outside of our control, including a lack of adequate funding, unforeseen changes to end-consumer behavior patterns or internal or branding changes among our tenants. Finally, we may not have sufficient capital or funding sources to fully pursue our business strategies. As a result, our strategies may not effectively grow our business or revenues as intended. We also may change our strategies over time and there can be no assurance that any new strategies will be effective.

We may be subject to litigation or threatened litigation, which may require us to pay damages and expenses or restrict the operation of our business.

We may be subject to litigation or threatened litigation in the ordinary course of business. In particular, we will be subject to the risk of complaints and threatened or actual litigation by contractors, developers and other professionals involved in the development of the properties in our initial portfolio or any other properties we may acquire in the future and by our tenants involving the lease agreements we enter into and certain of our rights thereunder. We may also be subject to the risk of premises liability claims, which may give rise to litigation or governmental investigations, as well as claims and litigation relating to real estate rights or uses of our properties. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. The resolution of any claims could involve the payment of damages or expenses by us, which may be significant, or involve our agreement with terms that restrict the operation of our business. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having an adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share market price of, our common stock. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage and could expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors, which could adversely impact our business, financial condition and results of operations and our ability to make distributions on, and the value of, our common stock.

Our property taxes could increase due to property tax rate changes or reassessments, which may adversely impact our cash flows.

Even if we qualify as a REIT for U.S. federal income tax purposes, we will be required to pay certain other taxes on our properties. The real property taxes on our properties may increase as property tax rates in jurisdictions in which our properties will be located change or as our properties are assessed or reassessed by taxing authorities. Therefore, the amount of property taxes we pay may increase substantially from time to time. If the property taxes we pay increase, our cash flow may be adversely impacted, and our ability to make distributions on our common stock to our stockholders could be adversely affected.

Tax changes in jurisdictions in which our properties will be located may have an adverse effect on us.

Risks Related to Our Relationship with Our Manager and the Management Agreement

We have no employees and will be entirely dependent upon our Manager for all the services we require, and we cannot assure you that our Manager will allocate the resources necessary to meet our business objectives.

Because we are "externally managed," we will not retain our own personnel, but will instead depend upon our Manager and its affiliates for virtually all of the services we require. Our Manager selects and manages the acquisition of properties that meet our investment criteria; administers the collection of rents, monitors lease compliance by our tenants and deals with vacancies and re-letting of our properties; coordinates the sale of our properties; provides financial and regulatory reporting services; communicates with our stockholders, causes us to pay distributions to our stockholders and arranges for transfer agent services; and provides all of our other administrative services. Accordingly, our success is largely dependent upon the expertise and services of the executive officers and other key personnel provided to us through our Manager.

Our Manager may be unable to obtain or retain the executive officers and other key personnel that it provides to us.

Our success depends to a significant degree upon the executive officers and other key personnel that our Manager provides to us. In particular, we rely on the services of Daryl J. Carter, our President and Chief Executive Officer, Jun Sakumoto, our Executive Vice President and Chief Operating Officer, Wesley Wilson, our Executive Vice President, Chief Financial Officer and Treasurer, and Ellen Guccione, our Secretary. In addition to these executive officers, we also rely on other key personnel that are provided to us through our Manager. We cannot guarantee that all, or any particular one of these executive officers and other key personnel, will remain affiliated with our Manager and us. We do not separately maintain key person life insurance on any person. Failure by our Manager to retain any of the executive officers and other key personnel provided to us through our Manager and to hire and retain additional highly skilled managerial, operational and marketing personnel could have a material adverse effect on our ability to achieve our investment objectives, lessen or eliminate the benefits of potentially becoming self-managed in the future and could result in us incurring excess costs and suffering deficiencies in our disclosure controls and procedures or our internal control over financial reporting.

The base management fee payable to our Manager pursuant to the management agreement is payable regardless of the performance of our portfolio, which may reduce our Manager's incentive to devote the time and effort to seeking profitable investment opportunities for us.

We pay our Manager a base management fee pursuant to the management agreement, which may be substantial, based on our "Equity" (as defined in the management agreement) regardless of the performance of our portfolio of properties. Our Manager's entitlement to non-performance-based compensation might reduce its incentive to seek profitable investment opportunities for us, which could result in a lower performance of our portfolio and materially adversely affect us.

The incentive fee payable to our Manager pursuant to the management agreement may cause our Manager to select investments in more risky assets to increase its incentive compensation.

Our Manager has the ability to earn incentive fees based on our total stockholder return exceeding an 8% cumulative annual hurdle rate, which may create an incentive for our Manager to invest in properties with a purchase price reflecting a higher potential yield, that may be riskier or more speculative, or sell an investment prematurely for a gain, in an effort to increase our short-term gains and thereby increase our stock price and the incentive fees to which it is entitled. If our interests and those of our Manager are not aligned, the execution of our business plan and our results of operations could be adversely affected, which could materially and adversely affect the market price of our common stock and our ability to make distributions to our stockholders.

There are conflicts of interest in our relationships with our Manager and its affiliates, which could result in outcomes that are not in our best interests.

We are subject to conflicts of interest arising out of our relationships with our Manager and its affiliates. Pursuant to the management agreement, our Manager is obligated to supply us with our management team. However, our Manager is not obligated to dedicate any specific personnel exclusively to us, nor are the personnel provided to us by our Manager obligated to dedicate any specific portion of their time to the management of our business.

In addition to our initial portfolio, we may acquire or sell properties in which our Manager or its affiliates have or may have an interest. Similarly, our Manager or its affiliates may acquire or sell properties in which we have or may have an interest. Although such acquisitions or dispositions may present conflicts of interest, we nonetheless may pursue and consummate such transactions so long as any such transactions are approved by a majority of our independent directors. Additionally, we may engage in transactions directly with our Manager or its affiliates, including the purchase and sale of all or a portion of a portfolio of assets. If we acquire a property from our Manager or one of its affiliates, such as the properties comprising our initial portfolio, or if we sell a property to our Manager or one of its affiliates, the purchase price we pay to our Manager or one of its affiliates or the purchase price paid to us by our Manager or one of its affiliates may be higher or lower, respectively, than the purchase price that would have been paid to or by us if the transaction were the result of arms' length negotiations with an unaffiliated third party.

We also may encounter conflicts of interest with respect to Avanath IV or future vehicles managed by our Manager that have similar investment criteria to us, and there can be no assurance that we will benefit from all investments sourced by our Manager that may be suitable for us.

We have certain policies to address such conflicts of interest. For example, any transaction by and between one or more of the Manager, Avanath, MacFarlane, or their respective affiliates and us will contain terms no more favorable than if the transaction were the result of arms' length negotiations with an unaffiliated third party and will require the approval of a majority of our independent directors. Also, our management agreement contains a provision that is intended to enable us to share equitably with other clients of our Manager and its affiliates in all opportunities that may be suitable for us and such other clients and that will provide us with priority allocation of all investment opportunities that are suitable for us, but are unsuitable for Avanath IV, including investment opportunities that require development and stabilized properties owned or controlled by Avanath. Prior to the expiration of its investment period, Avanath IV will have priority allocation with respect to those investment opportunities that may be suitable for Avanath IV. Upon the expiration of Avanath IV's investment period, and with no change to the allocation provision set forth in our management agreement, we will have priority access to all investment opportunities sourced by our Manager and its affiliates. Avanath IV's investment period ends upon the earlier of deployment of 90% of Avanath IV's commitments and May 31, 2022, provided that the investment period can be extended for one year with the approval of a majority of Avanath IV's advisory committee. The investment allocation policy described above could be waived or revised at any time by a majority of our independent directors without the consent of our stockholders. There can be no assurance that our board of directors will not modify any of the policies discussed above or that such policies will be effective.

Our Manager's failure to identify and acquire properties that meet our investment criteria or perform its responsibilities under the management agreement could materially and adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Our ability to achieve our objectives depends on our Manager's ability to identify and acquire properties that meet our investment criteria. Accomplishing our objectives is largely a function of our Manager's structuring of our investment process, our access to financing on acceptable terms and general market conditions. Our stockholders will not have input into our investment decisions. All of these factors increase the uncertainty, and thus the risk, of investing in our common stock. The executive officers and other key personnel provided to us through our Manager have substantial responsibilities under the management agreement. In order to implement certain strategies, our Manager may need to hire, train, supervise and manage new employees successfully. Any failure by our Manager to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations, our ability to qualify and maintain our qualification as a REIT and our ability to make distributions to our stockholders.

Our Manager's liability is limited under the management agreement, and we have agreed to indemnify our Manager against certain liabilities. As a result, we could experience poor performance or losses for which our Manager would not be liable.

Pursuant to the management agreement, our Manager will not assume any responsibility other than to render the services called for thereunder and will not be responsible for any action of our board of directors in following or declining to follow its advice or recommendations. Our Manager maintains a contractual, as opposed to a fiduciary relationship, with us. Under the terms of the management agreement, our Manager, its officers, members and personnel, any person controlling or controlled by our Manager and any person providing sub-advisory services to our Manager will not be liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary's stockholders or partners for acts or omissions performed in accordance with and pursuant to the management agreement, except those resulting from acts constituting gross negligence, willful misconduct, bad faith or reckless disregard of our Manager's duties under the management agreement.

In addition, we have agreed to indemnify our Manager and each of its officers, directors, members, managers and employees from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the management agreement, except where attributable to gross negligence, willful misconduct, bad faith or reckless disregard of such person's duties under the management agreement. As a result, we could experience poor performance or losses for which our Manager would not be liable.

Termination of the management agreement could be difficult and costly, including as a result of termination fees, and may cause us to be unable to execute our business plan.

If we fail to renew the management agreement, or terminate the agreement, other than for a termination for cause, we will be obligated to pay our Manager a termination fee as described in "Our Manager and the Management Agreement−Management Agreement−Term; Termination and Termination Fee." Such a payment would likely be a substantial one-time charge that could render unattractive, or not economically feasible, the termination of our Manager, even if it performed poorly. In addition, any termination of the management agreement would end our Manager's obligation to provide us with our executive officers and key personnel upon whom we rely for the operation of our business.

If our Manager ceases to be our manager pursuant to the management agreement, counterparties to our agreements may cease doing business with us.

If our Manager ceases to be our manager, it could constitute an event of default or early termination event under financing and other agreements we may enter into in the future, upon which our counterparties may have the right to terminate their agreements with us. If our Manager ceases to be our manager for any reason, including upon the non-renewal of the management agreement, our business, financial condition and results of operations and our ability to make distributions to our stockholders may be materially adversely affected.

If we internalize our management functions, your interest in our company could be diluted, and we could incur other significant costs associated with being self-managed.

In the future, our board of directors may consider internalizing the functions performed for us by our Manager by, among other methods, acquiring our Manager's assets or acquiring the equity interests in our Manager. The management agreement will require that an internalization transaction have an Offer Price that shall not exceed the amount that will allow the internalization transaction to be accretive on an estimated FFO per share basis over the 12-month period beginning on the first day of the quarter following the closing of the internalization transaction, as determined by the Special Committee based on discussions with our Manager as described in "Our Manager and the Management Agreement−Management Agreement−Internalization of Our Manager;" however, there is no assurance that internalizing our management functions will be accretive on an FFO per share basis following the closing of the internalization transaction or be beneficial to us or our stockholders. In the event of an internalization of our Manager by us, certain key personnel of our Manager may remain employees of our Manager or its affiliates rather than becoming our employees, which could make it difficult for us to manage our business effectively. An acquisition of our Manager could also result in dilution of your interests as a stockholder. Additionally, we may not realize the perceived benefits or we may not be able to properly integrate our Manager's operations with ours, or we may not be able to effectively replicate the services provided previously by our Manager or its affiliates under the management agreement. In addition, if we become internally managed, our overhead costs may increase by an amount that is greater than the costs of the base management fees, incentive fees and expense reimbursements that we would no longer bear, as we would be responsible for compensation and benefits of all of our officers and other employees, including those who were previously paid by our Manager as well as new employees that we would be required to hire and pay. Internalization transactions, including without limitation, transactions involving the acquisition of external advisors or property managers affiliated with entity sponsors have also, in some cases, been the subject of litigation. Even if these claims are without merit, we could be forced to spend significant amounts of money defending claims which would reduce the amount of funds available for us to invest in properties or other investments and to pay distributions to our stockholders. All of these factors could have a material adverse effect on us.

The management agreement with our Manager and the property management agreements with our Property Manager were not negotiated on an arm's-length basis and may not be as favorable to us as if they had been negotiated with unaffiliated third parties.

The management agreement with our Manager and the property management agreements with our Property Manager were negotiated between related parties and before our independent directors were elected, and the terms of the management agreement and the property management agreements, including the fees payable to our Manager and our Property Manager, may not be as favorable to us as if they had been negotiated with unaffiliated third parties. The terms of the management agreement and the property management agreements may not reflect our long-term best interests and may be overly favorable to our Manager, our Property Manager and their affiliates (other than us and our subsidiaries). Further, we may choose not to enforce, or to enforce less vigorously, our rights under the management agreement or the property management agreements because of our desire to maintain our ongoing relationship with our Manager, our Property Manager and their affiliates.

Risks Related to Our Financing Activities

Our growth depends on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all.

In order to qualify and maintain our qualification as a REIT, we will be required under the Code, among other things, to distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at the U.S. federal corporate income tax rate to the extent that we distribute less than 100% of our REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gain. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we may rely on third-party sources to fund our capital needs. We may not be able to obtain financing on favorable terms or at all. Any additional debt we incur will increase our leverage and likelihood of default. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to qualify and maintain our qualification as a REIT.

Our organizational documents have no limitation on the amount of additional indebtedness that we may incur in the future. As a result, we may become highly leveraged in the future, which could adversely affect our financial condition.

After the closing of this offering, the concurrent private placement and the formation transactions, we anticipate entering into a revolving credit facility and, in the future, we may incur additional indebtedness to finance future acquisitions and redevelopment and renovation projects and for general corporate purposes. There are no restrictions in our charter or bylaws that limit the amount or percentage of indebtedness that we may incur nor restrict the form in which our indebtedness will be incurred (including recourse or non-recourse debt or cross-collateralized debt).

A substantial level of indebtedness in the future could have adverse consequences for our business, results of operations and financial condition because it could, among other things:

require us to dedicate a substantial portion of our cash flow from operations to make principal and interest payments on our indebtedness, thereby reducing our cash flow available to fund working capital, capital expenditures and other general corporate purposes, including to pay dividends on our common stock as currently contemplated or necessary to satisfy the requirements for qualification as a REIT;

increase our vulnerability to general adverse economic and industry conditions and limit our flexibility in planning for, or reacting to, changes in our business and our industry;

limit our ability to borrow additional funds or refinance indebtedness on favorable terms or at all to expand our business or ease liquidity constraints; and

place us at a competitive disadvantage relative to competitors that have less indebtedness.

The agreements governing our indebtedness are likely to place restrictions on us and our subsidiaries, reducing operational flexibility and creating default risks.

The agreements governing our anticipated revolving credit facility and other indebtedness that we may incur in the future contain or may contain covenants that place restrictions on us and our subsidiaries. These covenants may restrict, among other activities, our and our subsidiaries' ability to:

merge, consolidate or transfer all or substantially all of our or our subsidiaries' assets;

sell, transfer, pledge or encumber our stock or the ownership interests of our subsidiaries;

incur additional debt or issue preferred stock;

make certain expenditures, including capital expenditures;

pay dividends on or repurchase our capital stock; and

enter into certain transactions with affiliates.

These covenants could impair our ability to grow our business, take advantage of attractive business opportunities or successfully compete. Our ability to comply with financial and other covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. A breach of any of these covenants or covenants under any other agreements governing our indebtedness could result in an event of default. Any cross-default provisions in our debt agreements could cause an event of default under one debt agreement to trigger an event of default under our other debt agreements. Upon the occurrence of an event of default under any of our debt agreements, our lenders could elect to declare all outstanding debt under such agreements to be immediately due and payable. If we were unable to repay or refinance the accelerated debt, our lenders could proceed against any assets pledged to secure that debt, including foreclosing on or requiring the sale of any properties securing that debt, and the proceeds from the sale of these properties may not be sufficient to repay such debt in full.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in any property subject to mortgage debt.

Future borrowings may be secured by mortgages on our properties. Incurring mortgage and other secured debt obligations increases our risk of losses because defaults on secured indebtedness may result in foreclosure actions initiated by lenders and ultimately our loss of the properties securing any loans for which we are in default. If we are in default under a cross-defaulted mortgage loan, we could lose multiple properties to foreclosure. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. As we execute our business plan, we may assume or incur new mortgage indebtedness on our properties. Any default under any mortgage debt obligation we incur may increase the risk of our default on our other indebtedness, including indebtedness under our anticipated revolving credit facility.

An increase in interest rates would increase our interest costs on our variable rate debt and could adversely impact our ability to refinance existing debt or sell assets.

Future borrowings under our anticipated revolving credit facility will bear interest at variable rates. An increase in interest rates would increase our interest payments and reduce our cash flow available for other corporate purposes. In addition, rising interest rates could limit our ability to refinance debt when it matures and increase interest costs on any debt that is refinanced. Further, an increase in interest rates could increase the cost of financing, thereby decreasing the amount third parties are willing to pay for our properties, which would limit our ability to dispose of properties when necessary or desired.

In addition, we may enter into hedging arrangements in the future. Our hedging arrangements may include interest rate swaps, caps, floors and other interest rate hedging contracts. Our hedging arrangements could reduce, but may not eliminate, the impact of rising interest rates, and they could expose us to the risk that other parties to our hedging arrangements will not perform or that the agreements relating to our hedges may not be enforceable.

We may not be able to obtain a revolving credit facility on the indicative terms described in this prospectus or at all.

We intend to enter into a revolving credit facility following completion of this offering and the formation transactions. We have negotiated indicative terms for the facility with the administrative agent, Wells Fargo Bank, National Association, but we have not obtained commitments for the full amount of the anticipated revolving credit facility. We cannot assure you that we will obtain commitments for the full amount of the anticipated revolving credit facility. Furthermore, our ability to obtain the credit facility remains subject to satisfaction of the lenders' due diligence, the negotiation of a definitive credit agreement and other customary closing conditions. These efforts are ongoing, but we may not succeed in obtaining the anticipated revolving credit facility on the indicated terms or at all. Our failure to obtain this credit facility could adversely affect our ability to grow our business and meet our obligations as they come due.

Risks Related to Our Organization and Structure

Our charter contains stock ownership limits, which may delay, defer or prevent a change of control.

We intend to elect and qualify to be treated as a REIT commencing with our taxable year ending December 31, 2020. In order for us to qualify and maintain our qualification as a REIT for each taxable year thereafter, commencing with our taxable year ending December 31, 2021, no more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own our stock during at least 335 days of a taxable year of 12 months or during a proportionate portion of a shorter taxable year. "Individuals" for this purpose include natural persons, private foundations, some employee benefit plans and trusts and some charitable trusts. To assist us in complying with these limitations, among other purposes, our charter generally prohibits any person from directly or indirectly owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of our common stock might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests. For further details regarding stock ownership limits, see "Description of Capital Stock−Restrictions on Ownership and Transfer."

Our charter's constructive ownership rules are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of the outstanding shares of any class or series of our stock by an individual or entity could still cause that individual or entity to own constructively in excess of these percentages of the outstanding shares and thus violate the share ownership limit. Our charter also provides that any attempt to own or transfer shares of such class or series of our common stock or preferred stock (if and when issued) in excess of the stock ownership limit without the consent of our board of directors or in a manner that would cause us to be "closely held" under Section 856(h) of the Code (without regard to whether the shares are held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT will result in the shares being automatically transferred to a trustee for a charitable trust or, if the transfer to the charitable trust is not automatically effective to prevent a violation of the share ownership limits or the restrictions on ownership and transfer of our shares, any such transfer of our shares will be null and void.

Our board of directors may change our strategies, policies or procedures without stockholder consent, which may subject us to different and more significant risks in the future.

Our investment, financing, leverage and distribution policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by our board of directors. These policies may be amended or revised at any time and from time to time at the discretion of the board of directors without notice to or a vote of our stockholders. This could result in us conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated in this prospectus. Under these circumstances, we may expose ourselves to different and more significant risks in the future, which could have a material adverse effect on our business and growth. In addition, our board of directors may change our policies with respect to conflicts of interest, provided that such changes are consistent with applicable legal requirements.

We may assume unknown liabilities in connection with the formation transactions, which, if significant, could materially and adversely affect us.

As part of the formation transactions, we will acquire the properties in our initial portfolio subject to existing liabilities, some of which may be unknown at the time this offering is consummated. Unknown liabilities might include claims of tenants, vendors or other persons dealing with such entities prior to this offering (that had not been asserted or threatened prior to this offering), tax liabilities and accrued but unpaid liabilities incurred in the ordinary course of business. Any unknown or unquantifiable liabilities that we assume in connection with the formation transactions for which we have no or limited recourse could materially and adversely affect us. See "−Risks Related to Our Business and Properties−The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property or of paying personal injury or other damage claims could negatively and adversely affect our business, financial condition and results of operations and our ability to make distributions on our common stock." as to the possibility of environmental conditions potentially affecting us.

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions not in your best interest.

Our charter eliminates the liability of our present and former directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our present and former directors and officers will not have any liability to us or our stockholders for money damages other than liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action. In addition, we intend to enter into indemnification agreements with each of our directors and executive officers that will obligate us to indemnify them to the maximum extent permitted by Maryland law as discussed under "Certain Provisions of Maryland Law and of Our Charter and Bylaws−Limitation of Liability and Indemnification of Directors and Officers." As a result, we and our stockholders have limited rights against our present and former directors and officers, which could limit your recourse in the event of actions not in your best interest. See "Certain Provisions of Maryland Law and of Our Charter and Bylaws−Limitation of Liability and Indemnification of Directors and Officers."

We could increase or decrease the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval, which could prevent a change in our control and negatively affect the market price of our common stock.

Our board of directors, without stockholder approval, has the power under our charter to amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. See "Description of Capital Stock−Common Stock," "−Preferred Stock" and "−Power to Issue Additional Shares of Common Stock and Preferred Stock." As a result, we may issue series or classes of common stock or preferred stock with preferences, distributions, powers and rights, voting or otherwise, that are senior to the rights of holders of our common stock. Any such issuance could dilute our existing common stockholders' interests. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders and provide that claims relating to causes of action under the Securities Act may only be brought in federal district courts, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees and could discourage lawsuits against us and our directors, officers and employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Northern Division, will be the sole and exclusive forum for (a) any Internal Corporate Claim, as such term is defined in the Maryland General Corporation Law (the "MGCL"), (b) any derivative action or proceeding brought on our behalf (other than actions arising under federal securities laws), (c) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders, (d) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws or (e) any other action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. These choice of forum provisions will not apply to suits brought to enforce a duty or liability created by the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any other claim for which federal courts have exclusive jurisdiction. Furthermore, our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any claim arising under the Securities Act.

These exclusive forum provisions may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors, officers, or employees, which may discourage such lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find the choice of forum provisions contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition, and operating results. For example, under the Securities Act, federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. In addition, the exclusive forum provisions described above do not apply to any actions brought under the Exchange Act.

We are an "emerging growth company," and we cannot be certain if the reduced SEC reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors, which could make the market price and trading volume of our common stock be more volatile and decline significantly.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended (the "JOBS Act"). We will remain an "emerging growth company" until the earliest to occur of (i) the last day of the fiscal year during which our total annual gross revenue equals or exceeds $1.07 billion (subject to adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of this offering, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt securities and (iv) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act. We intend to take advantage of exemptions from various reporting requirements that are applicable to most other public companies, whether or not they are classified as "emerging growth companies," including, but not limited to, an exemption from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. An attestation report by our auditor would require additional procedures by them that could detect problems with our internal control over financial reporting that are not detected by management. If our system of internal control over financial reporting is not determined to be appropriately designed or operating effectively, it could require us to restate financial statements, cause us to fail to meet reporting obligations and cause investors to lose confidence in our reported financial information, all of which could lead to a significant decline in the market price of our common stock. The JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in the Securities Act for complying with new or revised accounting standards. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

We cannot predict if investors will find our common stock less attractive because we intend to rely on certain of these exemptions and benefits under the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active, liquid and/or orderly trading market for our common stock and the market price and trading volume of our common stock may be more volatile and decline significantly.

Risks Related to Our Intended Qualification as an Opportunity Zone Fund

We may not meet the requirements to be treated as an Opportunity Zone Fund.

We intend to operate in conformity with the requirements to be classified as an Opportunity Zone Fund pursuant to Section 1400Z-2 of the Code and any guidance issued thereunder. In general, an Opportunity Zone Fund is any investment vehicle organized as a corporation or a partnership for the purpose of investing in Qualified Property and that holds at least 90% of its assets in Qualified Property (the "90% Asset Test"). We will generally be required to test for compliance with these requirements twice a year. Qualified Property includes, among other assets, Opportunity Zone Partnership Interests. We intend that our direct interest in our subsidiary partnership will be treated as an Opportunity Zone Partnership Interest because we intend to cause our subsidiary partnership to comply with the requirements to be an Opportunity Zone Business, including the Working Capital Safe Harbor (as defined below). However, there can be no assurance that such interests will be so treated. Our indirect interest in our subsidiary partnership held through Aspire TRS will not qualify as an Opportunity Zone Partnership Interest, nor will our interest in Aspire TRS qualify as Opportunity Zone Stock; however, such interest will be not significant.

In connection with this offering, we will receive an opinion from Vinson & Elkins L.L.P. that, commencing with the month of the closing of this offering, we will be organized in a manner that will allow us to qualify as an Opportunity Zone Fund under the U.S. federal income tax laws and our proposed method of operations will enable us to satisfy the requirements for qualification as an Opportunity Zone Fund under the U.S. federal income tax laws. Investors should be aware that Vinson & Elkins L.L.P.'s opinion is based upon customary assumptions, will be conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets and the conduct of our business, is not binding upon the IRS or any court and speaks as of the date issued. In addition, Vinson & Elkins L.L.P.'s opinion will be based on existing U.S. federal income tax law governing qualification as an Opportunity Zone Fund, which is subject to change either prospectively or retroactively. Moreover, our qualification an Opportunity Zone Fund depends upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal tax laws. Vinson & Elkins L.L.P. will not review our compliance with those tests on a continuing basis.

We may be subject to penalties if we do not meet the requirements for qualification as an Opportunity Zone Fund. If we do not satisfy the 90% Asset Test and our failure was not due to reasonable cause, we will be subject to a penalty for each month we do not meet the 90% Asset Test. For our 2020 taxable year, IRS guidance provides that any such failure will automatically be deemed to be due to reasonable cause and no penalty will apply. Any penalty is an amount calculated as the amount equal to (i) the excess of 90% of our aggregate assets, over the aggregate amount of Qualified Property held by us on the last day of the month, multiplied by (ii) the federal short-term rate (as determined by the IRS) plus 3%, and divided by (iii) 12. In addition, if our direct interest in our subsidiary partnership failed to qualify as an Opportunity Zone Partnership Interest, and we were not able to establish reasonable cause or qualify for a one-time cure, we generally would be subject to a penalty based on the value of our interest in our subsidiary partnership, as determined by financial statements or our cost, as applicable.

The Opportunity Zone program was enacted as part of the 2017 Tax Act. Final Treasury regulations have only recently been issued, and there remains uncertainty regarding the interpretation of certain issues. Accordingly, while we intend to meet the requirements to be treated as an Opportunity Zone Fund, our ability to be treated as an Opportunity Zone Fund is subject to considerable uncertainty. It is possible that we may fail to meet the requirements to be treated as an Opportunity Zone Fund, including the 90% Asset Test, which could subject us to U.S. federal income tax penalties and jeopardize our stockholders' ability to realize any QOZ Tax Benefits. In addition, future legislation or guidance from the IRS may negatively affect our ability to qualify as an Opportunity Zone Fund or your ability to qualify for the QOZ Tax Benefits with respect to an investment in us. Accordingly, there can be no guarantee that any stockholder will realize any QOZ Tax Benefits as a result of an investment in our company.

The various requirements for us to be treated as an Opportunity Zone Fund and for our direct interest in our subsidiary partnership to be treated as an Opportunity Zone Partnership Interest are complex. In addition, given that the Opportunity Zone program was only recently enacted as part of the 2017 Tax Act and final Treasury regulations were only recently promulgated, standard practices for structuring Opportunity Zone Funds have not been established. Investors, therefore, are urged to consult their tax advisors regarding any investment in us, our intended approach for qualifying as an Opportunity Zone Fund and the considerable uncertainty in this area.

Interests in our subsidiary partnership may not qualify as Qualified Property.

We intend to cause our subsidiary partnership to (i) meet the requirements such that our direct interest in our subsidiary partnership is treated as an Opportunity Zone Partnership Interest and (ii) comply with the requirements to be an Opportunity Zone Business, including the Working Capital Safe Harbor (as defined below). We expect to take the position that cash reserved for investment by our subsidiary partnership will not be treated as nonqualified financial property. The final Treasury regulations permit an Opportunity Zone Business to hold reasonable amounts of working capital as cash, cash equivalents or debt instruments with a term of 18 months or less, provided three tests are satisfied: (i) the Opportunity Zone Business designates in writing that such cash is being held for the development of a trade or business in an Opportunity Zone, including for the acquisition, construction or substantial improvement of tangible property in an Opportunity Zone, (ii) the Opportunity Zone Business prepares a written schedule consistent with the ordinary start-up of a trade or business for expenditure of working capital and the Opportunity Zone Business expends such cash within 31 months of receipt, and (iii) the Opportunity Zone Business actually uses the cash in a manner consistent with the written designation and written schedule (such tests, collectively, the "Working Capital Safe Harbor"). The 31-month period may be applied to two or more serial or overlapping cash infusions provided each application satisfies the Working Capital Safe Harbor and there is a master plan for the use of the working capital, but the total time the Opportunity Zone Business relies on the Working Capital Safe Harbor cannot exceed 62 months. In addition, exceeding the 31-month limitation will not violate the Working Capital Safe Harbor if the delay is attributable to waiting for governmental action on an application that is complete. Finally, both the 31-month Working Capital Safe Harbor period and the cumulative 62-month period may be extended for up to an additional 24 months with respect to working capital held during any period from January 20, 2020 to December 31, 2020 as a result of the nationwide designation of a "federally declared disaster area" in response to COVID-19. We intend to cause our subsidiary partnership to designate in writing permitted use for any cash held, to prepare written schedules for permitted use of such cash, and to expend such cash consistent with the written designations and written schedules. However, our subsidiary partnership may not satisfy the requirements of the Working Capital Safe Harbor and therefore our direct interest in our subsidiary partnership may not be treated as an Opportunity Zone Partnership Interest.

The ability of our board of directors to decertify our status as an Opportunity Zone Fund without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may decertify our status as an Opportunity Zone Fund, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as an Opportunity Zone Fund. If we cease to qualify as an Opportunity Zone Fund, stockholders would no longer be eligible for QOZ Tax Benefits, which may have adverse consequences on our total return to our stockholders.

QOZ Tax Benefits relating to your investment in us will end upon your disposition of our common stock.

Stockholders who elect to treat their investment in us as an Opportunity Zone Fund investment will lose QOZ Tax Benefits upon the sale or other disposition of their investment in us. Upon the sale or disposition of our common stock, stockholders will be required to include in income an amount up to the full Deferred Gain Amount invested in us (subject to reduction by 10% if the investment is made by December 31, 2021 and is held for at least five years) and if such stockholder holds our common stock for less than 10 years, all post-investment appreciation in excess of such stockholder's adjusted basis in our shares. Because a stockholder investing eligible capital gains in us will initially have a tax basis in our common stock of $0, a stockholder could be required to include as income the full amount received upon a sale of our common stock.

Distributions from the Company in excess of earnings and profits may result in taxable gain.

Under generally applicable tax rules, distributions from our company in excess of our current or accumulated earnings and profits will not be taxable to a stockholder to the extent that they do not exceed the adjusted tax basis of the stockholder's common stock in respect of which the distributions were made, but rather will reduce the adjusted tax basis of these shares. To the extent that such distributions exceed the adjusted tax basis of a stockholder's common stock, they will be treated as gain from the disposition of the shares and thus will be included in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. Because a stockholder investing Deferred Gain Amounts in us will initially have a tax basis in the stockholder's common stock of $0 under the Opportunity Zone legislation, the stockholder should expect that distributions in excess of our current or accumulated earnings and profits may result in the recognition of a portion of the Deferred Gain Amount by the stockholder by investing in us without any amount being treated as a return of capital, and may result in recognition of gain on a portion of post-investment appreciation on later disposition, even if our stock is held for more than 10 years. In such case, a stockholder could reinvest the return of capital in shares of our common stock or in another Opportunity Zone Fund within 180 days to defer current recognition of gain, although such stockholder would have a new holding period with respect to the new interest, including for purposes of determining future QOZ Tax Benefits.

This tax treatment is generally less favorable than investments in other REITs, where investors generally have sufficient tax basis in the investment to not incur taxable gain on distributions in excess of earnings and profits, or investments in Opportunity Zone Funds that are partnerships, where investors generally have sufficient tax basis in the investment generated by debt of the partnership to not incur taxable gain on distributions.

Investors must make appropriate timely investments and elections in order to take advantage of QOZ Tax Benefits.

In order for an investor to realize QOZ Tax Benefits, such investor must make a timely investment of gains in us and timely elect to treat such investment as an Opportunity Zone Fund investment under Section 1400Z-2 of the Code. In particular, any Deferred Gain Amount must have been generated from a sale to an unrelated party generally within 180 days of investment in us, provided that, if an investor's 180-day period was to expire on or after April 1, 2020 and before December 31, 2020, such investor has until December 31, 2020 to invest such gain. In addition, each investor must annually report its investment to the IRS and failure to do so will result in a rebuttable presumption that an "inclusion event" (generally an event that reduces the investor's interest in the Opportunity Zone Fund or a distribution by the Opportunity Zone Fund in excess of the investor's tax basis) that would result in recognition of all or a portion of the Deferred Gain Amount has occurred with respect to such investor's investment. We have no control over these circumstances, and investors will have to rely on their tax advisors and determinations.

An investment in our common stock may have limited liquidity.

An investment in our common stock may have limited liquidity. The Code provides that gross income of a taxpayer will not include gain from the sale or exchange of any property if the gain is invested by the taxpayer in a qualified Opportunity Zone Fund, generally within 180 days of the sale or exchange, although taxpayers whose 180-day period would end on or after April 1, 2020 and before December 31, 2020 have until December 31, 2020 to make an investment. Final Treasury regulations provide that a taxpayer may make an eligible investment by acquiring an eligible interest in an Opportunity Zone Fund from a person other than the Opportunity Zone Fund. However, the taxpayer selling its investment in such transaction will, at the time of sale, lose the opportunity to realize QOZ Tax Benefits. Consequently, trading volume in our common stock may be limited.

Not all capital gain dividends received with respect to our common stock may be eligible for exclusion from gross income following a ten-year hold period.

If a stockholder properly elected to treat its investment in our common stock as an Opportunity Zone Fund investment and holds its common stock for ten years or more, and provided we qualify as an Opportunity Zone Fund and as a REIT, then, after such ten-year period, the stockholder will generally be eligible to exclude from gross income certain capital gain dividends designated by us. However, this exclusion only applies to capital gain dividends that are attributable to long-term capital gains on a sale or exchange of Qualified Property realized by us, and may not include, for example, items such as depreciation recapture that may be recharacterized as ordinary income or gain attributable to sales of non-Qualified Property. As a result, even if you hold a qualifying investment in us for at least ten years, no assurance can be given that you would be able to exclude from income all types of capital gains that we may recognize.

You will have income tax consequences related to the Deferred Gain Amount on the Deferred Gain Recognition Date.

On the earlier of (i) December 31, 2026 or (ii) the date in which you sell your common stock (the "Deferred Gain Recognition Date"), you will be required by Code Section 1400Z-2 to include in income an amount corresponding to your Deferred Gain Amount (subject to reduction by 10% if you make your investment by December 31, 2021 and hold it for at least five years). On or before the Deferred Gain Recognition Date, we may have made an aggregate amount of distributions to you that is less than the Deferred Gain Amount or the tax liability due with respect to the Deferred Gain Amount. Please note that we are not planning on making any special distributions to our stockholders on or before the Deferred Gain Recognition Date to alleviate the impact of the recognition of the Deferred Gain Amount.

We will be subject to penalties if we fail the 90% Asset Test.

In the event that we do not satisfy the 90% Asset Test, we would be subject to a penalty for each month we do not meet the 90% Asset Test, although, with respect to our 2020 taxable year, IRS guidance provides that no penalty will apply in the event of such a failure. Any penalty is an amount calculated as the amount equal to (i) the excess of 90% of our aggregate assets, over the aggregate amount of Qualified Property held by us on the last day of the month, multiplied by (ii) the federal short-term rate (as determined by the IRS) plus 3%, and divided by (iii) 12. No penalty would be imposed with respect to a failure to meet the 90% requirement if we were able to show that the failure was due to reasonable cause, though there is limited guidance regarding what reasonable cause would entail.

If our direct interest in our subsidiary partnership failed to qualify as an Opportunity Zone Partnership Interest, and we were not able to establish reasonable cause, we generally would be subject to a penalty based on the value of our direct interest in our subsidiary partnership, as determined by financial statements or our cost, as applicable. Such penalty might be significantly greater than if we had invested in Qualified Property directly because the excess amount described in clause (i) above generally would be equal to the fair market value of our direct interest in the subsidiary partnership. However, the final Treasury regulations provide a one-time cure for an Opportunity Zone Fund that fails to meet the 90% Asset Test because of the failure of an Opportunity Zone entity to qualify as an Opportunity Zone Business. Specifically, the regulations provide a 6-month cure period pursuant to which an Opportunity Zone Fund may treat an Opportunity Zone entity as an Opportunity Zone Business even if it does not meet the requirements to be treated as an Opportunity Zone Business on a testing date, so long as the failure to so qualify is cured within 6 months. In the event that we were subject to the penalty, the penalty could materially and adversely impact the total returns of the Opportunity Zone Fund for our stockholders. The October 2018 proposed Treasury regulations announced an intention to publish additional guidance regarding Opportunity Zone Fund decertification. The final Treasury regulations include a voluntary self-decertification process but reserve on involuntary decertifications. However, the final Treasury regulations do provide an example under an anti-abuse rule that recharacterizes an entity as not being an Opportunity Zone Fund if it fails the 90% Asset Test in multiple years, which would effectively function as a decertification. The Treasury and the IRS are continuing to consider the circumstances under which involuntary decertification of an Opportunity Zone Fund would be warranted, and intend to propose future guidance regarding those circumstances.

The QOZ Tax Benefits will end before our investment life.

We will be set up as an indefinite-life vehicle. We intend to hold assets on a long-term basis and be a public company. However, stockholders will be ineligible to claim QOZ Tax Benefits over time. If investing after December 31, 2021 but before January 1, 2027, a new investor in us will not be eligible for the QOZ Tax Benefit of the exclusion of 10% of their Deferred Gain Amount, but will still be eligible for the QOZ Tax Benefits of deferral of the Deferred Gain Amount and exclusion of post-investment gain attributable to appreciation through December 31, 2047. A new investor in us cannot receive any QOZ Tax Benefits with respect to gains recognized after December 31, 2026. The effect of the diminishing benefits from the Opportunity Zone legislation on investments in our common stock is uncertain, however it is possible that such diminishing benefits may adversely affect the market price of our common stock.

Our investment decisions may be affected by our efforts to qualify as an Opportunity Zone Fund.

Because we intend to qualify as an Opportunity Zone Fund and to meet the requirements for our shareholders to achieve QOZ Tax Benefits, we may make investment decisions that are different from those we would make if we were not intending to so qualify. For example, we intend to invest substantially all of our commitments in Qualified Property. As a result, our ability to acquire new properties after 2028 may be limited, because at that time the designation of Opportunity Zones will have expired and any property we acquire after such expiration may not be Qualified Property. We may also hold our investments for longer periods than if we were not intending to qualify as an Opportunity Zone Fund (because, for example, in order to take advantage of QOZ Tax Benefits regarding the exclusion of future gain of investing in an Opportunity Zone Fund, a stockholder must hold its interest in our company for at least 10 years). This long-term holding requirement may incentivize us or our stockholders to sell investments at inopportune times and may result in lower returns than if we or our stockholders were to sell each investment when market conditions are most favorable. Furthermore, the largest QOZ Tax Benefit is that it exempts appreciation in the Opportunity Zone Fund investment from taxation if the investment has been held for at least 10 years, while any gains or operating income realized before this time by an Opportunity Zone Fund generally are not exempt. Thus, it is more beneficial for us to seek business models that generate appreciation over time rather than current operating income. This approach may result in us not operating businesses that another investment fund without such limitations would operate due to the fact that we may favor appreciation over operating income.

The Opportunity Zone program contains certain prohibitions on related-party arrangements.

It is possible that we will engage in related-party lending arrangements, the purchase of real estate-related assets from a related entity or other related-party transactions. The Opportunity Zone program contains certain prohibitions on transactions with related parties, which may constrain our ability to engage in such related-party transactions.

For purposes of the Opportunity Zone program, persons are considered to be related to each other through the application of complex attribution rules, which generally treat certain entities and individuals as related if there is a 20% beneficial ownership overlap between entities and the persons that own the entities. While the application of the related-party rules is not entirely clear, we intend to structure any related-party transactions in a manner that avoids the application of the Opportunity Zone related-party rules. For example, any transaction by and between one or more of our Manager, Avanath, MacFarlane, or their respective affiliates and us will contain terms as if the transaction were the result of arms' length negotiations with an unaffiliated third party and will require the approval of a majority of our independent directors. Although we intend to structure our transactions with such parties to avoid the application of the Opportunity Zone related-party rules, there can be no assurance that our related-party transactions will not be subject to such rules, and any such related-party transactions may increase the risk that we will fail to qualify as an Opportunity Zone Fund.

We may not be able to comply with all requirements of IRS Form 8996.

An Opportunity Zone Fund is required to self-certify annually as to its qualification as an Opportunity Zone Fund on IRS Form 8996. Among other requirements, the Opportunity Zone Fund must report on IRS Form 8996 all dispositions of interests in the Opportunity Zone Fund during a taxable year, including, for each disposition, the name of the investor disposing of the interest, the date of disposal, and the interest disposed of. As we intend to elect and qualify as the first publicly traded Opportunity Zone Fund listed on a national securities exchange, we may not be able to effectively track all dispositions of interests in us. The Treasury has not offered any guidance with respect to compliance with this reporting requirement in the case of a publicly traded Opportunity Zone Fund. As such, we may not be able to comply with this reporting requirement. Moreover, it is unclear what penalty, if any, would apply in the event of a failure to comply with this requirement. It is possible that a failure to report all dispositions could subject us to U.S. federal income tax penalties.

Additional guidance may never be issued or may be issued after you have made your investment and new or amending legislation may be introduced.

While final Treasury regulations addressed a number of uncertainties with respect to the Opportunity Zone program, there remain areas of uncertainty. It is possible that additional guidance will never be issued or that it will be issued after you have made your investment. It is also possible that any such guidance will be unfavorable with respect to your completed investment. In addition, the Opportunity Zone program remains under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, which may result in statutory changes as well as revisions to previously issued Treasury regulations and interpretations. Any such additional or new legislation or guidance could result in your failure to obtain QOZ Tax Benefits and/or result in significant penalties to us for failure to satisfy the 90% Asset Test.

Certain states have not currently adopted QOZ Tax Benefits.

The state and local income tax consequences of investing in an Opportunity Zone Fund are complex and may vary depending on each investor's particular tax situation and state of residence. While some states automatically adopt the Opportunity Zone legislation through rolling Code conformity, and other states with fixed date conformity have enacted legislation to either adopt or decouple from the Opportunity Zone legislation, other fixed date conformity states have not yet acted to currently adopt or decouple from the Opportunity Zone legislation. A state's failure to adopt the

Opportunity Zone legislation could result in state and local income tax consequences for an investor without having cash to pay the related state and local income taxes. You are urged to consult with your tax professional in evaluating the amount of state and local income tax you may be subject to in light of your particular tax situation and state of residence.

The income tax rate that will be applied on the Deferred Gain Amount on the Deferred Gain Recognition Date may be higher than the income tax rate that would have otherwise applied at the time the Deferred Gain Amount was invested in us.

The final Treasury regulations promulgated pursuant to Code Section 1400Z-2 state that when a taxpayer is required to include in income some or all of their Deferred Gain Amount, the gain so included has the same character in the taxable year of inclusion that it would have had if such tax had not been deferred but is subject to the tax rate applicable to the year of inclusion. Accordingly, the tax rate that will apply to the Deferred Gain Amount could be higher than the tax rate that would have otherwise applied to the Deferred Gain Amount. You should take this risk into consideration prior to making your investment.

The requirements under the REIT rules may conflict with the requirements under the Opportunity Zone program, and our intention to qualify under one regime may prevent us from qualifying under the other.

We intend to operate in conformity with the requirements to be classified as an Opportunity Zone Fund, and we intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes. It is possible that, under certain circumstances, the requirements under the Opportunity Zone program may conflict with the requirements under the REIT rules in a manner that does not permit us to qualify under both regimes. In such instances, we may be required to prioritize compliance with the Opportunity Zone program, including meeting the requirements to achieve QOZ Tax Benefits, over compliance with certain REIT rules, or vice versa. Such conflict could result in our failure to qualify or remain qualified as an Opportunity Zone Fund, your failure to obtain QOZ Tax Benefits, or our failure to qualify or remain qualified as a REIT, or could have other adverse effects on us or your investment in our shares of common stock.

Risks Related to Our Qualification and Operation as a REIT

Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our stockholders.

We believe that our organization and proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT commencing with our taxable year ending December 31, 2020. However, we cannot assure you that we will qualify and remain qualified as a REIT. In connection with this offering, we will receive an opinion from Vinson & Elkins L.L.P. that, commencing with our taxable year ending December 31, 2020, we will be organized in conformity with the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws and our proposed method of operations will enable us to satisfy the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws for our taxable year ending December 31, 2020 and subsequent taxable years. Investors should be aware that Vinson & Elkins L.L.P.'s opinion is based upon customary assumptions, will be conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets and the conduct of our business, is not binding upon the IRS or any court and speaks as of the date issued. In addition, Vinson & Elkins L.L.P.'s opinion will be based on existing U.S. federal income tax law governing qualification as a REIT, which is subject to change either prospectively or retroactively. Moreover, our qualification and taxation as a REIT depend upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal tax laws. Vinson & Elkins L.L.P. will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements. Vinson & Elkins L.L.P.'s opinion does not foreclose the possibility that we may have to use one or more of the REIT savings provisions described in "Material U.S. Federal Income Tax Considerations−REIT Considerations," which could require us to pay an excise or penalty tax (which could be material) in order for us to maintain our REIT qualification. For a discussion of the tax consequences of our failure to qualify as a REIT, see "Material U.S. Federal Income Tax Considerations−Failure to Qualify."

If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences that will substantially reduce the funds available for distributions to our stockholders because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;

- we could be subject to increased state and local taxes; and

- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect our business, financial condition, results of operations or ability to make distributions to our stockholders and the trading price of our common stock. See "Material U.S. Federal Income Tax Considerations" for a discussion of material U.S. federal income tax consequences relating to us and an investment in our common stock.

Even if we qualify as a REIT, we may face other tax liabilities that could reduce our cash flows and negatively impact our results of operations and financial condition.

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from certain activities conducted as a result of a foreclosure and state or local income, property and transfer taxes. In addition, under new partnership audit procedures, our subsidiary partnership and any other partnership that we may form or acquire may be liable at the entity level for tax imposed under those procedures. Further, Aspire TRS and any other TRS that we may form in the future will be subject to regular corporate U.S. federal, state and local taxes. The TRS rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. Any of these taxes would decrease cash available for distributions to stockholders, which, in turn, could materially adversely affect our business, financial condition, results of operations or ability to make distributions to our stockholders and the trading price of our common stock.

Failure to make required distributions would subject us to U.S. federal corporate income tax.

We intend to operate in a manner so as to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes. In order to qualify and maintain our qualification as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our net taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which dividends we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income, and 100% of our undistributed income (as defined under the excise tax rules) from prior years.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify and maintain our qualification as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance.

In particular, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified real estate assets. The remainder of our investment in securities (other than government securities, securities of TRSs and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities, securities of TRSs and qualified real estate assets) can consist of the securities of any one issuer, no more than 20% of the value of our total assets can be represented by the securities of one or more TRSs and no more than 25% of our assets can be represented by debt of "publicly offered REITs" (i.e., REITs that are required to file annual and periodic reports with the SEC under the Exchange Act), unless secured by real property or interests in real property. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

Our ability to provide certain services to our tenants may be limited by the REIT rules or may have to be provided through a TRS.

As a REIT, we generally cannot provide services to our tenants other than those that are customarily provided by landlords, nor can we derive income from a third party that provides such services. If we forego providing such services to our tenants, we may be at a disadvantage to competitors that are not subject to the same restrictions. However, we can provide such non-customary services to tenants or share in the revenue from such services if we do so through a TRS, though income earned by such TRS will be subject to U.S. federal corporate income tax.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

There are limits on our ownership of TRSs and our transactions with a TRS will cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

Overall, no more than 20% of the value of a REIT's assets may consist of stock or securities of one or more TRS. In addition, the Code limits the deductibility of interest paid or accrued by a TRSs to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation and, in certain circumstances, other limitations on deductibility may apply. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. We will monitor the value of our respective investments in Aspire TRS and any other TRS that we may form for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with such TRSs on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 20% limitation or to avoid application of the 100% excise tax.

You may be restricted from acquiring or transferring certain amounts of our common stock.

The stock ownership restrictions of the Code for REITs and the 9.8% share ownership limit in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities.

In order to qualify as a REIT for each taxable year beginning in 2021, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding capital stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our shares of capital stock under this requirement. Additionally, at least 100 persons must beneficially own our shares of capital stock during at least 335 days of a taxable year for each taxable year beginning in 2021. To help insure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, our charter prohibits any person from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our shares of capital stock. Our board of directors may not grant an exemption from this restriction to any proposed transferee whose ownership in excess of 9.8% of the value of our outstanding shares would result in our failing to qualify as a REIT. This as well as other restrictions on transferability and ownership will not apply, however, if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to "qualified dividend income" payable to U.S. stockholders that are taxed at individual rates is 20% (plus the 3.8% surtax on net investment income, if applicable). Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. However, for taxable years beginning before January 1, 2026, ordinary REIT dividends constitute "qualified business income" and thus a 20% deduction is available to individual taxpayers with respect to such dividends, resulting in a 29.6% maximum U.S. federal income tax rate (plus the 3.8% surtax on net investment income, if applicable) for individual U.S. stockholders. However, to qualify for this deduction, the stockholder receiving such dividends must hold the dividend-paying REIT stock for at least 46 days (taking into account certain special holding period rules) of the 91-day period beginning 45 days before the stock becomes ex-dividend, and cannot be under an obligation to make related payments with respect to a position in substantially similar or related property. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

We may be subject to adverse legislative or regulatory tax changes, in each instance with potentially retroactive effect, that could reduce the market price of our common stock.

At any time, the U.S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in the U.S. federal income tax laws, Treasury regulations or administrative interpretations which, in turn, could materially adversely affect our ability to make distributions to our stockholders and the trading price of our common and preferred stock.

The 2017 Tax Act made significant changes to the U.S. federal income tax rules for taxation of individuals and corporations. In the case of individuals, the tax brackets were adjusted, the top U.S. federal income tax rate was reduced to 37%, special rules reduced taxation of certain income earned through pass-through entities and the top effective rate applicable to ordinary REIT dividends to 29.6% (through a 20% deduction for ordinary REIT dividends received) and various deductions were been eliminated or limited (including a limit on the deduction for state and local taxes to $10,000 per year). Most of the changes applicable to individuals are temporary and apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. The top corporate income tax rate was reduced to 21%. There were only minor changes to the REIT rules (other than the 20% deduction applicable to individuals for ordinary REIT dividends received). The Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act") has temporarily ameliorated some of the limitations in the 2017 Tax Act. Technical corrections and amendments to the 2017 Tax Act or the CARES Act and additional administrative guidance with respect to the 2017 Tax Act and the CARES Act may still be forthcoming. The 2017 Tax Act and the CARES Act made numerous other large and small changes to the tax rules that do not affect REITs directly but may affect our stockholders and may indirectly affect us.

Risks Related to Our Common Stock and this Offering

There has been no public market for our shares prior to this offering and an active trading market may not develop or be sustained or be liquid following this offering, which may cause the market price of our common stock to decline significantly and make it difficult for our stockholders to sell their shares.

Prior to this offering, there has been no public market for our shares, and there can be no assurance that an active trading market will develop or be sustained or be liquid following this offering or that shares of our common stock will be resold at or above the initial public offering price. The initial public offering price of shares of our common stock will be determined by agreement among us and the underwriters, but there can be no assurance that our common stock will not trade below the initial public offering price following the completion of this offering. The market price of our common stock could be substantially affected by general market conditions, including the extent to which a secondary market develops and is sustained for our common stock following the completion of this offering, the extent of institutional investor interest in us, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities of other entities (including securities issued by other real estate-based companies), our financial performance and prospects and general stock and bond market conditions.

The stock markets, including the NYSE on which we intend to list shares of our common stock, have from time to time experienced significant price and volume fluctuations. As a result, the market price of our common stock may be similarly volatile, and investors in shares of our common stock may from time to time experience a decrease in the market price of their shares, including decreases unrelated to our financial performance or prospects. The market price of shares of our common stock could be subject to wide fluctuations in response to a number of factors, including those discussed in this "Risk Factors" section, and others, such as:

our operating performance and the performance of other similar companies;

actual or anticipated differences in our quarterly or annual operating results than expected;

changes in our revenues or earnings estimates or recommendations by securities analysts;

publication of research reports about us or the real estate industry generally;

increases in market interest rates, which may lead investors to demand a higher distribution yield for shares of our common stock, and could result in increased interest expense on our debt;

actual or anticipated changes in our and our tenants' businesses or prospects;

the current state of the credit and capital markets, and our ability and the ability of our tenants to obtain financing on favorable terms;

conflicts of interest with our Manager and its affiliates;

the termination of our Manager or additions and departures of key personnel of our Manager;

increased competition in our markets;

strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business or growth strategies;

the passage of legislation or other regulatory developments that adversely affect us or our industry;

adverse speculation in the press or investment community;

actions by institutional stockholders;

equity issuances by us, common stock resales by our stockholders, or the perception that such issuances or resales may occur;

actual, potential or perceived accounting problems;

changes in accounting principles;

failure to qualify and maintain our qualification as an Opportunity Zone Fund;

failure to qualify and maintain our qualification as a REIT;

failure to comply with the rules of the NYSE or maintain the listing of our common stock on the NYSE;

terrorist acts, natural or man-made disasters or threatened or actual armed conflicts; and general market and local, regional and national economic conditions, including factors unrelated to our operating performance and prospects.

No assurance can be given that the market price of our common stock will not fluctuate or decline significantly in the future or that holders of shares of our common stock will be able to sell their shares when desired on favorable terms, or at all. From time to time in the past, securities class action litigation has been instituted against companies following periods of extreme volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

There can be no assurance that we will be able to make or maintain cash distributions, and certain agreements relating to our indebtedness may, under certain circumstances, limit or eliminate our ability to make distributions to our common stockholders.

We intend to make cash distributions to our stockholders in amounts such that all or substantially all of our taxable income in each year, subject to adjustments, is distributed. Our ability to continue to make distributions in the future may be adversely affected by the risk factors described in this prospectus. We can give no assurance that we will be able to make or maintain distributions and certain agreements relating to our indebtedness may, under certain circumstances, limit or eliminate our ability to make distributions to our common stockholders. We can give no assurance that rents from our properties will increase, or that future acquisitions of real properties or other investments will increase our cash available for distributions to stockholders. In addition, any distributions will be authorized at the sole discretion of our board of directors, and their form, timing and amount, if any, will depend upon a number of factors, including our actual and projected results of operations, liquidity, cash flows and financial condition, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements, applicable law and such other factors as our board of directors deems relevant.

Distributions are expected to be based upon our financial condition, cash flows and liquidity, debt service requirements and capital expenditure requirements for our properties. If we do not have sufficient cash available for distributions, we may need to fund the shortage out of working capital or borrow to provide funds for such distributions, which would reduce the amount of proceeds available for real estate investments and increase our future interest costs. Our inability to make distributions, or to make distributions at expected levels, could result in a decrease in the per share trading price of our common stock.

The market price of our common stock could be adversely affected by our level of cash distributions.

We believe the market price of the equity securities of a REIT is based primarily upon the market's perception of the REIT's growth potential, its current and potential future cash distributions, whether from operations, sales or refinancing, and its management and governance structure and is secondarily based upon the real estate market value of the underlying assets. For that reason, our common stock may trade at prices that are higher or lower than our net asset value per share. To the extent we retain operating cash flows for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our common stock. If we fail to meet the market's expectations with regard to future operating results and cash distributions, the market price of our common stock could be adversely affected.

Increases in market interest rates may result in a decline in the market price of our common stock.

One of the factors that will influence the market price of our common stock will be the distribution yield on the common stock (as a percentage of the market price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of shares of our common stock to expect a higher distribution yield and higher interest rates would likely increase our borrowing costs and potentially decrease our cash available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decline.

Future issuances of debt securities, which would rank senior to shares of our common stock upon our liquidation, and future issuances of equity securities (including preferred stock), which would dilute the holdings of our then-existing common stockholders and may be senior to shares of our common stock for the purposes of making distributions, periodically or upon liquidation, may materially and adversely affect the market price of our common stock.

In the future, we may issue debt or equity securities or incur other borrowings. Upon liquidation, holders of our debt securities and other loans and shares of our preferred stock will receive a distribution of our available assets before holders of shares of our common stock. We are not required to offer any debt or equity securities to existing stockholders on a preemptive basis. Therefore, shares of our common stock that we issue in the future, directly or through convertible or exchangeable securities, warrants or options, will dilute the holdings of our then-existing common stockholders and such issuances or the perception of such issuances may reduce the market price of our common stock. Our preferred stock, if issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could limit our ability to make distributions to holders of shares of our common stock. Because our decision to issue debt or equity securities or otherwise incur debt in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or impact of our future capital raising efforts. Thus, holders of shares of our common stock bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings may materially and adversely affect the market price of shares of our common stock and dilute their ownership in us.

Sales of substantial amounts of our common stock in the public markets, or the perception that they might occur, could reduce the price of our common stock and may dilute your voting power and your ownership interest in us.

Sales of substantial amounts of our common stock in the public market following this offering, or the perception that such sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. Upon the completion of this offering and the concurrent private placement, we expect to have outstanding 16,340,000 shares of our common stock (or 18,590,000 shares of our common stock if the underwriters exercise in full their option to purchase additional shares).

The shares of our common stock that we are selling in this offering may be resold immediately in the public market unless they are held by "affiliates," as that term is defined in Rule 144 under the Securities Act. The shares of common stock to be purchased in the concurrent private placement will be "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemptions contained in Rule 144. Our Manager, directors, director nominees and officers have agreed, subject to certain exceptions, not to sell or otherwise dispose of any shares of our common stock or securities convertible into or exercisable or exchangeable for shares of our common stock from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Morgan Stanley & Co. LLC and B. Riley Securities, Inc. Sales of a substantial number of such shares upon expiration of the lock-up agreements entered into with the underwriters in connection with this offering, the perception that such sales may occur or early release of these agreements, could cause the market price of our common stock to fall or make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

In addition, upon completion of this offering, our charter will provide that we may issue up to 500,000,000 shares of common stock and 100,000,000 shares of preferred stock, $0.01 par value per share. Moreover, under Maryland law and as will be provided in our charter, a majority of our entire board of directors will have the power to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue without stockholder approval. Future issuances of shares of our common stock or securities convertible or exchangeable into common stock may dilute the ownership interest of our common stockholders. Because our decision to issue additional equity or convertible or exchangeable securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future issuances. In addition, we are not required to offer any such securities to existing stockholders on a preemptive basis. Therefore, it may not be possible for existing stockholders to participate in such future issuances, which may dilute the existing stockholders' interests in us.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our business and growth strategies, investment and leasing activities and trends affecting our business contain forward-looking statements. When used in this prospectus, the words "estimate," "anticipate," "expect," "believe," "intend," "may," "will," "should," "seek," "approximately," or "plan," or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions of management.

Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

general business and economic conditions;

continued volatility and uncertainty in the credit markets and broader financial markets;

other risks inherent in the real estate business, including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments and potential damages from natural disasters;

the impact of pandemics such as the recent outbreak of COVID-19 or other sudden or unforeseen events that disrupt the economy;

availability of suitable properties to acquire and our ability to acquire and lease those properties on favorable terms;

ability to renew leases, lease vacant space or re-lease space as existing leases expire or are terminated;

the degree and nature of our competition;

our failure to generate sufficient cash flows to service our outstanding indebtedness;

access to debt and equity capital markets;

fluctuating interest rates;

availability of, and our Manager's ability to attract, retain and make available to us, qualified personnel or the termination of our Manager;

conflicts of interest with our Manager and its affiliates;

changes in, or the failure or inability to comply with, government regulation, including Maryland laws;

failure to qualify and maintain our qualification as an Opportunity Zone Fund;

failure to qualify and maintain our qualification for taxation as a REIT;

changes in U.S. tax law and other U.S. laws, whether or not specific to REITs or Opportunity Zone Funds; and additional factors discussed in the sections entitled "Business and Properties," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this prospectus. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as required by law. In light of these risks and uncertainties, the forward-looking events discussed in this prospectus might not occur as described, or at all.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $274.1 million, or $316.0 million if the underwriters exercise in full their option to purchase additional shares, after deducting underwriting discounts and commissions and other estimated expenses. We expect to receive net proceeds from the concurrent private placement of approximately $26.3 million. We also expect to receive net proceeds from an investment by members of our senior management team in limited partnership units in our subsidiary partnership of $3.3 million.

We intend to contribute the net proceeds from this offering and the concurrent private placement to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will utilize such proceeds to acquire the nine multifamily projects that will comprise our initial portfolio for an aggregate cash purchase price of approximately $260.4 million, to develop or redevelop the six properties in our initial portfolio that are located in Opportunity Zones, and to acquire and, if they are located in Opportunity Zones, develop or redevelop other properties, which may include properties in our acquisition pipeline, and for general corporate and working capital purposes.

DISTRIBUTION POLICY

We intend to make distributions to our stockholders to comply with the REIT requirements of the Code and to avoid paying entity level tax. Any distributions we make will be at the sole discretion of our board of directors and will depend upon a number of factors, including our actual and projected financial condition, liquidity, results of operations, cash flow generated by our operations, operating expenses, debt service requirements, capital expenditure requirements, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements, restrictions on making distributions under Maryland law and such other factors as our board of directors deems relevant.

We anticipate that our distributions generally will be taxable as ordinary income to our stockholders, although a portion of the distributions may constitute a return of capital or may be designated by us as qualified dividend income or capital gain. Distributions to our stockholders may impact the QOZ Tax Benefits discussed above. In particular, because a stockholder electing to treat an investment in us as an investment qualifying for deferral of gains will initially have a zero tax basis with respect to shares of our common stock purchased with such gains, distributions constituting a return of capital will generally be treated as resulting in a taxable sale of such shares, effectively ending the deferral on a portion of such gains. In such a case, a stockholder could reinvest the return of capital in shares of our common stock or in another Opportunity Zone Fund within 180 days to defer current recognition of gain, although such stockholder would have a new holding period with respect to the new interest, including for purposes of determining future QOZ Tax Benefits. We intend to provide our stockholders with additional information about how to reinvest return of capital in shares of our common stock before we pay our first dividend.

We anticipate that our estimated cash available for distribution will allow us to satisfy the annual distribution requirements applicable to REITs and to avoid the payment of tax on undistributed taxable income. However, under some circumstances, our cash available for distribution may be less than the amount required to meet the annual distribution requirements applicable to REITs, and we may be required to make distributions in excess of cash available for distribution in order to meet these distribution requirements, and we may need to borrow funds, sell certain of our assets or use proceeds from this or future offerings of equity or debt to make certain distributions. Although we currently have no intention to do so, we may under certain circumstances satisfy our annual distribution requirements through a taxable distribution of our common stock or debt securities. However, to the extent that our holders of stock or debt securities receive a taxable distribution of our common stock or debt securities, such holders will be taxed on such securities as if such holders had received the equivalent value in cash.

CAPITALIZATION

The following table sets forth (i) the actual capitalization of Aspire Real Estate Investors Predecessor I as of September 30, 2020, (ii) the actual capitalization of Aspire Real Estate Investors Predecessor II as of September 30, 2020, and (iii) our capitalization as of September 30, 2020, as adjusted to give effect to this offering and the formation transactions, based on an assumed initial public offering price of $20.00. You should read this table in conjunction with "Use of Proceeds," "Selected Historical and Pro Forma Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations−Liquidity and Capital Resources" and our unaudited pro forma combined financial statements and related notes and the audited and unaudited financial statements of our Predecessors and related notes appearing elsewhere in this prospectus.

	As of September 30, 2020		
(dollars in thousands)	**Aspire Real Estate Investors Predecessor I**	**Aspire Real Estate Investors Predecessor II**	**As Adjusted**
Cash and cash equivalents	$ 946	$ 1,252	$ 44,001
Debt:			
Mortgage notes payable, net	$ 24,823(1)	$ 64,304(2)	−
Equity:			
Equity	15,552	39,529	−
Common Stock, $0.01 par value per share(3)			
Common Stock			163
Additional Paid in Capital			300,238
Noncontrolling interest	−	−	3,300
Total stockholders' equity	15,552	39,529	303,701
Total Capitalization	$ 40,375	$ 103,833	$ 303,701

(1) Mortgage notes payable, net, includes (a) approximately $25.1 million of mortgage notes payable and (b) approximately $(286,000) of unamortized debt issuance costs, which represents the unamortized portion of deferred financing costs and is amortized over the remaining term of the loan.

(2) Mortgage notes payable, net, includes (a) approximately $64.2 million of mortgage notes payable, (b) approximately $393,000 of unamortized debt premium, which represents the difference between the assumed loan on a project during acquisition and the current market rate and is amortized over the remaining term of the assumed loan, and (c) approximately $(328,000) of unamortized debt issuance costs, which represents the unamortized portion of deferred financing costs and is amortized over the remaining term of the loan.

(3) Common stock outstanding, as adjusted, includes (a) 15,000,000 shares of our common stock to be issued in this offering, (b) 1,335,000 shares of our common stock to be issued and sold to members of our senior management team, affiliates of our Manager, investors in our Manager and certain Avanath-managed funds and certain other accredited investors in the concurrent private placement, and (c) an aggregate of 5,000 shares of restricted common stock to be granted to our independent directors upon the completion of this offering pursuant to the Equity Incentive Plan. Excludes (a) 2,250,000 shares of our common stock issuable upon the exercise in full of the underwriters' option to purchase additional shares, (b) 100 shares of our common stock that were issued to Daryl J. Carter, our President and Chief Executive Officer, for $1,000 in connection with our initial capitalization and that will be

repurchased by us at the closing of this offering, (c) 165,000 units of limited partnership interest representing a 1.0% interest in our subsidiary partnership that members of our senior management team will purchase for $3.3 million upon the closing of this offering, (d) 2,500 LTIP Units in our subsidiary partnership that we will issue to certain key members of our Manager upon completion of this offering and (e) 817,000 shares of our common stock available for future issuance pursuant to the Equity Incentive Plan.

DILUTION

Purchasers of shares of our common stock in this offering will incur an immediate and substantial dilution in net tangible book value per share of their shares of our common stock from the initial public offering price per share, based on an assumed initial public offering price of $20.00 per share.

The difference between the initial public offering price paid by purchasers of our common stock in this offering and the net tangible book value per share of our common stock as of September 30, 2020 after taking into account the completion of this offering, the concurrent private placement and the formation transactions constitutes the dilution to purchasers in this offering. Net tangible book value per share is determined by dividing our net tangible book value, which is our total tangible assets less total liabilities, by the number of outstanding shares of our common stock.

As of September 30, 2020, Aspire Real Estate Investors Predecessor I's historical net tangible book value was approximately $15.6 million and Aspire Real Estate Investors Predecessor II's historical net tangible book value was approximately $39.5 million. As of September 30, 2020, our pro forma net tangible book value after taking into account the completion of this offering, the concurrent private placement and the formation transactions would have been approximately $300.4 million, or $18.38 per share of our common stock (in each case, assuming an initial public offering price of $20.00 per share and no exercise by the underwriters of their option to purchase additional shares). This amount represents an immediate dilution in net tangible book value per share of approximately $(1.62) per share of our common stock to purchasers in this offering. The following table illustrates this per share dilution:

Initial public offering price per share		$20.00
Net tangible book value per share as of September 30, 2020, after giving effect to our initial capitalization but before the formation transactions, this offering and the concurrent private placement(1)	$10.00	
Net increase in net tangible book value per share attributable to the formation transactions, this offering and the concurrent private placement	$ 8.38	
Pro forma net tangible book value per share after the formation transactions, this offering and the concurrent private placement(2)		$18.38
Dilution in pro forma net tangible book value per share to new investors(3)		$ (1.62)

[1] Historical net tangible book value per share as of September 30, 2020, after giving effect to the transaction in which we were capitalized with an initial investment of $1,000 in exchange for 100 shares of our common stock. Such shares will be repurchased by us at the closing of this offering for $1,000.

[2] Pro forma net tangible book value per share after the formation transactions, this offering and the concurrent private placement was determined by dividing net tangible book value of approximately $300.4 million by 16.3 million shares of common stock deemed to be outstanding after the formation transactions, this offering and the concurrent private placement, which amount excludes the shares and the related proceeds that may be issued and received by us upon exercise of the underwriters' option to purchase additional shares and additional common stock reserved for future issuance under the Equity Incentive Plan.

[3] The dilution in pro forma net tangible book value per share to new investors was determined by subtracting pro forma net tangible book value per share after the formation transactions, this offering and the concurrent private placement from the assumed initial public offering price paid by a new investor for our common stock.

If the underwriters' option to purchase additional shares is exercised in full, the following will occur (based on an assumed initial public offering price of $20.00 per share:

- the number of shares of our common stock issued and outstanding upon the completion of this offering and the concurrent private placement will increase to 18.59 million shares; and

- the pro forma net tangible book value per share after taking into account the completion of this offering, the concurrent private placement and the formation transactions will be approximately $18.41 per share and the immediate dilution experienced by purchasers in this offering will be approximately $1.59 per share.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL AND OTHER DATA

Selected Historical and Other Data−Aspire Real Estate Investors Predecessor I

Set forth below is selected financial information and other data presented on a historical basis for Aspire Real Estate Investors Predecessor I. Aspire Real Estate Investors Predecessor I is not a legal entity but rather a combination of real estate entities and operations invested in the properties that we refer to as Wellington Woods, Coopers Crossing and Country Wood. We have not presented historical data for Aspire Real Estate Investors, Inc. because we have not had any corporate activity since our formation other than the issuance of 100 shares of common stock in connection with our initial capitalization and activity in connection with this offering and the formation transactions. Accordingly, we do not believe that a presentation of the historical results of Aspire Real Estate Investors, Inc. would be meaningful. Prior to or concurrently with the completion of this offering, we will consummate the formation transactions pursuant to which, among other things, we will contribute the net proceeds to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will acquire the nine multifamily projects that will comprise our initial portfolio by cash purchase. For more information regarding the formation transactions, please see "Structure and Formation of Our Company."

Aspire Real Estate Investors Predecessor I's historical combined balance sheet data as of December 31, 2019 and 2018 and historical combined operating data for the years ended December 31, 2019 and 2018 have been derived from Aspire Real Estate Investors Predecessor I's audited historical combined financial statements included elsewhere in this prospectus. The historical combined financial data included below and set forth elsewhere in this prospectus are not necessarily indicative of our future performance.

Aspire Real Estate Investors Predecessor I's historical combined balance sheet data as of September 30, 2020 and historical combined operating data for the nine months ended September 30, 2020 and 2019 have been derived from Aspire Real Estate Investors Predecessor I's unaudited historical combined financial statements included elsewhere in this prospectus. Aspire Real Estate Investors Predecessor I's unaudited historical combined financial statements, in management's opinion, have been prepared in accordance with GAAP on the same basis as its audited historical combined financial statements included elsewhere in this prospectus and, in the opinion of management, reflect all adjustments consisting only of normal recurring adjustments that management considers necessary to state fairly the financial information as of and for the periods presented. The unaudited interim financial and operating data included below and set forth elsewhere in this prospectus are not necessarily indicative of our future performance, and results for any interim period are not necessarily indicative of the results for any full year.

You should read the following summary selected historical financial and other data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business and Properties" and the historical and pro forma financial statements and related notes appearing elsewhere in this prospectus.

Operating Data:

	(Dollars in thousands)			
	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Revenue				
Rental revenue	$ 5,556	$ 5,144	$ 6,961	$ 6,524
Other revenue	270	343	449	459
Total revenue	5,826	5,487	7,410	6,983
Operating Expenses				
General and administrative	285	287	391	418
Depreciation	1,509	1,640	2,165	2,097
Property operating and maintenance	1,815	1,828	2,474	2,564
Real estate taxes and insurance	779	727	998	875
Management fee	287	282	377	419
Total operating expenses	4,675	4,764	6,405	6,373
Other Income and (Expenses)				
Interest expense	(810)	(839)	(1,119)	(1,142)
Total other income (and expenses)	(810)	(839)	(1,119)	(1,142)
Net income (loss) and comprehensive income (loss)	$ 341	$ (116)	$ (114)	$ (532)

Balance Sheet Data:

	(Dollars in thousands, except per share amounts)		
	As of September 30, 2020	As of December 31, 2019	As of December 31, 2018
Assets			
Real estate investments, net	$ 39,533	$ 40,586	$ 41,537
Cash and cash equivalents	946	511	666
Restricted cash	815	1,568	1,288
Accounts receivable	67	22	8
Other assets	193	77	65
Total assets	$ 41,554	$ 42,764	$ 43,564
Liabilities and Equity			
Mortgage notes payable, net	$ 24,823	$ 25,460	$ 25,948
Accounts payable and accrued expenses	700	659	642
Security deposits, prepaid rent and other liabilities	341	340	384
Due to related parties	138	75	29
Total liabilities	26,002	26,534	27,003
Commitments and contingencies			
Equity	15,552	16,230	16,561

Total liabilities and equity	$ 41,554	$ 42,764	$ 43,564

Selected Historical and Other Data−Aspire Real Estate Investors Predecessor II

Set forth below is selected financial information and other data presented on a historical basis for Aspire Real Estate Investors Predecessor II. Aspire Real Estate Investors Predecessor II is not a legal entity but rather a combination of real estate entities and operations invested in the properties that we refer to as Academy at Waterford Lakes, Arbors at Cary, Woodside Senior, Seaport Village and Oak Village. We have not presented historical data for Aspire Real Estate Investors, Inc. because we have not had any corporate activity since our formation other than the issuance of 100 shares of common stock in connection with our initial capitalization and activity in connection with this offering and the formation transactions. Accordingly, we do not believe that a presentation of the historical results of Aspire Real Estate Investors, Inc. would be meaningful. Prior to or concurrently with the completion of this offering, we will consummate the formation transactions pursuant to which, among other things, we will contribute the net proceeds to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will acquire the nine multifamily projects that will comprise our initial portfolio by cash purchase. For more information regarding the formation transactions, please see "Structure and Formation of Our Company."

Aspire Real Estate Investors Predecessor II's historical combined balance sheet data as of December 31, 2019 and 2018 and historical combined operating data for the years ended December 31, 2019 and 2018 have been derived from Aspire Real Estate Investors Predecessor II's audited historical combined financial statements included elsewhere in this prospectus. The historical combined financial data included below and set forth elsewhere in this prospectus are not necessarily indicative of our future performance.

Aspire Real Estate Investors Predecessor II's historical combined balance sheet data as of September 30, 2020 and historical combined operating data for the nine months ended September 30, 2020 and 2019 have been derived from Aspire Real Estate Investors Predecessor II's unaudited historical combined financial statements included elsewhere in this prospectus. Aspire Real Estate Investors Predecessor II's unaudited historical combined financial statements, in management's opinion, have been prepared in accordance with GAAP on the same basis as its audited historical combined financial statements included elsewhere in this prospectus and, in the opinion of management, reflect all adjustments consisting only of normal recurring adjustments that management considers necessary to state fairly the financial information as of and for the periods presented. The unaudited interim financial and operating data included below and set forth elsewhere in this prospectus are not necessarily indicative of our future performance, and results for any interim period are not necessarily indicative of the results for any full year.

You should read the following summary selected historical financial and other data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business and Properties" and the historical and pro forma financial statements and related notes appearing elsewhere in this prospectus.

Operating Data:

	(Dollars in thousands)			
	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Revenue				
Rental revenue	$ 11,134	$ 10,726	$ 14,367	$ 14,008
Other revenue	414	694	848	696
Total revenue	11,548	11,420	15,215	14,704
Operating Expenses				
General and administrative	502	609	796	777
Depreciation and amortization	3,078	3,146	4,186	4,220
Property operating and maintenance	3,796	3,839	5,188	4,723
Real estate taxes and insurance	1,505	1,379	1,876	1,967
Management fee	616	610	810	866
Total operating expenses	9,497	9,583	12,856	12,553
Other Income and (Expenses)				
Interest income	4	5	8	3
Interest expense	(1,988)	(1,995)	(2,660)	(2,709)
Total other income (and expenses)	(1,984)	(1,990)	(2,652)	(2,706)
Net income (loss) and comprehensive income (loss)	$ 67	$ (153)	$ (293)	$ (555)

Balance Sheet Data:

	(Dollars in thousands, except per share amounts)		
	As of September 30, 2020	As of December 31, 2019	As of December 31, 2018
Assets			
Real estate investments, net	$ 102,065	$ 104,498	$ 107,710
Cash and cash equivalents	1,252	1,834	1,489
Restricted cash	2,802	2,075	1,938
Accounts receivable, net	342	135	293
Other assets	277	126	114
Total assets	$ 106,738	$ 108,668	$ 111,544
Liabilities and Equity			
Mortgage notes payable, net	$ 64,304	$ 65,316	$ 66,592
Accounts payable and accrued expenses	1,299	732	921
Security deposits, prepaid rent and other liabilities	740	804	774
Due to related parties	866	165	71
Total liabilities	67,209	67,017	68,358
Commitments and contingencies			
Equity	39,529	41,651	43,186

Total liabilities and equity	$ 106,738	$ 108,668	$ 111,544

Pro Forma Financial Information

Set forth below is selected financial information and other data presented on a pro forma basis for our company after giving effect to the completion of this offering, the formation transactions and the other adjustments described in the unaudited pro forma combined financial statements beginning on page F-2 of this prospectus. Prior to or concurrently with the completion of this offering, we will consummate the formation transactions pursuant to which, among other things, we will contribute the net proceeds to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will acquire the nine multifamily projects that will comprise our initial portfolio by cash purchase. For more information regarding the formation transactions, please see "Structure and Formation of Our Company."

The selected pro forma financial and operating data as of September 30, 2020 and for the nine months ended September 30, 2020 and for the year ended December 31, 2019 assume the completion of this offering, the concurrent private placement and other formation transactions, and the other adjustments described in the unaudited pro forma combined financial statements had occurred on September 30, 2020 for purposes of the unaudited pro forma combined balance sheet data and on January 1, 2019 for purposes of the unaudited pro forma combined statements of operations data. Our pro forma financial information is not necessarily indicative of what our actual financial position and results of operations would have been had the formation transactions and other adjustments described occurred as of the date and for the period indicated, nor does it purport to represent our future financial position or results of operations.

Operating Data:

	(Dollars in thousands)	
	For the Nine Months Ended September 30, 2020 Pro Forma	For the Year Ended December 31, 2019 Pro Forma
Revenue		
Rental revenue	$ 16,690	$ 21,328
Other revenue	684	1,297
Total revenue	17,374	22,625
Operating Expenses		
General and administrative	787	1,187
Depreciation and amortization	5,716	14,100
Property operating and maintenance	5,611	7,662
Real estate taxes and insurance	3,240	4,200
Management fee	932	1,215
Total operating expenses	16,286	28,364
Other Income and (Expenses)		
Interest income	4	8
Interest expense	–	–
Asset management fee	(3,472)	(4,629)
Total other income (and expenses)	(3,468)	(4,621)
Net loss and comprehensive loss	$ (2,380)	$ (10,360)
Net loss and comprehensive loss attributable to noncontrolling interest	24	104
Net loss and comprehensive loss attributable to common shareholders	(2,356)	(10,256)

Balance Sheet Data:

	(Dollars in thousands, except per share amounts)	
	As of September 30, 2020 Pro Forma	
Assets		
Real estate investments, net	$	252,809
Cash and cash equivalents		44,001
Restricted cash		3,617
Accounts receivable		409
Other assets		6,949
Total assets	$	307,785
Liabilities and Equity		
Mortgage notes payable, net	$	–
Accounts payable and accrued expenses		1,999
Security deposits, prepaid rent and other liabilities		1,081
Due to related parties		1,004
Total liabilities		4,084
Commitments and contingencies		
Common Stock		163
Additional Paid in Capital		300,238
Noncontrolling interest		3,300
Total equity		303,701
Total liabilities and equity	$	307,785

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the historical results of operations and financial position of Aspire Real Estate Investors Predecessor I ("Predecessor I") and Aspire Real Estate Investors Predecessor II ("Predecessor II") (together, the "Predecessors"). Aspire Real Estate Investors Predecessor I and Aspire Real Estate Investors Predecessor II do not operate as stand-alone businesses. The following discussion and analysis should be read in conjunction with the accompanying combined financial statements of the Predecessors and the notes thereto.

We intend to maximize total returns to our stockholders by pursuing a focused investment strategy targeting markets throughout the United States, especially those with a strong population and both income and job growth. We believe the current market environment will create a substantial number of favorable investment opportunities with attractive yields on investment and significant upside potential. We expect that our acquisition targets will include well-located Opportunity Zone land parcels where development of multifamily affordable housing can generate attractive risk-adjusted returns.

We have not had any corporate activity since our formation, other than the issuance of 100 shares of our common stock to Mr. Carter in connection with our initial capitalization and activities in preparation for this offering and the formation transactions. Accordingly, we believe that a discussion of our results of operations would not be meaningful, and we have therefore set forth a discussion regarding the historical operations for our two Predecessors only.

Upon completion of this offering and the formation transactions, we will own an initial portfolio consisting of six development properties, including five redevelopment properties and one ground-up development property, and three stabilized operating properties. As of September 30, 2020 and 2019, Predecessor II owned five operating apartments, comprised of 1,095 apartment homes. As of September 30, 2020 and 2019, Predecessor I owned three operating apartments, comprised of 633 apartment homes.

COVID-19 Pandemic

Overview

The rapidly evolving circumstances related to COVID-19 have resulted in deep economic uncertainty and have had far-reaching impacts on almost every business and industry in the country. In response to COVID-19, many state and local governments, including areas in which the Predecessors' properties are located, have adopted certain measures intended to mitigate the ongoing public health crises. These measures include travel bans, border closings, business closures, quarantines and shelter-in-place orders.

The Predecessors have taken various actions in response to the COVID-19 pandemic to adjust business operations and in an effort to help protect to the health and safety of residents and employees and have adopted certain measures to help mitigate the financial impact arising from the pandemic on residents, including:

- a 10% discount on rent for the month of April;
- a forbearance payment plan for tenants who have hardship due to COVID-19 subject to approval on a case-by-case basis;
- no late fees in conjunction with state and local mandates;
- an online resident relief portal, which has resources and information available relating to COVID-19; and
- maintenance requests limited to critical items so as to not potentially expose tenants to COVID-19.

Avanath is working to comply with the stated intent of local, county, state and federal laws. As such, Avanath has implemented an array of practices to protect and support Avanath's employees. Some of these measures include:

- instituting "work from home" practices for corporate employees;

- closing leasing offices to non-Avanath personnel, with virtual appointments being mandatory for leasing office visits;

- enforcing "social distancing" measures within operations at the properties, including a requirement to wear face coverings; and

- increased cleaning practices for common areas, including leasing offices, as well as closing amenities such as gyms or recreational centers.

The Predecessors derive revenues primarily from rents received from tenants under apartment leases. The ultimate impact on the Predecessors' financial condition and results of operations from COVID-19 will depend on the duration and severity of the pandemic, as well as the length of time that it will take for normal economic and operating conditions to resume. The current and potential future impacts of the COVID-19 pandemic on the Predecessors' financial condition and results of operations, particularly with regards to (i) rental revenue growth, rent collections, occupancy, and the extent to which they waive certain fees typically earned through other income and (ii) increased operating expenses due to cleaning and sanitization supplies and temporary labor costs mean that the Predecessors' historical operations and financial condition are not necessarily indicative of our future results of operations and financial condition. Because the ultimate impact and duration of the pandemic are inherently uncertain, the ultimate impact of COVID-19 on our results of operations and financial condition following the completion of this offering and the formation transactions cannot be reasonably estimated and could be material.

Rent Collections and Forbearances

Through September 30, 2020, COVID-19 has not had a material impact on the financial condition and results of operations of the Predecessors. In the third quarter of 2020, our rent per occupied unit for Predecessor I and for Predecessor II grew quarter-to-quarter by 1.8% and 0.8%, respectively, after having grown by 1.6% and 0.1%, respectively, during the second quarter of 2020 and 1.4% and 1.3%, respectively, during the first quarter of 2020. For the month ended March 31, 2020, Avanath collected 99.8% and 99.4% of contractual rents from tenants occupying the Predecessor I and Predecessor II properties, respectively, which represents 99.9% and 99.7%, respectively, of the average monthly collection rate for the twelve months ended March 31, 2020 of 99.9% and 99.7%, respectively. For the month ended April 30, 2020, Avanath collected 99.7% and 98.6% of contractual rents from tenants occupying the Predecessor I and Predecessor II properties, respectively, which represents 99.8% and 99.0%, respectively, of the average monthly collection rate for the twelve months ended April 30, 2020 of 99.9% and 99.6%, respectively. For the month ended May 31, 2020, Avanath collected 99.3% and 97.8% of contractual rents from tenants occupying the Predecessor I and Predecessor II properties, respectively, which represents 99.5% and 98.4%, respectively, of the average monthly collection rate for the twelve months ended May 31, 2020 of 99.9% and 99.4%, respectively. For the month ended June 30, 2020, Avanath collected 99.3% and 97.3% of contractual rents and other income from tenants occupying the Predecessor I and Predecessor II properties, respectively, which represents 99.5% and 98.1%, respectively, of the average monthly collection rate for the twelve months ended June 30, 2020 of 99.8% and 99.2%, respectively. For the month ended July 31, 2020, Avanath collected 98.9% and 96.4% of contractual rents from tenants occupying the Predecessor I and Predecessor II properties, respectively, which represents 99.2% and 97.5%, respectively, of the average monthly collection rate for the twelve months ended July 31, 2020 of 99.7% and 98.9%, respectively. For the month ended August 31, 2020, Avanath collected 97.8% and 95.2% of contractual rents and other income from tenants occupying the Predecessor I and Predecessor II properties, respectively, which represents 98.3%

and 96.7%, respectively, of the average monthly collection rate for the twelve months ended August 31, 2020 of 99.5% and 98.5%, respectively. For the month ended September 30, 2020, Avanath collected 96.3% and 91.2% of contractual rents and other income from tenants occupying the Predecessor I and Predecessor II properties, respectively, which represents 97.1% and 93.2%, respectively, of the average monthly collection rate for the twelve months ended September 30, 2020 of 99.3% and 97.8% respectively. During the COVID-19 pandemic, approximately 2-3% of collections for the Predecessor I assets and approximately 3-4% of collections across all of the Predecessor I and Predecessor II assets have generally occurred more than one month past the due date for such amounts. These amounts are net of any waived fees and rental discounts offered during the referenced periods. The collection rates above are based on individual resident activity as reflected in Avanath's accounting and property management system and are presented to provide information about collection and revenue trends during the COVID-19 pandemic. The collections information provided above is not routinely produced for internal use by senior management. The information is not prepared in accordance with GAAP, does not reflect GAAP revenue or cashflow metrics, may be subject to adjustment in preparing GAAP revenue and cash flow metrics at the end of the nine months ended September 30, 2020, and is not and should not be interpreted as predicting the Predecessors' or our financial performance, results of operations or liquidity for any period.

Through September 30, 2020, there have been one and 17 resident forbearance plans approved for Predecessor I and Predecessor II, respectively, which represents 0.2% and 1.6%, respectively, of total units. Specifically, for each of Wellington Woods, Coopers Crossing and Country Wood, we have received forbearance requests from 1.9%, 0.0%, and 0.6%, respectively, of units and approved such requests for 0.3%, 0.0%, and 0.0%, respectively, of units. For each of Academy at Waterford Lakes, Arbors at Cary, Woodside Senior, Seaport Village and Oak Village, we have received forbearance requests from 0.0%, 1.6%, 0.0%, 6.7%, and 3.4%, respectively, of units and approved such requests for 0.0%, 0.8%, 0.0%, 3.1%, and 3.4%, respectively, of units. The resident forbearance plans are reviewed individually and approved on a case-by-case basis based on appropriate supporting documentation of job loss and lack of government relief during COVID-19. The forbearance plans defer a resident's rent over the following three or six months. Forbearance plans are offered to the resident with no interest charged and will continue to be available until the state of emergency issued by the federal government is lifted.

Access to Capital and Financial Resources

Through September 30, 2020, COVID-19 had not had a material impact on the cost of or access to the Predecessors' capital or funding sources, including any changes to current debt, ability to meet debt covenants, or material liquidity deficiencies. We expect to be able to meet our reasonably foreseeable liquidity needs and debt obligations for the 12 months following the completion of this offering and the formation transactions through a combination of one or more of existing cash on hand and operating cashflows.

Operating Results

We anticipate that COVID-19 could potentially impact future short-term operating results in the form of higher collection delinquency rates, lower turnover rates, and revenue stagnation. We currently anticipate these impacts to be short-term and to not impact the long-term financial condition of the Predecessors. We anticipate that there will continue to be high demand for affordable and workforce multifamily housing during and after COVID-19. We do not anticipate any material liquidity deficiencies as a result of the potential revenue impacts of COVID-19. However, the rapid development and fluidity of this situation preclude any prediction as to the full adverse impact of the COVID-19 pandemic, or the duration of any impact, on our business.

For the three months from January 1, 2020 to March 31, 2020, Predecessor I and Predecessor II had net tenant move-ins of two and eight, respectively. For the three months from April 1, 2020 to

June 30, 2020, Predecessor I and Predecessor II had net tenant move-ins of nine and four, respectively. For the three months from July 1, 2020 to September 30, 2020, Predecessor I had net tenant move-outs of two and Predecessor II had net tenant move-ins of two. Net tenant move-ins are calculated as the amount of tenants which moved in during the period, subtracted by the amount of tenants which moved out during the period. The average occupancy for each of Predecessor I and Predecessor II has grown since the beginning of 2020 and was 97.1% and 90.5%, respectively, as of the month ended January 31, 97.0% and 91.2%, respectively, as of the month ended February 29, 97.6% and 91.1%, respectively, as of the month ended March 31, 98.2% and 91.2%, respectively, as of the month ended April 30, 98.0% and 91.0%, respectively, as of the month ended May 31, 98.8% and 91.5%, respectively, as of the month ended June 30, 98.7% and 91.8%, respectively, as of the month ended July 31, 98.6% and 91.8%, respectively, as of the month ended August 31, and 97.6% and 92.1%, respectively, as of the month ended September 30.

As noted in the section of this prospectus entitled "Business and Properties−Our Initial Properties," certain units at the Arbors at Cary property have been held vacant pending redevelopment. The average occupancy percentages presented for Predecessor II in the immediately preceding paragraph include these vacant units. Excluding these units, the average occupancy for Predecessor II was 97.0% as of the month ended January 31, 2020, 97.9% as of the month ended February 29, 2020, 97.1% as of the month ended March 31, 2020, 96.5% as of the month ended April 30, 2020, 96.3% as of the month ended May 31, 2020, 96.9% as of the month ended June 30, 2020, 97.2% as of the month ended July 31, 2020, 97.2% as of the month ended August 31, 2020, and 97.5% as of the month ended September 30, 2020.

We also anticipate a rise in cost and restriction of supply of cleaning and sanitization supplies for our apartment homes. We anticipate that COVID-19 may impact both the amount of leasing activity we experience and the amount of move-out requests we receive. We anticipate higher payroll costs, mostly due to temporary labor, in order to offset any limitation of human capital as a result of COVID-19. While we may experience an increase in operating costs as a result of COVID-19, any such increase is not expected to be material or long-lasting, and we do not anticipate any material liquidity deficiencies as a result of increased operating costs.

For the nine months ended September 30, 2020, there was an increase in janitorial services and supplies expense of $0.03 million and $0.02 million for Predecessor I and Predecessor II, respectively, when compared to the same period from 2019. These expenses are included in property operating and maintenance expense in the condensed combined statements of income (loss) and comprehensive income (loss). Further, for the nine months ended September 30, 2020, Predecessor I had a decrease in property operating and maintenance expense of $0.01 million when compared to the same period in 2019. For the nine months ended September 30, 2020, Predecessor II had a decrease in property operating and maintenance expense of $0.04 million when compared to the same time period in 2019. Additionally, for the nine months ended September 30, 2020, for Predecessor I and Predecessor II, the total of general and administrative expense, property operating and maintenance expense and management fee decreased by $0.01 million and $0.1 million respectively when compared to the same period in 2019.

Accounting and Financial Controls

We do not expect any material COVID-19 related contingencies to arise and expect to be able to meet our debt service and other financial obligations in the future. We do not anticipate that tenant defaults arising from financial difficulties related to COVID-19 will materially impact our short-or long term liquidity.

We have not had any material impairments or changes in accounting judgments on the financial statements of the Predecessors due to COVID-19.

We have not experienced any adverse impact on our ability to maintain the operations of our financial reporting systems, internal control over financial reporting, and disclosure controls and procedures as a result of COVID-19-related remote work arrangements. In addition, we have not experienced any significant challenges in implementing our business continuity plans or obtaining the material resources in implementing our business continuity plans.

COVID-19 travel restrictions and border closures could have a material impact on our ability to operate and achieve our business goals if the closures prohibit our employees or vendors from accessing our apartment homes. To date, however, these travel restrictions and border closures have not had a material impact on the ability of the Predecessors to operate and achieve their business goals.

For more information regarding the impact that COVID-19 may have on our business, see "Risk Factors−Actual or threatened epidemics, pandemics, outbreaks, or other public health crises may have an adverse impact on our tenants, our tenants' ability to pay rent pursuant to their leases and the profitability of the properties in our portfolio."

Basis for Presentation

The accounting policies and estimates used in the preparation of the Predecessors' combined financial statements are fully described in the notes to the respective combined financial statements.

The Predecessors receive income primarily from rents at each of their respective properties. Potential impacts to our income include unanticipated residential vacancies. Operating results therefore depend materially on the ability of our residents to make required payments and overall real estate market conditions.

The Predecessors lease apartment units under operating leases with terms generally of one year or less. Due to the short-term nature of the leases, the Predecessors recognize rental revenue, net of concessions, as it becomes due over the term of the lease, when collectability is reasonably assured. Also, included in rental revenues are other revenue which include fees for late payments, cleaning, damages, laundry facilities, and other charges and is recorded when collectability is reasonably assured.

Predecessor I

Overview

Predecessor I consists of three multifamily apartment communities (Wellington Woods, Coopers Crossing and Country Wood) and reports as a single business segment. Predecessor I owns all of its interest in these properties, directly or indirectly, through special purpose entities. Predecessor I's activities relate to the ownership and management of these multifamily apartments which are located in the Southwest, Midwest, and Southeast regions of the United States.

We intend to engage our Property Manager, an affiliate of Avanath and MacFarlane, to manage the daily operations of our properties and do not intend to contract for such services from a third-party provider. Predecessor I's financial information reflects property management fees that will continue after this offering and the formation transactions for internal purposes and will be a net cost since Predecessor I will be externally managed.

For the nine months ended September 30, 2020 and 2019, Predecessor I's management fee expense was $0.3 million and $0.3 million, respectively.

For the years ended December 31, 2019 and 2018, Predecessor I's management fee expense was $0.4 million and $0.4 million, respectively.

Predecessor I's combined annual rental revenue and average monthly revenue per apartment unit for the nine months ended September 30, 2020 and 2019 are as follows:

	Apartment Units	Rental Revenue	Average Monthly Revenue per Apartment Unit
		(in thousands)	
Nine months ended September 30, 2020	633	$ 5,556	$ 975
Nine months ended September 30, 2019	633	$ 5,144	$ 903

Predecessor I's combined annual rental revenue and average monthly revenue per apartment unit for the years ended December 31, 2019 and 2018 are as follows:

	Apartment Units	Rental Revenue	Average Monthly Revenue per Apartment Unit
		(in thousands)	
Year ended December 31, 2019	633	$ 6,961	$ 916
Year ended December 31, 2018	633	$ 6,524	$ 859

Predecessor I's combined operating communities are as follows as of September 30, 2020 and 2019:

	Apartment Units	Percentage of Total Units
Wellington Woods	360	57%
Coopers Crossing	93	16%
Country Wood	180	27%
Total	**633**	**100%**

Results of Operations−Analysis of Nine Months Ended September 30, 2020 and 2019

Rental Revenue for the nine months September 30, 2020 and 2019 of $5.6 and $5.1 million, respectively, consisted of the contractual rent billed during the periods then ended.

Regulated rental rates on regulated apartment homes are determined by using the maximum allowable rent that may be charged on new leases at the property. Rental rates on regulated apartment homes are greatly impacted by local, state, and federal regulation.

Market rental rates on unregulated apartment homes are determined using the recently signed effective rates on new leases at the property and are used as the starting point in the determination of the market rates of vacant apartment homes. Predecessor I may increase or decrease these rates based on a variety of factors, including overall supply and demand for housing, concentration of new apartment deliveries within the same submarket which can cause periodic disruption due to greater rental concessions to increase leasing velocity, and rental affordability.

The distribution of market rate apartment homes and regulated apartment homes is as follows:

Regulated Units	Market Rate Units	Total
633	0	633
100%	0%	100%

The amount of rental revenue generated by our initial portfolio upon the completion of this offering and the formation transactions depends principally on our ability to maintain the occupancy rates of apartment homes. The average occupancy for Predecessor I's apartment communities was 97.9% and 98.6% for the nine months ended September 30, 2020 and 2019, respectively. Average occupancy is the weighted average daily occupied units for the reporting period divided by the average daily total units available for rent for the reporting period. The amount of rental revenue generated by us also depends on our ability to maintain or increase market rental rates at our properties. Positive or negative trends in our geographic areas could adversely affect our rental revenue and resident rent collections in the future.

The average occupancy of each of Predecessor I's operating communities during the nine months ended September 30, 2020 and 2019 is as follows:

	Nine Months Ended September 30,	
	2020	2019
Wellington Woods	99%	99%
Coopers Crossing	96%	98%
Country Wood	97%	98%

Other Income for the nine months ended September 30, 2020 and 2019 of $0.3 million and $0.3 million, respectively, consisted of revenue from apartment communities that are ancillary to the contract rent for leasing an apartment home, such as cable revenue, laundry facility revenue, late fees, and other non-ordinary income.

The following table provides a breakdown of Predecessor I's combined total revenue by apartment community for the nine months ended September 30, 2020 and 2019. Total revenue is defined as the summation resulting from rental revenue and other income of each property.

Property Revenues ($ in thousands)	Number of Apartment Units	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Wellington Woods	360	$ 3,133	$ 3,004
Coopers Crossing	93	922	879
Country Wood	180	1,771	1,604
Total property revenues	**633**	**$ 5,826**	**$ 5,487**

During the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, total revenue increased by approximately $0.3 million. The increase is related to higher contract rents for Wellington Woods, Coopers Crossing and Country Wood.

General and administrative expenses for the nine months ended September 30, 2020 and 2019 of $0.3 million and $0.3 million, respectively, consisted of IT and software expenses, travel expenses, and office supplies.

Property operating and maintenance expenses for the nine months ended September 30, 2020 and 2019 of $1.8 million and $1.8 million, respectively, consisted of payroll, utilities expense, repair and maintenance, marketing and advertising, and legal fees.

Real estate taxes and insurance expenses for the nine months ended September 30, 2020 and 2019 of $0.8 million and $0.7 million, respectively, consisted of property real estate taxes and property insurance.

Management fee expenses for the nine months ended September 30, 2020 and 2019 of $0.3 million and $0.3 million, respectively, consisted of the property management fee.

Depreciation expense for the nine months ended September 30, 2020 and 2019 of $1.5 million and $1.6 million, respectively, consisted of depreciation for fixed assets and amortization of intangibles.

Liquidity and Capital Resources

The following table sets forth Predecessor I's cash flows for the nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Nine Months Ended September 30,	
	2020	2019
Cash flows provided by (used in):		
Operating activities	$ 1,816	$ 1,573
Investing activities	$ (456)	$ (1,030)
Financing activities	$ (1,678)	$ (429)

As of September 30, 2020, Predecessor I had $0.9 million of unrestricted cash and cash equivalents and $0.8 million of restricted cash and cash equivalents. As of December 31, 2019, Predecessor I had $0.5 million of unrestricted cash and cash equivalents and $1.6 million of restricted cash and cash equivalents. The timing, source and amounts of cash flows provided by financing activities and used in investing activities are sensitive to changes in interest rates and other fluctuations in the capital markets environment, which can affect Predecessor I's plans for acquisitions, dispositions, development and redevelopment activities.

As of September 30, 2020, Predecessor I's mortgage notes payable totaled approximately $24.8 million, net of unamortized premiums and debt issuance costs, which consisted of approximately $25.1 million in floating rate debt at an average interest rate of 2.29% and all maturity dates within 2021. We have extended certain of these debt obligations in order to enable us to pay down the debt upon our acquisition of the properties. Our ability to further extend, refinance or place new debt on the properties is subject to the tightening of credit within the financial markets as a result of COVID-19. We anticipate that we will be able to replace the existing debt due to the current loan-to-value ("LTV") of 35% and debt service coverage ratios of 2.2 times of the properties.

LTV is defined as the principal balance outstanding divided by total fair market value of the property. As of September 30, 2020, the LTV of Predecessor I is as follows:

	As of September 30, 2020			
	Coopers Crossing	Wellington Woods	Country Wood	Total
Principal Balance Outstanding	$ 3,400	$ 15,458	$ 6,251	$ 25,109
Fair Value of Underlying Properties*	$ 9,840	$ 44,420	$ 18,220	$ 72,480
LTV Ratio	**35%**	**35%**	**34%**	**35%**

* Fair value as of June 30, 2020

LTV is an important metric in assessing debt, as it shows how leveraged a property is in comparison to its appraised value.

As of September 30, 2019, Predecessor I's mortgage notes payable totaled $25.6 million, net of unamortized premiums and debt issuance costs, which consisted of $25.6 million in fixed rate debt at an average interest rate of 4.13% and all maturity dates within 2020.

Predecessor I pays quarterly distributions from cash available for distribution. For the nine months ended September 30, 2020 and 2019, distributions were $1.0 million and $0.2 million, respectively.

Capital Expenditures

Capital expenditures are improvements and upgrades to the land and buildings that extend the useful life of the property, or furniture and equipment that has a useful life of one year or more.

For the nine months ended September 30, 2020 and 2019, capital expenditures per apartment unit totaled approximately $720 and $1,627, respectively. These expenditures include the improvements required in connection with expenditures for deferred maintenance on acquisition properties, expenditures for property renovations and improvements which are expected to generate additional revenue or cost savings, and expenditures incurred, due to changes in government regulations, that Predecessor I would have incurred otherwise. Predecessor I expects that cash from operations will fund such expenditures.

Contractual Obligations and Commercial Commitments

The following table summarizes Predecessor I's obligations at September 30, 2020 (dollars in thousands):

	Payments Due by Period				
	2020	2021 and 2022	2023 and 2024	Thereafter	Total
Mortgage notes payable	$ –	$ 25,122	$ –	$ –	$ 25,122
Interest on indebtedness	151	417	–	–	568
Total	**$ 151**	**$ 25,539**	**$ –**	**$ –**	**$ 25,690**

The interest service coverage ratio and debt service coverage ratio are considered by management to be an important supplemental performance measure to net loss and comprehensive loss. In addition, interest service coverage ratio and debt service coverage ratio are considered useful in the real estate industry to assess liquidity of a group of real estate assets after debt obligations are met.

The interest service coverage ratio is a method for calculating the amount of operating cash flows available to cover interest expense and is calculated by dividing net operating income ("NOI") for the period by interest expense for the period.

The debt service coverage ratio is a method for calculating the amount of operating cash flows available to cover debt service and is calculated by dividing NOI for the period by the sum of the amounts necessary to pay debt service on outstanding indebtedness for the period. The calculation of interest service coverage ratio and debt service coverage ratio for the nine months ended September 30, 2020 and 2019 are set forth below.

	Nine Months Ended September 30,	
	2020	2019
NOI	$ 2,660	$ 2,363
Interest Expense	810	839
Interest service coverage ratio	**3.3x**	**2.8x**
Debt Service	1,179	1,237
Debt service coverage ratio	**2.3x**	**1.9x**

The interest service coverage ratio, net of capitalized interest, was 3.3 times and 2.8 times for the nine months ended September 30, 2020 and 2019, respectively. The debt service coverage ratio, net of amortized costs and capitalized interest, was 2.3 times and 1.9 times for the nine months ended September 30, 2020 and 2019, respectively. The increase in interest expense coverage ratio and debt service coverage ratio is attributable to higher net operating income for the nine months ended September 30, 2020 compared to September 30, 2019.

Off-Balance Sheet Arrangements

As of September 30, 2020, and 2019, Predecessor I did not have any off-balance sheet arrangements.

Net Operating Income

NOI is considered by management to be an important supplemental performance measure to net loss and comprehensive loss. NOI reflects the operating performance of an apartment community and allows for an easy comparison of the operating performance of individual apartment communities or groups of apartment communities. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impacts to such financing structures by acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate group of assets. Please see the reconciliation of GAAP net income (loss) and comprehensive income (loss) to NOI, which in the table below is the NOI for Predecessor I for the nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Nine Months Ended September 30,	
	2020	2019
Net income (loss) and comprehensive income (loss)	$ 341	$ (116)
Adjustments:		
Depreciation and amortization	1,509	1,640
Interest expense	810	839
NOI	**$ 2,660**	**$ 2,363**

Results of Operations−Analysis of Years Ended December 31, 2019 and 2018

Rental Revenue for the years ended December 31, 2019 and 2018 of $7.0 and $6.5 million, respectively, consisted of the contractual rent billed during the years then ended.

Predecessor I has two types of contractual rents: market rent and regulated rent.

Market rental rates on unregulated apartment homes are determined using the recently signed effective rates on new leases at the property and are used as the starting point in the determination of the market rates of vacant apartment homes. Predecessor I may increase or decrease these rates based on a variety of factors, including overall supply and demand for housing, concentration of new apartment deliveries within the same submarket which can cause periodic disruption due to greater rental concessions to increase leasing velocity, and rental affordability.

Regulated rental rates on regulated apartment homes are determined by using the maximum allowable rent that may be charged on new leases at the property. Rental rates on regulated apartment homes are greatly impacted by local, state, and federal regulation.

The distribution of market rate apartment homes and regulated apartment homes is as follows:

Regulated Units	Market Rate Units	Total
633	0	633
100%	0%	100%

The amount of rental revenue generated by our initial portfolio upon the completion of this offering and the formation transactions depends principally on our ability to maintain the occupancy rates of apartment homes. The average occupancy for Predecessor I's apartment communities was 97.9% and 98.6% for the years ended December 31, 2019 and 2018, respectively. Average occupancy is the weighted average daily occupied units for the reporting period divided by the daily average of total units available for rent for the reporting period. The amount of rental revenue generated by us also depends on our ability to maintain or increase market rental rates at our properties. Positive or negative trends in our geographic areas could adversely affect our rental revenue and resident rent collections in the future.

The average occupancy of each of Predecessor I's operating communities during the years ended December 31, 2019 and 2018 was as follows:

	Year Ended December 31,	
	2019	2018
Wellington Woods	99%	99%
Coopers Crossing	97%	98%
Country Wood	97%	98%

Other Income for the years ended December 31, 2019 and 2018 of $0.4 million and $0.5 million, respectively, consisted of revenue from apartment communities that are ancillary to the contract rent for leasing an apartment home, such as cable revenue, laundry facility revenue, late fees, and other non-ordinary income.

The following table provides a breakdown of Predecessor I's combined total revenue by apartment community for 2019 and 2018. Total revenue is defined as the summation resulting from rental revenue and other income of each property.

		Year Ended December 31,	
Property Revenues ($ in thousands)	**Number of Apartment Units**	**2019**	**2018**
Wellington Woods	360	$ 4,059	$ 3,839
Coopers Crossing	93	1,177	1,149
Country Wood	180	2,174	1,995
Total property revenues	**633**	**$ 7,410**	**$ 6,983**

During the year ended December 31, 2019, total revenue increased by approximately $0.4 million as compared to the year ended December 31, 2018. The increase is related to higher contract rents for Wellington Woods, Coopers Crossing and Country Wood.

General and administrative expenses for the years ended December 31, 2019 and 2018 of $0.4 million and $0.4 million, respectively, consisted of IT and software expenses, travel expenses, and office supplies.

Property operating and maintenance expenses for the years ended December 31, 2019 and 2018 of $2.5 million and $2.6 million, respectively, consisted of payroll, utilities expense, repair and maintenance, marketing and advertising, and legal fees.

Real estate taxes and insurance expenses for the years ended December 31, 2019 and 2018 of $1.0 million and $0.9 million, respectively, consisted of property real estate taxes and property insurance.

Management fee expenses for the years ended December 31, 2019 and 2018 of $0.4 million and $0.4 million, respectively, consisted of the property management fee.

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 of $2.2 million and $2.1 million, respectively, consisted of depreciation for fixed assets and amortization of intangibles.

Liquidity and Capital Resources

The following table sets forth Predecessor I's cash flows for the years ended December 31, 2019 and 2018 (dollars in thousands):

	Year Ended December 31,	
	2019	2018
Cash flows provided by (used in):		
Operating activities	$ 2,090	$ 977
Investing activities	$ (1,214)	$ (2,597)
Financing activities	$ (751)	$ 1,931

At December 31, 2019 and 2018, Predecessor I had $0.5 million of unrestricted cash and cash equivalents and $1.6 million of restricted cash and cash equivalents, and $0.7 million of unrestricted cash and cash equivalents and $1.3 million of restricted cash and cash equivalents, respectively. The timing, source and amounts of cash flows provided by financing activities and used in investing activities are sensitive to changes in interest rates and other fluctuations in the capital markets environment, which can affect Predecessor I's plans for acquisitions, dispositions, development and redevelopment activities.

As of December 31, 2019, Predecessor I's mortgage notes payable totaled approximately $25.5 million, net of unamortized premiums and debt issuance costs, which consisted of approximately $25.5 million in fixed rate debt at a weighted average interest rate of 4.13% and all maturity dates within 2021. We have extended certain of these debt obligations in order to enable us to pay down the debt upon our acquisition of the properties. Our ability to further extend, refinance or place new debt on the properties is subject to the tightening of credit within the financial markets as a result of COVID-19. We anticipate that we will be able to replace the existing debt due to the current LTV of 37% and debt service coverage ratios of 1.9 times of the properties.

As of December 31, 2019, LTV of Predecessor I is as follows:

	As of December 31, 2019			
	Coopers Crossing	Wellington Woods	Country Wood	Total
Principal Balance Outstanding	$ 3,436	$ 15,679	$ 6,363	$ 25,478
Fair Value of Underlying Properties*	$ 9,000	$ 41,339	$ 17,950	$ 68,289
LTV Ratio	**38%**	**38%**	**35%**	**37%**

* Fair value as of December 31, 2019

As of December 31, 2018, Predecessor I's mortgage notes payable totaled $26.0 million, net of unamortized premiums and debt issuance costs, which consisted of $26.0 million in fixed rate debt at a weighted average interest rate of 4.13% and all maturity dates within 2020.

Predecessor I pays quarterly distributions from cash available for distribution. For the years ended December 31, 2019 and 2018, distributions were $0.4 million and $0.1 million, respectively.

Capital Expenditures

Capital expenditures are improvements and upgrades to the land and buildings that extend the useful life of the property, or furniture and equipment that has a useful life of one year or more.

For the years ended December 31, 2019 and 2018, capital expenditures per apartment unit totaled approximately $1,918 and $4,103, respectively. These expenditures include the improvements required in connection with expenditures for deferred maintenance on acquisition properties, expenditures for property renovations and improvements which are expected to generate additional revenue or cost savings, and expenditures incurred, due to changes in government regulations, that Predecessor I would have incurred otherwise. Predecessor I expects that cash from operations will fund such expenditures.

Contractual Obligations and Commercial Commitments

The following table summarizes Predecessor I's obligations at December 31, 2019 (dollars in thousands):

	For the Fiscal Years Ending				
	2020	2021 and 2022	2023 and 2024	Thereafter	Total
Mortgage notes payable	$ 25,478	$ –	$ –	$ –	$ 25,478
Interest on indebtedness	630	–	–	–	630
Total	**$ 26,108**	**$ –**	**$ –**	**$ –**	**$ 26,108**

The interest service coverage ratio and debt service coverage ratio are considered by management to be an important supplemental performance measure to net loss and comprehensive loss. In addition, interest service coverage ratio and debt service coverage ratio are considered useful in the real estate industry to assess liquidity of a group of real estate assets after debt obligations are met.

The interest service coverage ratio is a method for calculating the amount of operating cash flows available to cover interest expense and is calculated by dividing NOI for the period by interest expense for the period.

The debt service coverage ratio is a method for calculating the amount of operating cash flows available to cover debt service and is calculated by dividing NOI for the period by the sum of the amounts necessary to pay debt service on outstanding indebtedness for the period. The calculations of interest service coverage ratio and debt service coverage ratio for the years ended December 31, 2019 and 2018 are set forth below.

	Year Ended December 31,	
	2019	**2018**
NOI	$ 3,170	$ 2,707
Interest Expense	1,119	1,142
Interest service coverage ratio	**2.8x**	**2.4x**
Debt Service	1,653	1,654
Debt service coverage ratio	**1.9x**	**1.6x**

The interest service coverage ratio, net of capitalized interest, was 2.8 times and 2.4 times for the years ended 2019 and 2018, respectively. The debt service coverage ratio, net of amortized costs and capitalized interest, was 1.9 times and 1.6 times for the years ended 2019 and 2018, respectively. The increase in interest expense coverage ratio and debt service coverage ratio is attributable towards higher net operating income in 2019.

Off-Balance Sheet Arrangements

As of December 31, 2019, and 2018, Predecessor I did not have any off-balance sheet arrangements.

Net Operating Income

NOI is considered by management to be an important supplemental performance measure to net loss and comprehensive loss. NOI reflects the operating performance of an apartment community and allows for an easy comparison of the operating performance of individual apartment communities or groups of apartment communities. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impacts to such financing structures by acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate group of assets. Please see the reconciliation of GAAP net loss and comprehensive loss to NOI, which in the table below is the NOI for Predecessor I for the years ended December 31, 2019 and 2018 (dollars in thousands):

	Year Ended December 31,	
	2019	**2018**
Net loss and comprehensive loss	$ (114)	$ (532)
Adjustments:		
Depreciation and amortization	2,165	2,097
Interest expense	1,119	1,142
NOI	**$ 3,170**	**$ 2,707**

Predecessor II

Overview

Predecessor II consists of five multifamily apartment communities (Academy at Waterford Lakes, Arbors at Cary, Woodside Senior, Seaport Village and Oak Village) and reports as a single business segment. Predecessor II owns all of its interest in these properties, directly or indirectly, through special purpose entities. Predecessor II's activities relate to the ownership and management of these multifamily apartments which are located in the Southwest, West, and Southeast regions of the United States.

We intend to engage our Property Manager, an affiliate of Avanath and MacFarlane, to manage the daily operations of our properties and do not intend to contract for such services from a third-party provider. Predecessor II's financial information reflects property management fees that will continue after this offering and the formation transactions. For the nine months ended September 30, 2020 and 2019, Predecessor II's management fee expense was $0.6 million and $0.6 million, respectively. For the years ended December 31, 2019 and 2018, Predecessor II's management fee expense was $0.8 million and $0.9 million, respectively.

Predecessor II's combined annual rental revenue and average monthly revenue per apartment home for the nine months ended September 30, 2020 and 2019 were as follows:

	Apartment Units	Rental Revenue	Average Monthly Revenue per Unit
		(in thousands)	
Nine months ended September 30, 2020	1,095	$ 11,134	$ 1,130
Nine months ended September 30, 2019	1,095	$ 10,726	$ 1,088

Predecessor II's combined annual rental revenue and average monthly revenue per apartment home for the years ended December 31, 2019 and 2018 were as follows:

	Apartment Units	Rental Revenue	Average Monthly Revenue per Unit
		(in thousands)	
Year ended December 31, 2019	1,095	$ 14,367	$ 1,093
Year ended December 31, 2018	1,095	$ 14,008	$ 1,066

Predecessor II's combined operating communities are as follows as of September 30, 2020 and 2019:

	Apartment Units	Percentage of Total Units
Woodside	144	13%
Oak Village	117	11%
Arbors at Cary	248	22%
Academy at Waterford Lakes	228	21%
Seaport	358	33%
Total	**1,095**	**100%**

Results of Operations−Analysis of Nine Months Ended September 30, 2020 and 2019

Rental Revenue for the nine months ended September 30, 2020 and 2019 of approximately $11.1 and $10.7 million, respectively, consisted of the contractual rent billed during the periods then ended.

Predecessor II has two types of contractual rents: market rent and regulated rent.

Market rental rates on unregulated apartment homes are determined using the recently signed effective rates on new leases at the property and are used as the starting point in the determination of the market rates of vacant apartment homes. Predecessor II may increase or decrease these rates based on a variety of factors, including overall supply and demand for housing, concentration of new apartment deliveries within the same submarket which can cause periodic disruption due to greater rental concessions to increase leasing velocity, and rental affordability.

Regulated rental rates on regulated apartment homes are determined by using the maximum allowable rent that may be charged on new leases at the property. Rental rates on regulated apartment homes are greatly impacted by local, state, and federal regulation.

The distribution of market rate apartment homes and regulated apartment homes are as follows:

Regulated Units	Market Rate Units	Total
489	606	1,095
45%	55%	100%

The amount of rental revenue generated by our initial portfolio upon the completion of this offering and the formation transactions depends principally on our ability to maintain the occupancy rates of apartment homes. Predecessor II's average occupancy for Predecessor II's apartment communities was 91.4% and 93.4% for the nine months ended September 30, 2020 and 2019, respectively. The average occupancy for the nine months ended September 30, 2020 and 2019 include certain units at Arbors at Cary held offline due to renovations. Average occupancy is the weighted average daily occupied units for the reporting period divided by the daily average of total units available for rent for the reporting period. The amount of rental revenue generated by us also depends on our ability to maintain or increase market rental rates at our properties. Positive or negative trends in our geographic areas could adversely affect our rental revenue and resident rent collections in the future.

The average occupancy of each of Predecessor II's operating communities during the nine months ended September 30, 2020 and 2019 was as follows:

	Nine Months Ended September 30,	
	2020	2019
Woodside	96%	98%
Oak Village	97%	97%
Arbors at Cary	70%	80%
Academy at Waterford Lakes	99%	100%
Seaport	97%	96%

During the nine months ended September 30, 2019, there were 47 units which went offline at Arbors at Cary due to renovation. Subsequent to the nine months ended September 30, 2019 but prior to the nine months ended September 30, 2020, there were an additional 22 apartment units which went offline at Arbors at Cary due to renovation, which contributed to the decrease in occupancy for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. Predecessor II plans on bringing these units back online concurrently with the offering and formation transactions.

Other Income for the nine months ended September 30 2020 and 2019 of $0.4 million and $0.7 million, respectively, consisted of revenue from apartment communities that are ancillary to the contract rent for leasing an apartment home, such as cable revenue, laundry facility revenue, late fees, and other non-ordinary income. The decrease in other income for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 is attributable to a substantial real estate tax refund received at Oak Village for the nine months ended September 30, 2019.

The following table provides a breakdown of Predecessor II's combined total revenue by apartment community for the nine months ended September 30, 2020 and 2019. Total revenue is defined as the summation resulting from rental revenue and other income of each property.

Property Revenues ($ in thousands)	Number of Apartment Units	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Woodside	144	$ 1,521	$ 1,438
Oak Village	117	1,369	1,582
Arbors at Cary	248	1,325	1,439
Academy at Waterford Lakes	228	1,812	1,779
Seaport	358	5,521	5,182
Total property revenues	**1,095**	**$ 11,548**	**$ 11,420**

General and administrative expenses for the nine months ended September 30, 2020 and 2019 of $0.5 million and $0.6 million, respectively, consisted of IT and software expenses, travel expenses, and office supplies.

Property operating and maintenance expenses for the nine months ended September 30, 2020 and 2019 of $3.8 million and $3.8 million, respectively, consisted of payroll, utilities expense, repair and maintenance, marketing and advertising, and legal fees.

Real estate taxes and insurance expenses for the nine months ended September 30, 2020 and 2019 of $1.5 million and $1.4 million, respectively, consisted of property real estate taxes and property insurance.

Management fee expenses for the nine months ended September 30, 2020 and 2019 of $0.6 million and $0.6 million, respectively, consisted of the property management fee.

Depreciation and amortization expense for the nine months ended September 30, 2020 and 2019 of $3.1 million and $3.1 million, respectively, consisted of depreciation for fixed assets and amortization of intangibles.

Liquidity and Capital Resources

The following table sets forth Predecessor II's cash flows for the nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash flows provided by (used in):		
Operating activities	$ 4,037	$ 3,489
Investing activities	$ (645)	$ (784)
Financing activities	$ (3,247)	$ (1,584)

As of September 30, 2020, Predecessor II had approximately $1.3 million of unrestricted cash and cash equivalents and approximately $2.8 million of restricted cash and cash equivalents. As of December 31, 2019, Predecessor II had approximately $1.8 million of unrestricted cash and cash equivalents and $2.1 million of restricted cash and cash equivalents. The timing, source and amounts of cash flows provided by financing activities and used in investing activities are sensitive to changes in interest rates and other fluctuations in the capital markets environment, which can affect Predecessor II's plans for acquisitions, dispositions, development and redevelopment activities.

As of September 30, 2020, Predecessor II's mortgage notes payable totaled $64.2 million, net of unamortized premiums and debt issuance costs, which consisted of $64.3 million in fixed rate debt at an average interest rate of 3.88% and maturity dates ranging from 2022 to 2036.

Predecessor II pays quarterly distributions from cash available for distribution. For the nine months ended September 30, 2020 and 2019, distributions were $2.2 million and $0.7 million, respectively.

Capital Expenditures

Capital expenditures are improvements and upgrades to the land and buildings that extend the useful life of the property, or furniture and equipment that has a useful life of one year or more.

For the nine months ended September 30, 2020 and 2019, capital expenditures per apartment unit totaled approximately $589 and $716, respectively. These expenditures include the improvements required in connection with expenditures for deferred maintenance on acquisition properties, expenditures for property renovations and improvements which are expected to generate additional revenue or cost savings, and expenditures incurred, due to changes in government regulations, that Predecessor II would have incurred otherwise.

Contractual Obligations and Commercial Commitments

The following table summarizes Predecessor II's obligations at September 30, 2020 (dollars in thousands):

	Payments Due by Period				
	2020	2021 and 2022	2023 and 2024	Thereafter	Total
Mortgage notes payable	$ 364	$ 59,425	$ 471	$ 3,979	$ 64,239
Interest on indebtedness	629	3,202	465	1,400	5,696
Total	**$ 993**	**$ 62,627**	**$ 936**	**$ 5,379**	**$ 69,935**

The interest service coverage ratio and debt service coverage ratio are considered by management to be an important supplemental performance measure to net loss and comprehensive loss. In addition, interest service coverage ratio and debt service coverage ratio are considered useful in the real estate industry to assess liquidity of a group of real estate assets after debt obligations are met.

The interest service coverage ratio is a method for calculating the amount of operating cash flows available to cover interest expense and is calculated by dividing NOI for the period by interest expense for the period.

The debt service coverage ratio is a method for calculating the amount of operating cash flows available to cover debt service and is calculated by dividing NOI for the period by the sum of the amounts necessary to pay debt service on outstanding indebtedness for the period. The calculations of interest service coverage ratio and debt service coverage ratio for the nine months ended September 30, 2020 and 2019 are set forth below.

	Nine Months Ended September 30,	
	2020	2019
NOI	$ 5,129	$ 4,983
Interest Expense	1,988	1,995
Interest service coverage ratio	**2.6x**	**2.5x**
Debt Service	3,046	2,984
Debt service coverage ratio	**1.7x**	**1.7x**

The interest expense coverage ratio, net of capitalized interest, was 2.6 times and 2.5 times for the nine months ended September 30, 2020 and 2019, respectively. The debt service coverage ratio, net of amortized costs and capitalized interest, was 1.7 times and 1.7 times for the nine months ended September 30, 2020 and 2019, respectively.

Off-Balance Sheet Arrangements

As of September 30, 2020, and December 31, 2019, Predecessor II did not have any off-balance sheet arrangements.

Net Operating Income

NOI is considered by management to be an important supplemental performance measure to net loss and comprehensive loss. NOI reflects the operating performance of a community and allows for an easy comparison of the operating performance of individual apartment communities or groups of apartment communities. In addition, because prospective buyers of real estate have different financing structures, with varying marginal impacts to such financing structures by acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate group of assets. Please see the reconciliation of GAAP net loss and comprehensive loss to NOI, which in the table below is the NOI for Predecessor II for the nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Nine Months Ended September 30,	
	2020	**2019**
Net income (loss) and comprehensive income (loss)*	$ 67	$ (153)
Adjustments:		
Depreciation and amortization	3,078	3,146
Interest expense	1,988	1,995
Interest income	(4)	(5)
NOI	**$ 5,129**	**$ 4,983**

* Net income (loss) and comprehensive income (loss) for the nine months ended September 30, 2020 contains litigation settlements of $0.2 million as a result of judgments recorded in Property Operating and Maintenance expense on the financial statements. Please see the financial statements for details. Net income (loss) and comprehensive income (loss) for the nine months ended September 30, 2019 contains a tax refund received in the amount of $0.2 million for overpayment of taxes in 2018, and is recorded in other income on the financial statements.

Results of Operations−Analysis of Years Ended December 31, 2019 and 2018

Rental Revenue for the years ended December 31, 2019 and 2018 of approximately $14.4 and $14.0 million, respectively, consisted of the contractual rent billed during the years then ended.

Predecessor II has two types of contractual rents: market rent and regulated rent.

Market rental rates on unregulated apartment homes are determined using the recently signed effective rates on new leases at the property and are used as the starting point in the determination of the market rates of vacant apartment homes. Predecessor II may increase or decrease these rates based on a variety of factors, including overall supply and demand for housing, concentration of new apartment deliveries within the same submarket which can cause periodic disruption due to greater rental concessions to increase leasing velocity, and rental affordability.

Regulated rental rates on regulated apartment homes are determined by using the maximum allowable rent that may be charged on new leases at the property. Rental rates on regulated apartment homes are greatly impacted by local, state, and federal regulation.

The distribution of market rate apartment homes and regulated apartment homes are as follows:

Regulated Units	Market Rate Units	Total
489	606	1,095
45%	55%	100%

The amount of rental revenue generated by our initial portfolio upon the completion of this offering and the formation transactions depends principally on our ability to maintain the occupancy rates of apartment homes. The average occupancy for Predecessor II's apartment communities was 93.3% and 96.1% for the years ended December 31, 2019 and 2018, respectively. The average occupancy for the year ended December 31, 2019 includes certain units at Arbors at Cary held offline due to renovations. Average occupancy is the weighted average daily occupied units for the reporting period divided by the daily average total units available for rent for the reporting period. The amount of rental revenue generated by us also depends on our ability to maintain or increase market rental rates at our properties. Positive or negative trends in our geographic areas could adversely affect our rental revenue and resident rent collections in the future.

The average occupancy of each of Predecessor II's operating communities during the years ended December 31, 2019 and 2018 is as follows:

	Year Ended December 31,	
	2019	2018
Woodside	97%	97%
Oak Village	97%	98%
Arbors at Cary	77%	89%
Academy at Waterford Lakes	100%	100%
Seaport	96%	97%

During the year ended December 31, 2019, there were 69 apartment units which went offline at Arbors at Cary due to renovation, which contributed to the decrease in occupancy year over year. Predecessor II plans on bringing these units back online concurrently with the offering and formation transactions.

Other Income for the years ended December 31, 2019 and 2018 of $0.8 million and $0.7 million, respectively, consisted of revenue from apartment communities that are ancillary to the contract rent for leasing an apartment home, such as cable revenue, laundry facility revenue, late fees, and other non-ordinary income.

The following table provides a breakdown of Predecessor II's combined total revenue by apartment community for the years ended December 31, 2019 and 2018. Total revenue is defined as the summation resulting from rental revenue and other income of each property.

Property Revenues ($ in thousands)	Number of Apartment Units	Year Ended December 31, 2019	2018
Woodside	144	$ 1,927	$ 1,729
Oak Village	117	2,055	1,745
Arbors at Cary	248	1,871	2,293
Academy at Waterford Lakes	228	2,401	2,279
Seaport	358	6,961	6,658
Total property revenues	**1,095**	**$ 15,215**	**$ 14,704**

During the year ended December 31, 2019, total revenue increased by approximately $0.5 million as compared to the year ended December 31, 2018. The increase is related to higher contract rents for Oak Village, Arbors at Cary, Academy at Waterford Lakes and Seaport.

General and administrative expenses for the years ended December 31, 2019 and 2018 of $0.8 million and $0.8 million, respectively, consisted of IT and software expenses, travel expenses, and office supplies.

Property operating and maintenance expenses for the years ended December 31, 2019 and 2018 of $5.2 million and $4.7 million, respectively, consisted of payroll, utilities expense, repair and maintenance, marketing and advertising, and legal fees. This increase is attributable towards higher utility and payroll costs as a result of operations.

Real estate taxes and insurance expenses for the years ended December 31, 2019 and 2018 of $1.9 million and $2.0 million, respectively, consisted of property real estate taxes and property insurance.

Management fee expenses for the years ended December 31, 2019 and 2018 of $0.8 million and $0.9 million, respectively, consisted of the property management fee. The decrease is attributable to a lower management fee rate charged to properties in 2019 compared to 2018.

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 of $4.2 million and $4.2 million, respectively, consisted of depreciation for fixed assets and amortization of intangibles.

Liquidity and Capital Resources

The following table sets forth Predecessor II's cash flows for the years ended December 31, 2019 and 2018 (dollars in thousands):

	Year Ended December 31,	
	2019	2018
Cash flows provided by (used in):		
Operating activities	$ 4,036	$ 3,824
Investing activities	$ (974)	$ (2,386)
Financing activities	$ (2,580)	$ (1,830)

At December 31, 2019 and 2018, Predecessor II had approximately $1.8 million of unrestricted cash and cash equivalents and approximately $2.1 million of restricted cash and cash equivalents, and $1.5 million of unrestricted cash and cash equivalents and $1.9 million of restricted cash and cash equivalents, respectively. The timing, source and amounts of cash flows provided by financing activities and used in investing activities are sensitive to changes in interest rates and other fluctuations in the capital markets environment, which can affect Predecessor II's plans for acquisitions, dispositions, development and redevelopment activities.

As of December 31, 2019, Predecessor II's mortgage notes payable totaled $65.3 million, net of unamortized premiums and debt issuance costs, which consisted of $65.3 million in fixed rate debt at an average interest rate of 3.87% and maturity dates ranging from 2022 to 2036.

As of December 31, 2018, Predecessor II's mortgage notes payable totaled $66.6 million, net of unamortized premiums and debt issuance costs, which consisted of $66.6 million in fixed rate debt at an average interest rate of 3.88% and maturity dates ranging from 2022 to 2036.

Predecessor II pays quarterly distributions from cash available for distribution. For the years ended December 31, 2019 and 2018, distributions were $1.0 million and $1.4 million, respectively.

Capital Expenditures

Capital expenditures are improvements and upgrades to the land and buildings that extend the useful life of the property, or furniture and equipment that has a useful life of one year or more.

For the years ended December 31, 2019 and 2018, capital expenditures per apartment unit totaled approximately $889 and $2,179, respectively. These expenditures include the improvements required in connection with expenditures for deferred maintenance on acquisition properties, expenditures for property renovations and improvements which are expected to generate additional revenue or cost savings, and expenditures incurred, due to changes in government regulations, that Predecessor II would have incurred otherwise.

Contractual Obligations and Commercial Commitments

The following table summarizes Predecessor II's obligations at December 31, 2019 (dollars in thousands):

	For the Fiscal Years Ending				
	2020	2021 and 2022	2023 and 2024	Thereafter	Total
Mortgage notes payable	$ 1,422	$ 59,425	$ 471	$ 3,979	$ 65,297
Interest on indebtedness	2,551	3,202	465	1,400	7,618
Total	**$ 3,973**	**$ 62,627**	**$ 936**	**$ 5,379**	**$ 72,915**

The interest service coverage ratio and debt service coverage ratio are considered by management to be an important supplemental performance measure to net loss and comprehensive loss. In addition, interest service coverage ratio and debt service coverage ratio are considered useful in the real estate industry to assess liquidity of a group of real estate assets after debt obligations are met.

The interest service coverage ratio is a method for calculating the amount of operating cash flows available to cover interest expense and is calculated by dividing net operating income NOI for the period by interest expense for the period.

The debt service coverage ratio is a method for calculating the amount of operating cash flows available to cover debt service and is calculated by dividing NOI for the period by the sum of the amounts necessary to pay debt service on outstanding indebtedness for the period. The calculations of interest service coverage ratio and debt service coverage ratio for the years ended December 31, 2019 and 2018 are set forth below.

	Year Ended December 31,	
	2019	2018
NOI	$ 6,545	$ 6,371
Interest Expense	2,660	2,709
Interest service coverage ratio	**2.5x**	**2.4x**
Debt Service	3,998	3,821
Debt service coverage ratio	**1.6x**	**1.7x**

The interest expense coverage ratio, net of capitalized interest, was 2.5 times and 2.4 times for the years ended 2019 and 2018, respectively. The debt service coverage ratio, net of amortized costs and capitalized interest, was 1.6 times and 1.7 times for the years ended December 31, 2019 and 2018, respectively. The increase in interest service coverage ratio is attributable to higher NOI in 2019. The decrease in debt service coverage ratio is attributable to higher principal payments on mortgage notes in 2019.

Off-Balance Sheet Arrangements

As of December 31, 2019, and 2018, Predecessor II did not have any off-balance sheet arrangements.

Net Operating Income

NOI is considered by management to be an important supplemental performance measure to net loss and comprehensive loss. NOI reflects the operating performance of a community and allows for an easy comparison of the operating performance of individual apartment communities or groups of apartment communities. In addition, because prospective buyers of real estate have different financing structures, with varying marginal impacts to such financing structures by acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate group of assets. Please see the reconciliation of GAAP net loss and comprehensive loss to NOI, which in the table below is the NOI for Predecessor II for the years ended December 31, 2019 and 2018 (dollars in thousands):

	Year Ended December 31,	
	2019	2018
Net loss and comprehensive loss	$ (293)	$ (555)
Adjustments:		
Depreciation and amortization	4,186	4,220
Interest expense	2,660	2,709
Interest income	(8)	(3)
NOI	**$ 6,545**	**$ 6,371**

Liquidity and Capital Resources Following the Completion of This Offering and the Formation Transactions

We believe that the proceeds from this offering and the concurrent private placement, our cash flows from operations and available borrowing capacity will be adequate to support our ongoing operations and to fund our debt service requirements, capital expenditures and working capital for at least the next 12 months.

Our Anticipated Revolving Credit Facility

We expect that a group of lenders, for whom Wells Fargo Bank, National Association will act as administrative agent, and which may include affiliates of certain of the other underwriters, will provide commitments for a senior secured revolving credit facility, allowing borrowings of up to $150 million. Wells Fargo Bank, National Association has committed to provide up to $50 million of the principal amount of the revolving credit facility. We anticipate that Wells Fargo Securities, LLC and BMO Capital Markets Corp., who are also underwriters in this offering, will act as joint lead arrangers and joint bookrunners.

We expect the revolving credit facility to be available to us concurrently with or shortly after the completion of this offering and have a term of three years, with the ability to extend the term for one year, subject to certain conditions. We also expect the revolving credit facility to include a $15 million sublimit for swingline loans and up to $15 million available for issuance of letters of credit. We also expect the revolving credit facility to have a feature that may allow us to increase the revolving credit facility from time to time up to an aggregate principal amount not to exceed $400 million, subject to meeting specified requirements.

We expect that loans (other than swingline advances) under the revolving credit facility will bear interest at the rate per annum equal to (1) LIBOR plus 2.000% to 2.850%, or (2) the base rate plus 1.000% to 1.850%, each depending on our total leverage ratio. We also expect that swingline advances will bear interest at the rate per annum equal to the base rate plus 1.000% to 1.850%, depending on our total leverage ratio. We also expect that we will pay certain fees in connection with the revolving credit facility, including an unused fee payable for the account of each lender under the revolving credit facility on the unused portion of the revolving credit facility at a rate of (a) 0.25% per annum if average daily usage of the revolving credit facility is greater 50%, and (b) 0.35% per annum if average daily usage of the revolving credit facility is less than or equal to 50%. For purposes of calculating the unused fee, we expect that the outstanding principal balance of swingline advances will not be factored into the computation.

We expect that we will be subject to customary covenants under the revolving credit facility, including, but not limited to, limitations on our ability to: (a) incur certain liens; (b) make distributions or repurchase our equity interests; (c) engage in certain affiliate transactions; (d) engage in certain fundamental changes and asset sales; (e) restrict intercompany transfers; (f) prepay or amend the terms of subordinated debt; and (g) amend our organizational documents and certain material contracts. In addition, we expect that will be subject to certain financial covenants under the revolving credit facility, including, but not limited to, maintaining certain leverage and coverage ratios, minimum tangible net worth and maximum recourse debt. Our failure to comply with these covenants or the occurrence of an event of default could result in acceleration of our debt and other financial obligations under the revolving credit facility.

We intend to use the revolving credit facility to provide ongoing working capital and for other general corporate purposes.

The commitments will be subject to closing conditions that are expected to include, among other things, successful completion of this offering, payment of fees, satisfactory completion of customary real estate due diligence with respect to the initial collateral properties and the execution and delivery of definitive documentation satisfactory to us and the lenders. There can be no assurance that all of the closing conditions will be satisfied.

Critical Accounting Policies and Estimates

The preparation of combined financial statements, in accordance with GAAP, requires the Predecessors to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. The Predecessors define critical accounting policies as those accounting policies that require the Predecessor's management to exercise difficult, subjective and complex judgments. The Predecessor's critical accounting policies and estimates relate principally to the following key areas: (i) accounting for the acquisition of investments in real estate and (ii) assessing the carrying values of our real estate properties. Specifically, determining the fair value of a real estate property after an indication of impairment is identified involves significant judgment. The Predecessors base its estimates on historical experience, current market conditions, and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates made by management.

Investments in Real Estate

Real estate projects that are operating properties are depreciated over estimated useful lives as follows:

Buildings	27 - 40 years
Land and building improvements	10 - 27.5 years
Furniture, fixtures, and equipment	3 - 5 years

The Predecessors accounts for its acquisitions of investments in real estate by assessing each acquisition to determine if it meets the definition of a business or if it qualifies as an asset acquisition. We expect the acquisition of individual operating apartment communities will generally be viewed as asset acquisitions and result in the capitalization of acquisition costs, and the allocation of purchase price to the assets acquired and liabilities assumed based on the relative fair value of the respective asset and liabilities.

The relative fair value of the tangible assets, which primarily includes land and building, is determined first by valuing the property as if it were vacant, using stabilized net operating income and market specific capitalization rates. The relative fair value of the land and building is then allocated on its estimated fair value.

In calculating the fair value of identified intangible assets of an acquired property, the in-place leases are valued based on in-place rent rates and amortized over the average remaining term of acquired leases, above-below-market assumed debt, and tax abatement fees are amortized over their remaining useful lives.

The Predecessors capitalize tax abatement fees, and the value of tax abatement fees are amortized on a straight-line basis over the remainder of the extended compliance period of each property. Above/ below market debt represents the difference between the assumed loan on a project during acquisition and the current market rate. Above/below market debt is amortized over the remaining term of an assumed loan. Above/below market leases are valued based on rent restrictions and market rents. The above/below market leases are amortized over a twelve-month period.

The Predecessors assess the carrying value of its real estate investments by monitoring investment market conditions and performance compared to budget for operating properties and by monitoring estimated costs for properties under development. Local market knowledge and data is used to assess carrying value of properties and the market value of acquisition properties. Whether events or changes in circumstances indicate that the carrying amount of a property held for investment may not be fully recoverable, the carrying amount is evaluated. If the sum of the property's expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the property, then the Predecessors will recognize an impairment loss equal to the excess of the carrying amount over the fair value of the property. Adverse changes in market conditions or poor operating results of real estate investments could result in impairment charges.

Revenue Recognition

The Predecessors leases apartment units under operating leases with terms generally of one year or less. Due to the short-term nature of the leases, our Predecessor recognizes rental revenue, net of concessions, as it becomes due over the term of the lease, when collectability is reasonably assured.

Also, included in rental revenues are other revenue, which include fees for late payments, cleaning, damages, laundry facilities, and other charges, and it is recorded when collectability is reasonably assured.

Opportunity Zone Fund Compliance

We intend to operate in conformity with the requirements to be treated as an Opportunity Zone Fund commencing with the month of the closing of this offering. Treatment of the Company as an Opportunity Zone Fund involves complying with technical and operational requirements that differ from and will be in addition to the requirements for the Company to be treated as a REIT. Final Treasury regulations under the Opportunity Zone program have only been recently issued with respect to certain aspects of the legislation, and the IRS has otherwise provided only limited guidance with respect to the Opportunity Zone program, therefore our ability to comply with the requirements to be treated as an Opportunity Zone Fund is subject to considerable uncertainty, and many aspects regarding Opportunity Zone Funds are unclear.

REIT Compliance

We also intend to elect to be taxed as a REIT under the Code commencing with our taxable year ending December 31, 2020. Qualification as a REIT involves the application of highly technical and complex provisions of the Code to our operations and financial results and the determination of various factual matters and circumstances not entirely within our control. We believe that our current organization and proposed method of operation comply with the rules and regulations promulgated under the Code to enable us to qualify as a REIT beginning with our taxable year ending December 31, 2020. However, it is possible that we have been organized in a manner that would not allow us to qualify as a REIT, or that our future operations could cause us to fail to qualify.

If we fail to qualify as a REIT in any taxable year, then we will be required to pay U.S. federal income tax on our taxable income at regular corporate rates. If we lose our REIT status, then our net earnings available for investment or distribution to stockholders would be significantly reduced for each of the years involved, and we would no longer be required to make distributions to our stockholders.

New Accounting Pronouncements

For a description of the impact of new accounting pronouncements on the Predecessors' respective financial statements, refer to Note 1 to the Predecessors' historical combined financial statements for the years ended December 31, 2019 and 2018.

Forward-Looking Statements

Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this prospectus which are not historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including statements regarding the Predecessors' expectations, estimates, assumptions, hopes, intentions, beliefs and strategies regarding the future. Words such as "expects", "anticipates", "may", "will", "intends", "plans", "believes", "seeks", "estimates", and variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements include statements regarding the Predecessors' expectations as to the timing of completing and current development and redevelopment projects and the stabilization dates of such projects, expenditures, future acquisitions, the Predecessors' development and redevelopment pipeline and the sources of funding for it, the anticipated performance of existing properties, anticipated property and growth trends in various geographic regions, the Predecessors' financing activities, and the use of proceeds for such activities.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements including, but not limited to, failure of the Predecessors to achieve its business objectives, delays in the actual completion of development and redevelopment projects, failure of stabilization dates of such projects and acquisitions to meet expectations, inaccurate estimates of future income acquired from properties, increased interest rates and operating costs, failure to generate adequate cash flows to meet operating requirements and/or provide for dividend payments in accordance with the REIT requirements, failure of capital expenditures to meet the Predecessors' expectations, a downturn of general economic conditions, the real estate industry and markets in which the Predecessors' apartment communities are located, terms of any refinancing less favorable than the terms of existing indebtedness, as well as those risks, special considerations and other factors discussed in the section of this prospectus entitled "Risk Factors." All forward-looking statements are made as of the date of this prospectus, and the Predecessors assume no obligation to update this information.

MARKET OPPORTUNITY

We will be the first publicly traded REIT to pursue a strategy focused on affordable and workforce multifamily housing. We believe these sectors present a compelling opportunity for us to generate attractive, stable returns for our stockholders. Demand for affordable housing far exceeds supply, tends to be higher when compared to other types of multifamily properties, and is generally more consistent across economic cycles. As a result of the significant supply/demand imbalance in these sectors, property lease up at affordable and workforce rental properties is typically faster, tenant tenure is typically longer and unit vacancy is typically shorter compared to market-rate multifamily properties, resulting in lower operating costs and more stable returns. We also believe that the size and fragmented nature of the affordable and workforce housing sectors will provide significant opportunities for us to acquire, develop and redevelop additional properties and grow our portfolio over time. As a public company with enhanced access to capital, we expect our business to be well positioned to take advantage of these opportunities.

Large and Fragmented Market

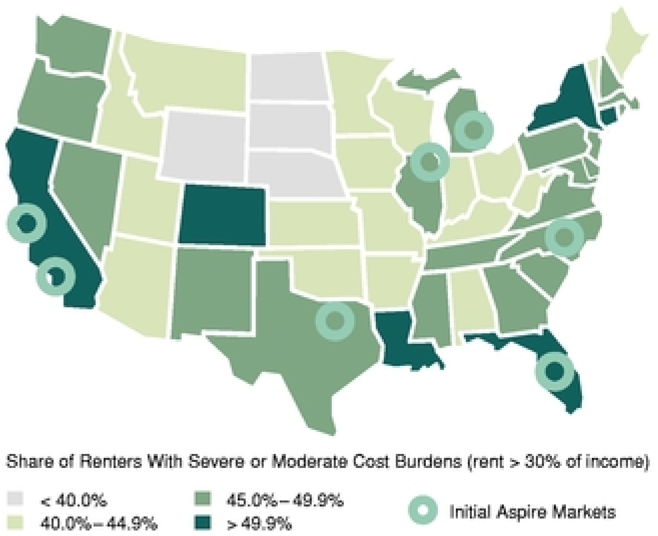
Affordable housing represents approximately half of the multifamily housing sector in the United States. According to the RCLCO 2019 Report, there are approximately 10.2 million affordable housing units in the United States, representing approximately half of all housing units in the multifamily market. The 10.2 million affordable housing units include both rent-regulated and unregulated housing and are comprised of approximately 5.3 million naturally occurring units and 4.9 million stabilized units. Despite the size of the affordable housing segment, the market remains fragmented and underserved by institutional capital, which we attribute to high barriers to entry, including the costs necessary to develop or redevelop affordable housing projects, limited availability of tax credits and the experience and specialized knowledge required to own and manage rent-regulated properties in compliance with applicable regulations.

Demand Driven by Significant Number of Cost-Burdened Renters

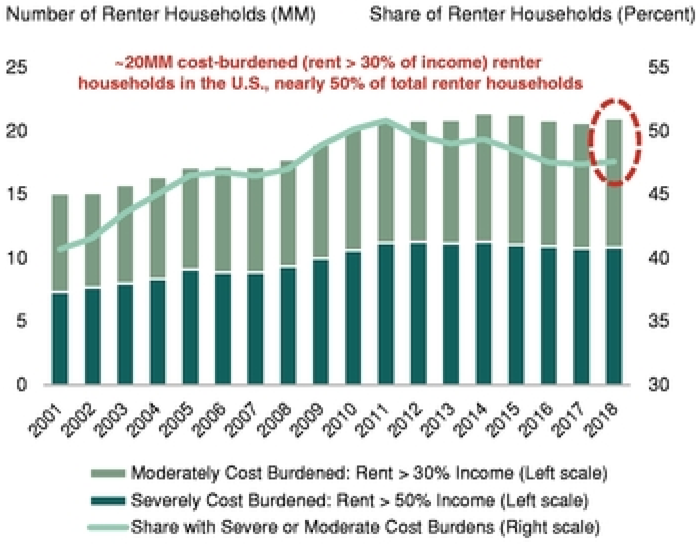
Demand for affordable housing in the United States has consistently outpaced supply and continues to rise due to increasingly expensive rents for market rate units combined with wage stagnation for middle-income and lower-income households. Across the U.S., many lower-income and moderate-income households find it challenging to cover their basic living expenses, as housing costs comprise a significant proportion of their incomes. According to the "America's Rental Housing 2020" report by the Joint Center for Housing Studies of Harvard University (the "JCHS 2020 Report"), in 2018 approximately 20.8 million renter households were cost-burdened, spending more than 30% of income on rent and utilities. More than half of those renter households, or approximately 10.9 million households, were severely cost-burdened, spending in excess of 50% of income on housing costs.

As shown in the charts below, 47.5% of renters in the U.S. were cost-burdened in 2018 and, in 46 states, more than 40% of renters were cost-burdened. Despite improvements since the peak in 2011, the overall share of cost-burdened renters was 6.9% higher in 2018 than 2001, while the share of severely cost-burdened renters increased by 4.6%. According to the JHCS 2020 Report, these longer-term increases reflect the fact that renter incomes grew just 1.4% from 2001 to 2018 while rents increased by 13.9%. Further, the aggregate number of cost-burdened rental households grew by approximately 3 million from 2008 through 2018, a period during which real median household income grew at a 0.7% compounded annual growth rate, according to the U.S. Census Bureau.

High Rates of Cost-Burdened Renters (Rent > 30% of Income) Nationwide and in Aspire's Initial Markets


Share of Renters With Severe or Moderate Cost Burdens (rent > 30% of income)
< 40.0%
40.0%–44.9%
45.0%–49.9%
> 49.9%
Initial Aspire Markets

Number of Cost-Burdened Renter Households Keeps Growing While Share Remains Near Record Highs



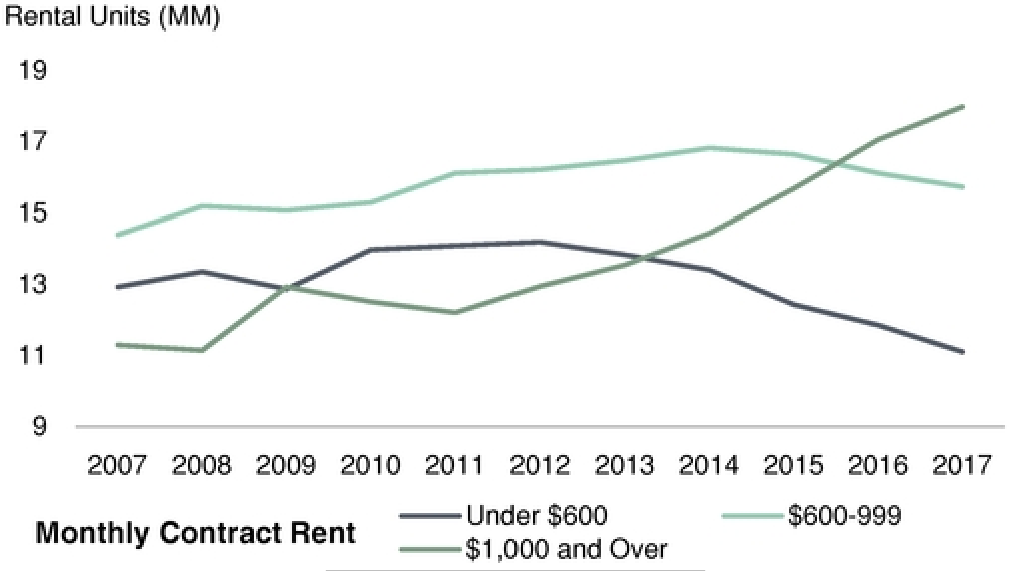
"Renters with Cost Burdens" are defined to be households with housing costs that represent more than 30% of household income.
Source (left): JCHS 2020 Report; data tabulated from US Census Bureau, 2018 American Community Survey 1-Year Estimates; households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens
Source (right): JCHS, "Nearly Half of American Renters Are Cost Burdened", 2020

Substantial Shortage in Supply of Affordable and Workforce Multifamily Housing

While the number and share of cost-burdened renters remain near record highs, there is a substantial shortage of affordable and available rental units in the U.S. According to "The Gap: A Shortage of Affordable Homes", a March 2020 report by the National Low Income Housing Coalition (the "NLIHC"), there was a shortage of 7.5 million affordable and available rental units for households with income at or below 50% of AMI in 2018, with 57 units affordable and available for every 100 households. For households with income at or below 30% of AMI, there was a shortage of approximately 7.0 million units, with 36 units affordable and available for every 100 households.

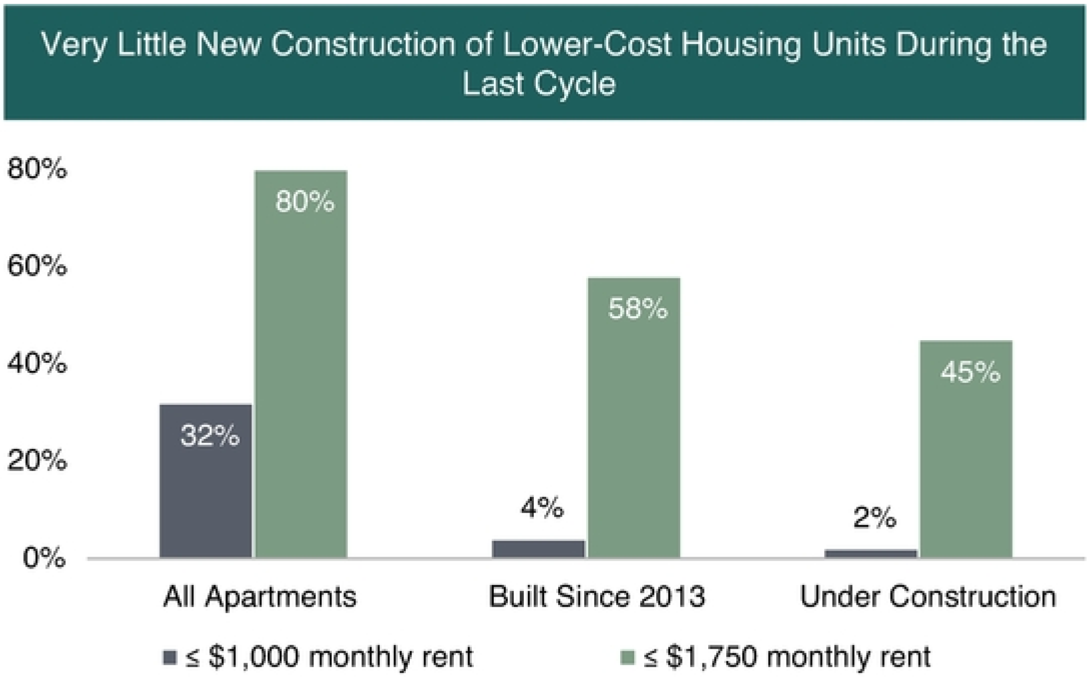
As illustrated in the chart below, the higher-rent segment of the multifamily market has grown in recent years while the lower-cost segment has declined. According to the JCHS 2020 Report, during the period from 2012 to 2017, the number of units with monthly contract rent of under $600 decreased by 3.1 million units, while the number of units with monthly contract rent of $1,000 per month or more increased by 5.0 million units. Supply for units with monthly contract rent of $600-$999 declined by 450,000 units. The decline in low-cost units brought their share of the national rental stock down from 33% in 2012 to just 25% in 2017, with decreases in every state.

Supply of Lower-Cost Housing Units Has Decreased in Recent Years; Growth Concentrated in Luxury End of Market



Rental units may be occupied, vacant for rent, or rented but unoccupied and exclude units occupied without cash rent. Dollar values are adjusted for inflation using the CPI-U for all items less shelter. Contract rent excludes all utilities paid separately.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates via IPUMS USA

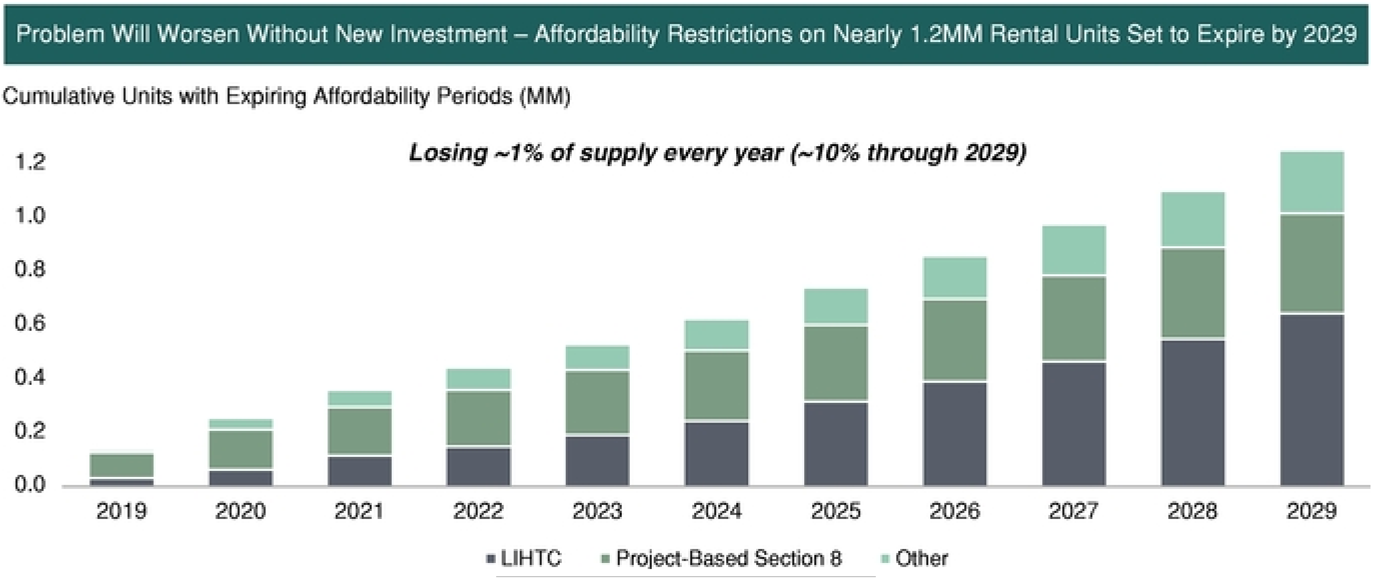
Construction of new rental units has not addressed the shortfall in affordable housing and has largely targeted the higher-rent segment of the market due in part to limited availability of tax credits and rising costs of land, labor and materials. According to the Survey of Market Absorption, only 9% of apartments in unsubsidized multifamily buildings completed in the first quarter of 2018 had asking rents below $1,050, and only 4% rented for less than $850. In addition, as illustrated in the chart below, according to data from Fannie Mae, only 4% of apartments built since 2013 and only 2% of apartments under construction as of the fourth quarter of 2019 had asking rents or anticipated rents of less than or equal to $1,000.



Source: Fannie Mae data, as of the fourth quarter of 2019; assumes 30% of income needed to afford apartment; excludes federally subsidized units

The focus of new construction on higher-cost units has shifted the overall distribution of rents upward. Rising construction costs and added amenities have also pushed up asking rents for all units, including affordable units. According to data from the JCHS, in 2011 the median asking rent for new rentals was 48% ($350 per month) higher than the median contract rent. By comparison, the 2018 median asking rent for new rental units was $1,620, or 78% ($700 per month) higher than existing apartments. Further, according to the JCHS 2020 Report, during the five year period from the third quarter of 2014 through the third quarter of 2019, overall apartment rents rose by approximately 18% nationally.

As indicated above, the supply of affordable housing has declined in recent years and additional units are at risk of loss from the affordable stock. According to JCHS's "The State of the Nation's Housing 2018," citing a Hudson Institute analysis, 60% of low-cost rental units in 1985 were lost by 2013 through permanent removal (27%), conversions to other uses (18%) or upgrading to higher rents (12%). Further, as illustrated in the chart below, affordability restrictions are set to expire on 1.2 million rental units by 2029 which, absent new investment, will further diminish the supply of affordable housing.



Problem Will Worsen Without New Investment – Affordability Restrictions on Nearly 1.2MM Rental Units Set to Expire by 2029

Cumulative Units with Expiring Affordability Periods (MM)

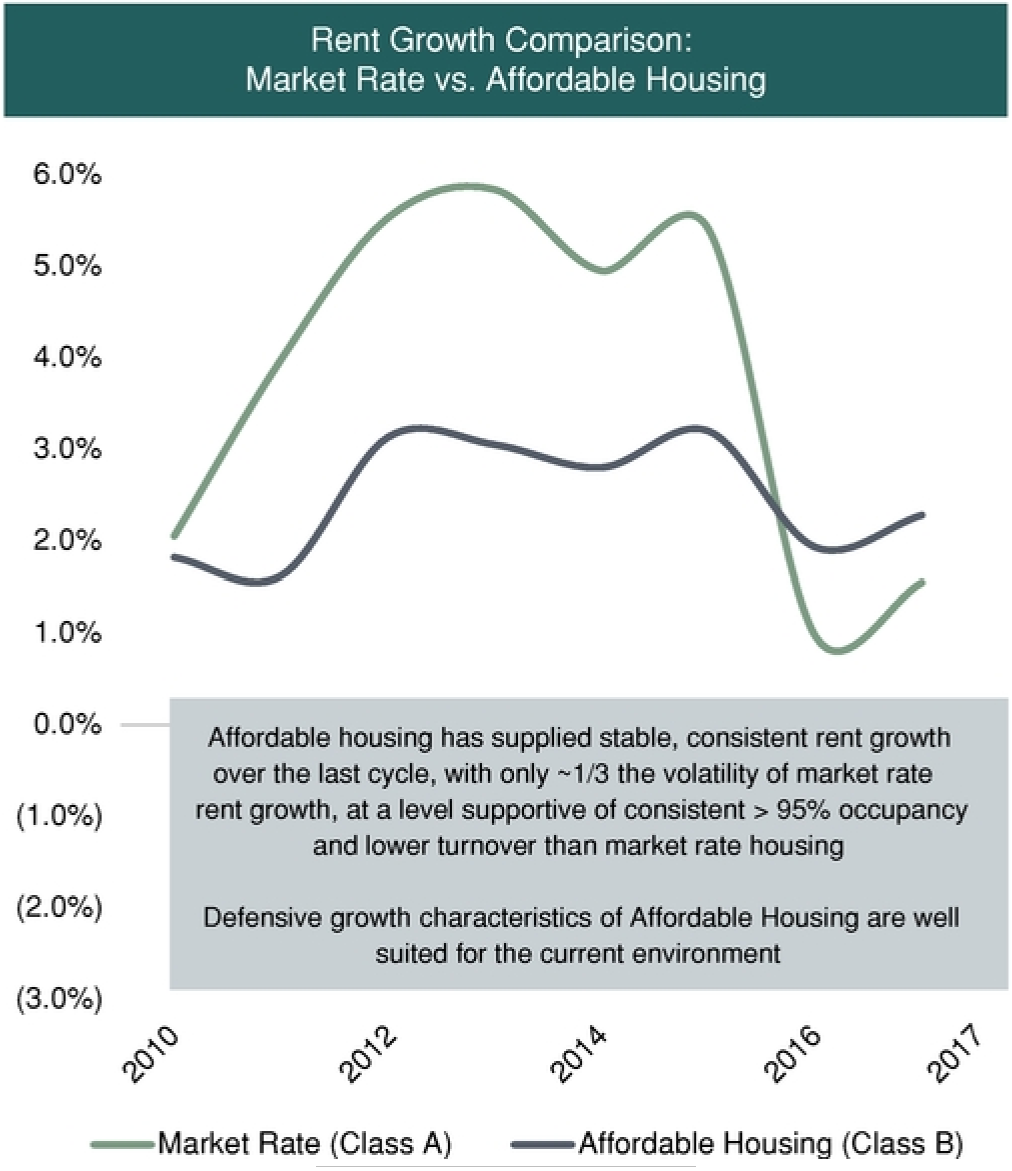
Losing ~1% of supply every year (~10% through 2029)

Data includes properties with active subsidies as of January 1, 2019. Other includes units funded by HOME Rental Assistance, Section 236 Insurance, Section 202 Direct Loans, USDA Section 515 Rural Rental Housing Loans, and units with more than one subsidy type expiring on the same day.

Source: JCHS tabulations of data from Public and Affordable Housing Research Corporation and NLIHC

Supply/Demand Imbalance Drives Occupancy and Rent Growth

The affordable and workforce housing segment continues to experience increasing demand for, and a shortage in supply of, available units. As a result of this supply/demand imbalance, property lease up at affordable and workforce rental properties is typically faster, tenant tenure is typically longer and unit vacancy is typically shorter as compared to market-rate multifamily properties. This reduced turnover results in lower operating costs and more stable returns, benefiting the overall performance of the properties. According to the RCLCO 2019 Report, during the period from 2010 to 2017, affordable housing has supplied stable, consistent rent growth, with only one-third of the volatility of market-rate rent growth, at a level supportive of consistent occupancies greater than 95%.



Rent Growth Comparison:
Market Rate vs. Affordable Housing

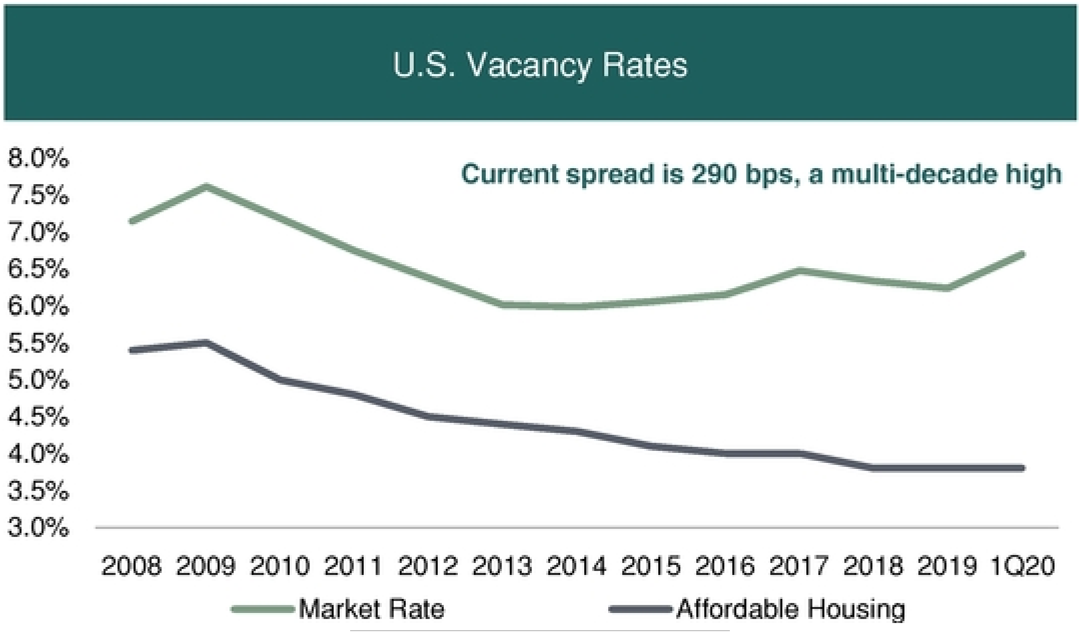
Affordable housing has supplied stable, consistent rent growth over the last cycle, with only ~1/3 the volatility of market rate rent growth, at a level supportive of consistent > 95% occupancy and lower turnover than market rate housing

Defensive growth characteristics of Affordable Housing are well suited for the current environment

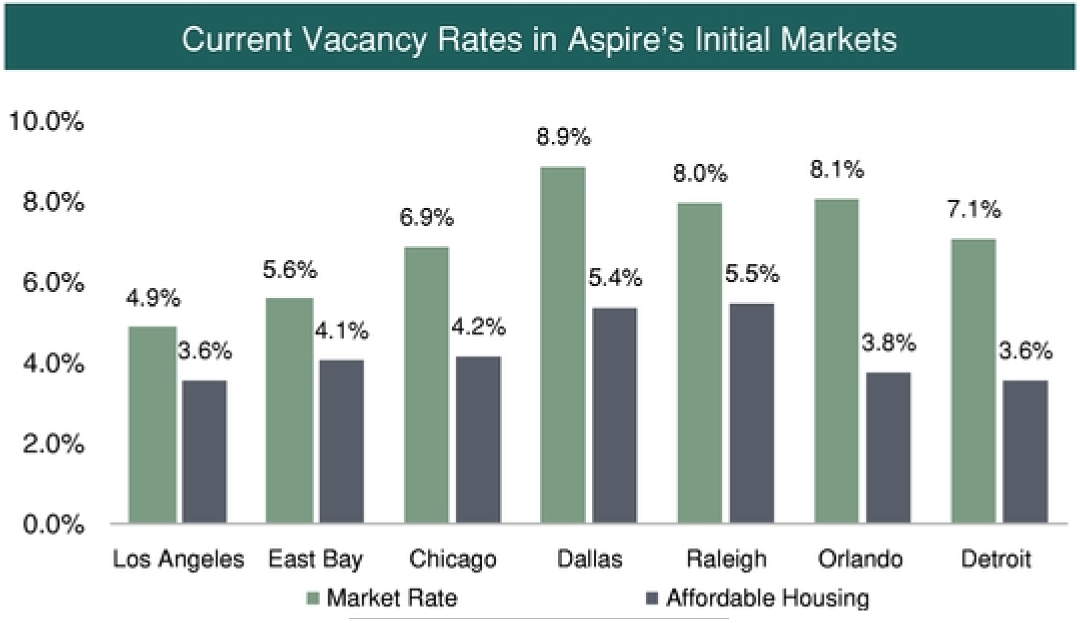
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
(1.0%)
(2.0%)
(3.0%)
2010
2012
2014
2016
2017
Market Rate (Class A)
Affordable Housing (Class B)

Source: RCLCO 2019 Report

The following charts set forth certain information regarding U.S. vacancy rates for affordable housing and market-rate properties in the U.S. and in the markets in which the properties comprising our initial portfolio are located.



Source: CoStar Group, www.costar.com, data as of 1Q20



Source: CoStar Group, www.costar.com, data as of 1Q20

Affordable and Workforce Housing Programs

Rent-regulated housing is an important component of the multifamily sector and comprises 24% of all multifamily properties. There are 4.9 million rent-regulated units across the United States and more than $100 billion in private equity capital has been generated from the sale of tax credits since the inception of the LIHTC Program. Founded in 1986, the LIHTC Program uses tax credits to encourage private developers to create and preserve affordable housing for a fixed period of time (generally 15 years). Once the affordability period is over, owners can generally seek regulatory relief from the LIHTC covenants on their property. Residents who choose to rent an apartment home in a LIHTC community should expect to meet stringent screening criteria pertaining to set-aside limits based on a percentage of the AMI in exchange for a discounted rent. Not only do residents qualify ahead of their initial move-in, they recertify annually in order to ensure compliance. Property owners who fail to adequately supervise and ensure resident compliance with property covenants can face significant consequences, including fines. The compliance skillset required is highly specialized, and, as a result, owners of rent-regulated housing must employ certified professionals to coach and supervise the on-site employees with regard to record keeping, policies and processes or risk facing significant consequences. Avanath has a track record of acquiring LIHTC properties, and we plan to participate in the LIHTC Program and other affordable programs to finance the redevelopment of our properties, including certain of the properties in our initial portfolio.

Aside from the LIHTC Program, Section 8 Housing is another affordable housing program option. There are two Section 8 Housing options: Project Based Section 8 which signifies an apartment community or property has a pre-established HUD funding layer that runs with the property and a Section 8 (Housing Choice Voucher) that is portable and held by the renter. In either instance, the resident generally pays no more than 40% of their income toward their rent. Both the Section 8 Housing and LIHTC Programs are among the most successful tools utilized by the federal government in response to housing needs. In the recent budget year, HUD received approximately $54 billion dollars in funding, and more than $20.5 billion dollars of that funding is spent on housing choice vouchers.

Because rental rates are tied to AMI, increases in rental rates on rent-regulated housing are generally less dramatic than those of conventional, market rate housing. This creates greater stability for renters and leads to less turnover for property owners as a result. However, as year 15 approaches and rent-regulated housing nears the expiration of its initial affordability period, residents of rent-regulated housing units are at risk of losing this stability as a property owner may choose to convert the property from rent-regulated to market rate housing without consequence.

With diminishing rent restricted supply, renters continue to spend more of their income towards rent. This makes it more difficult for renters to build the financial wherewithal necessary to obtain the financing that they need in order to purchase a home. This dynamic, combined with a lack of affordable options for first time homebuyers, makes owning a home out of reach for many renters in even the most affordable housing markets in the United States, creating even more demand for lower cost rental housing.

Government Programs

In addition to the programs described above, the U.S. government has taken other steps to address the shortage of affordable housing. The following is a description of certain examples of these government programs.

Federal Grant Programs. Within the HUD's Office of Community Planning and Development, the Office of Affordable Housing Programs administers the following grant programs designed to increase the availability of affordable housing:

The HOME Investments Partnerships Program. This program provides grants to states and local governments to fund a wide range of activities, including (1) building, buying, and/or rehabilitating housing for rent or homeownership and (2) providing direct rental assistance to low-income families. The HOME Investments Partnerships Program is the largest federal block grant program for state and local governments designed exclusively to create affordable housing for low-income households.

National Housing Trust Fund. The National Housing Trust Fund supports the acquisition, new construction, or reconstruction of rental units for extremely low-income families or families with incomes below the poverty line, whichever is greater.

HAP Contracts. Housing Assistance Payments ("HAP") contracts specify the number of units in a particular mortgaged property for which assistance will be provided under Section 8 ("Section 8") of the Housing Act of 1937, as amended (the "Housing Act"). Under the HAP contracts, the HUD provides Section 8 rental subsidies to the project owners in an amount equal to the difference between the HUD approved rent for a particular assisted unit and the HUD required rental contribution from eligible tenant families. The Housing Act prescribes as the requisite tenant rental contribution an amount equal to the greatest of (i) 30% of the tenants' family monthly adjusted income, (ii) 10% of the tenants' family monthly gross income, and (iii) if the tenant family receives welfare assistance from a public agency and a portion of such assistance is adjusted in accordance with the family's actual housing costs, the monthly portion of the welfare assistance so adjusted. For Section 8 assisted units for which the cost of utilities is not included in rent, the tenant rental contribution includes the amount of HUD's estimate of the average monthly cost of utilities and other services (excluding telephone) for the unit in question.

Housing Choice Vouchers. The housing choice voucher program is a federal government program for assisting very low-income families, the elderly, and the disabled with affording housing in the private market. Participants in the program are free to choose any housing that meets the requirements of the program and are not limited to units located in subsidized housing projects. Housing choice vouchers are administered locally by public housing agencies ("PHAs"). The PHAs receive federal funds from HUD to administer the voucher program. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. This unit may include the family's present residence. Rental units must meet minimum standards of health and safety, as determined by the PHA. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, if authorized by the PHA, a family may use its voucher to purchase a modest home.

Mortgage Insurance. HUD offers programs that provide mortgage loan insurance to facilitate the purchase or refinancing of multifamily rental housing. These programs insure lenders against losses on mortgage defaults, with the goal of increasing the supply and quality of multifamily rental housing.

Community Reinvestment Act. A potential benefit of Opportunity Zones for banks and other financial institutions is that loans or investments in economically distressed areas may help banks meet their obligations under the Community Reinvestment Act of 1977, as amended (the "CRA"). The CRA was enacted to encourage banks and other financial institutions to help meet the credit needs of their communities. When a financial institution requests approval for a charter, bank merger, acquisition or branch opening from certain federal regulatory agencies, the CRA requires these agencies to assess that financial institution's record in complying with the CRA. In general, pursuant to the CRA, banks may make investments in community and economic development entities and projects that promote public welfare, including affordable housing in low-and moderate-income areas. Given the fact that many Opportunity Zones are located in low-income census tracts, we will seek guidance from federal regulatory agencies to determine whether investments in our common stock will allow banks and other financial institutions to receive favorable consideration under the CRA and the regulations promulgated thereunder.

Opportunity Zones

The Opportunity Zone program was established by Congress in the 2017 Tax Act as an innovative approach to incentivize long-term private sector investments in low-income, economically distressed communities. The goal of the program is to economically revitalize underserved markets and create jobs. The Opportunity Zone program is unique in that it provides a vehicle for investors to defer taxes on prior capital gains and reduce subsequent taxes, depending on their holding period and date of investment, which is not possible through most traditional investment vehicles. Opportunity Zone Funds use the capital invested to make qualifying investments in real estate property or businesses that are located and operate within Opportunity Zone-designated census tracts. The U.S. Department of the Treasury has certified over 8,760 individual census tracts across all 50 states, six territories, and the District of Columbia as Opportunity Zones.

The market potential for the program is significant, with $6.1 trillion in unrealized capital gains held as of March 2018 by U.S. corporations and households, according to the Economic Innovation Group ("EIG"). The diverse makeup of Opportunity Zones, both in terms of geography and underlying development opportunity, is central to our investment strategy. We believe the potential for a diversified portfolio of Opportunity Zone real property investments across a range of markets at different stages of development will help manage the risks associated with an investment strategy focused on underserved real property markets.

BUSINESS AND PROPERTIES

Our Company

We are a newly incorporated Maryland corporation formed to invest in, develop, redevelop and manage a portfolio of primarily affordable and workforce multifamily housing in dynamic U.S. metropolitan areas. We will be the first publicly traded REIT to pursue a strategy focused on affordable and workforce multifamily housing. These sectors historically have been fragmented in ownership and underserved by institutional capital, yet they comprise a majority of the U.S. multifamily market (by units) and offer strong long-term fundamentals to generate attractive returns for investors. Moreover, we intend to elect and qualify as the first publicly traded Opportunity Zone Fund REIT listed on a national securities exchange, which we expect will provide our investors with meaningful QOZ Tax Benefits.

Our strategy is to focus on acquiring existing income producing affordable and workforce multifamily properties, some of which we intend to redevelop by upgrading existing housing units, adding additional units to existing buildings, and/or constructing new buildings within the property or on adjacent land that we purchase. We will also undertake ground up development of new affordable and workforce multifamily housing in vibrant, supply-constrained markets, in circumstances where we believe we will be able to leverage our management team's experience and relationships to generate strong risk-adjusted returns for our stockholders. Up to 30% of our portfolio may be comprised of, stabilized and value add properties for which we do not intend to undertake significant redevelopment work, including properties located outside of Opportunity Zones. We believe that the affordable and workforce housing sectors offer attractive risk-adjusted returns, with superior supply and demand dynamics and greater fragmentation of existing ownership than the market-rate segment of the multifamily market.

Our initial portfolio will be comprised of nine multifamily projects (our "initial properties"), six of which are located in an Opportunity Zone. The combined estimated total project cost for our initial properties, including initial purchase prices plus development and redevelopment costs, which include capitalized construction loan interest expenses, if any, is approximately $582.4 million. Consistent with our strategy, three of the initial properties are stabilized existing operating properties (approximately 17% of estimated total project cost), five of the initial properties are redevelopments of existing operating properties (approximately 76% of estimated total project cost) and one of the initial properties is a ground up development (approximately 7% of estimated total project cost). Our initial portfolio will be concentrated in vibrant, supply-constrained markets where our management team has strong existing relationships. In addition to our initial portfolio, we maintain an acquisition pipeline of additional prospective investments located both within and outside of Opportunity Zones, focused on assets in high growth metropolitan areas with close proximity to mass transportation, healthcare and social infrastructure.

Experienced Manager with Decades of Affordable and Workforce Housing and Development Experience

We will be externally managed and advised by our Manager, which is majority owned and controlled by an affiliate of Avanath, a real estate investment manager that invests in property markets nationwide on behalf of pension funds and other institutional investors through commingled funds. Our President and CEO Daryl J. Carter, an investment executive with a 39-year track record in building and managing successful commercial real estate enterprises, founded Avanath in 2008. Avanath is principally focused on the affordable and workforce multifamily housing sectors and is one of the leading national investors and one of the few institutional investors operating at scale in these fragmented sectors. Avanath's primary strategy is to invest in high-quality multifamily apartment communities in established residential neighborhoods in markets with high income growth and a significant supply/demand imbalance. Apartment communities owned and operated by Avanath typically enjoy amenities such as pools, gyms, clubhouses and well-appointed unit interiors. Avanath has a long track record of investing in areas now categorized as Opportunity Zones under the 2017 Tax Act. As of June 30, 2020, Avanath had approximately $2.2 billion in gross assets under management from 49 institutional investors, and its managed funds owned 80 apartment communities with approximately 10,560 units. This managed portfolio includes 11 apartment communities containing approximately 1,936 units located in areas now designated as Opportunity Zones. Five of these apartment communities located in Opportunity Zones are included in our initial portfolio, which we will acquire in the formation transactions. These properties will contain a total of approximately 1,679 units upon completion of their redevelopment. Our initial portfolio will also include one workforce housing development project located in an Opportunity Zone that an affiliate of Avanath is in the process of acquiring from unaffiliated third parties. Additionally, three apartment communities from Avanath-managed funds not located in Opportunity Zones containing approximately 633 total units will be included in our initial portfolio.

Our Manager's expertise in the affordable and workforce multifamily sectors will be enhanced by its access to the real estate investment platform of MacFarlane, which also owns an interest in our Manager. MacFarlane is an experienced real estate investment and development firm that focuses on urban property markets. Over the past three decades, MacFarlane has managed more than $20 billion in real estate assets in nearly 40 metropolitan areas nationwide. The firm is recognized as a pioneer of the urban investment concept, having formed one of the institutional investment management industry's first urban ventures in 1996. Victor MacFarlane, Chairman and CEO of MacFarlane, will serve as the Chairman of our Board upon completion of this offering.

Through various ventures and initiatives, Messrs. Carter and MacFarlane enjoy a working relationship that has spanned over three decades. The combined sponsorship of Avanath and MacFarlane, under the leadership of Messrs. Carter and MacFarlane, will provide our company with the benefit of decades of experience in affordable and workforce housing and urban development in under-invested communities. We believe that this will enhance our ability to identify investment opportunities consistent with our target strategy, execute on such investments quickly and effectively and efficiently manage our properties to generate attractive returns for our shareholders.

Our development and redevelopment strategies include engaging smaller developers with local market expertise, including minority owned and controlled real estate developers. In our development projects, we will focus on employing contractors and property level employees from the immediate area, and we will seek to engage minority contractors when and wherever reasonably possible. In addition, we will work with local non-profit organizations in order to provide supportive services for our residents.

Attractive Risk-Adjusted Returns Supported by Strong Long-Term Market Dynamics

We believe attractive risk-adjusted returns in affordable and workforce housing can be achieved by: (i) investing in vibrant markets with high income growth; (ii) targeting acquisition of properties on an off-market basis through existing relationships; and (iii) implementing operational improvements through expense management and providing community-based services and activities that enhance the lifestyle of our residents. Capitalization rates for stabilized, higher quality affordable and workforce housing assets generally trade in the range of 4.0% to 5.5% depending on market, age of the property, unit mix, nature and timing of any rent restrictions and economic and market conditions. Market-rate assets in our target markets generally trade for capitalization rates in the range of 3.75% to 5.0%. For our redevelopment and development investments, we intend to undertake projects which underwrite to approximately 50 to 150 basis points of additional yield on cost upon stabilization compared to acquisitions of stabilized properties in the same market.

Given the scarcity of available units in affordable and workforce housing, lease up of new units tends to be faster and more predictable and tenants tend to reside in their units longer, resulting in less volatility in occupancy and reduced unit turnover costs (i.e., lower ongoing capital expenditure requirements) as compared to the market-rate segment of the multifamily market, with rent growth in line with market-rate units. We believe redevelopment properties within Opportunity Zones are particularly attractive as the properties provide current cash flow to our company while the redevelopment is in process. We seek to generate strong risk-adjusted returns that are independent of the incremental QOZ Tax Benefits available to our stockholders.

Moreover, the demand for affordable and workforce housing is very strong, as a high percentage of renters in the United States spend more than 30% of their household income on housing, including rent and utilities. Additionally, most of the new supply in the multifamily sector over the last several years has been focused on higher rent product and often specific submarkets catering to higher earning millennials. Furthermore, very little new affordable housing has been built for renters earning less than 60% of AMI and very little new product has been built in submarkets now designated as Opportunity Zones. See the section of this prospectus entitled "Market Opportunity" for more detail on these attractive supply and demand dynamics.

First Publicly Traded REIT Listed on a National Securities Exchange to Qualify as an Opportunity Zone Fund

We intend to elect and qualify as an Opportunity Zone Fund, and we would be the first publicly traded REIT listed on a national securities exchange to achieve this qualification. An Opportunity Zone Fund is a special type of company that was created by Congress in the 2017 Tax Act to incentivize long-term private sector investments in low-income, economically distressed communities. Provided that we qualify and maintain our qualification as a REIT, our company will generally be free from U.S. federal corporate income tax to the extent we distribute our net taxable income to our stockholders. In addition, so long as we qualify and maintain our qualification as an Opportunity Zone Fund, our stockholders will be eligible for QOZ Tax Benefits, including the right to (i) temporarily defer capital gain from other investments to the extent such gain is invested in shares of our common stock within 180 days after such gain is incurred by the stockholder (subject to special rules for eligible gain realized through an investment in a pass-through entity, REIT, or RIC and provided that, if an investor's 180-day period was to expire on or after April 1, 2020 and before December 31, 2020, such investor has until December 31, 2020 to invest such gain), (ii) permanently exclude up to 10% of that gain if the investment in our common stock is made by December 31, 2021 and is held for a period of at least five years, and (iii) permanently exclude all capital gain arising out of their investment in shares of our common stock attributable to periods through December 31, 2047, provided certain conditions are satisfied, including a requirement to hold shares of our common stock for at least ten years. Following the closing of this offering, it is expected that investors that purchase outstanding shares of our common stock from an existing investor utilizing eligible capital gains will be eligible for QOZ Tax Benefits.

To qualify as an Opportunity Zone Fund, we will be required to invest a significant amount of our capital in real properties that are located within designated Opportunity Zones and will be required to be the original user of the property (as defined in the Opportunity Zone tax legislation) or to make substantial improvements (as defined in the Opportunity Zone tax legislation) to each property by investing additional capital that generally doubles the tax basis of the existing real property improvements (excluding land value) within the time periods specified by the final Treasury regulations promulgated under the 2017 Tax Act. Our strategy is to focus primarily on investments in the affordable and workforce segments of the multifamily housing sector, which we believe offer attractive risk/return dynamics and are specifically well suited for Opportunity Zone investing.

We expect to acquire our initial properties through a partnership subsidiary that is expected to qualify as being engaged in an Opportunity Zone Business. Although a portion of our investments Non-OZ Investments, consistent with the requirements of the Opportunity Zone legislation, our investment policy will require that at least 70% of the value of the properties in which our subsidiary partnership invests qualify as Opportunity Zone Business Property. We will target affordable and workforce multifamily housing investments both inside and outside of Opportunity Zones primarily in transitioning metropolitan markets that have vibrant, growing economies. We will also selectively target stabilized and value add properties both inside and outside of Opportunity Zones where we do not plan to double the tax basis of the real property improvements of the property. We will limit our Non-OZ Investments so as to allow us to maintain our Opportunity Zone Fund status. We intend to invest primarily in locations close to mass transportation, healthcare, employment and social infrastructure.

Our Initial Properties

Concurrently with or shortly after the closing of this offering and the concurrent private placement, we will contribute, directly and indirectly through Aspire TRS, the net proceeds of the offering and concurrent private placement to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will acquire an initial portfolio comprised of nine multifamily properties across six states for an aggregate purchase price of approximately $260.4 million in cash.

Our initial portfolio will include three stabilized multifamily properties that are not located in Opportunity Zones. We will purchase these three properties (Country Wood, Coopers Crossing and Wellington Woods) from a private investment fund that is managed by Avanath for an aggregate purchase price of approximately $82.5 million. The purchase price for these properties is based on third party appraisals, which approximate fair value.

Six of the properties in our initial portfolio are located in Opportunity Zones. The combined estimated total project cost for the six Opportunity Zone properties, including the purchase price and future estimated development and redevelopment costs, which include capitalized construction loan interest expenses, if any, is approximately $485.4 million. Five of the Opportunity Zone properties in our initial portfolio (Arbors at Cary, Academy at Waterford Lakes, Woodside Senior, Oak Village and Seaport Village) are existing operating properties which we will purchase from a private investment fund that is managed by Avanath for an aggregate purchase price of approximately $176.4 million. The purchase price for these properties is based on a combination of third party appraisals, broker opinions of value and the current book value of the properties, which approximates fair value. The sixth Opportunity Zone property (North End Landings) is a proposed ground up workforce housing multifamily development project. We will acquire from an Avanath affiliate certain parcels of land that it currently controls as well as additional parcels of land from third parties, including City of Detroit Land Bank Authority. The aggregate purchase price for these land parcels is expected to be $1.5 million. The purchase prices for the land parcels that comprise this project were negotiated with private land owners, Vanguard Community Development Corporation and the City of Detroit Land Bank Authority.

We have entered into purchase and sale contracts to purchase the nine properties comprising our initial portfolio. The acquisition of these properties is still subject to, among other things, the completion of this offering, customary closing conditions and the satisfactory completion of due diligence. Accordingly, we cannot assure you that we will acquire these properties on the terms described above or at all.

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The following provides certain information about the properties in our initial portfolio.

Name of Property	Location	Description	Occupancy Nine Months ended September 30, 2020(1)	2019 Average Monthly Rent	2019 Total Revenues (in millions)	2019 Net Operating Income (in millions)(2)	Current Units	Projected Units	Purchase Price (in millions)	Est. Total Project Cost(3) (in millions)	Est. Start Date	Con
Stabilized:												
Country Wood	Naperville, IL	Affordable	97.1%	$ 1,000	$ 2.2	$ 0.8	180	180	$ 20.0	$ 23.9	N/A(4)	
Wellington Woods	Kissimmee, FL	Affordable	98.9%	$ 865	$ 4.1	$ 2.0	360	360	$ 51.0	$ 59.5	N/A(4)	
Coopers Crossing	Irving, TX	Affordable	96.1%	$ 1,082	$ 1.2	$ 0.4	93	93	$ 11.5	$ 13.6	N/A(4)	
Subtotals/Weighted Average:				$ 935	$ 7.5	$ 3.2	633	633	$ 82.5	$ 97.0		
Redevelopments:												
Arbors at Cary	Cary, NC	Workforce Housing	70.3%(5)	$ 851	$ 1.9	$ 0.1(6)	248	268	$ 19.8	$ 45.7	Dec-20	
Academy at Waterford Lakes	Orlando, FL	Affordable	99.1%	$ 824	$ 2.4	$ 1.1	228	378	$ 24.0	$ 52.6	Jan-21	
Seaport Village	Long Beach, CA	Workforce Housing	97.3%	$ 1,605	$ 7.0	$ 3.6	358	637	$ 89.9(7)	$ 244.0(8)	Dec-20(8)	
Woodside Senior	Ontario, CA	Affordable	95.9%	$ 1,147	$ 1.9	$ 1.0	144	216	$ 23.0(7)	$ 48.3(9)	Dec-20(9)	
Oak Village	Oakland, CA	Affordable	97.1%	$ 1,302	$ 2.1	$ 0.8	117	180	$ 19.7	$ 51.6	Dec-20	
Subtotals/Weighted Average:				$ 1,182	$ 15.3	$ 6.6	1,095	1,679	$ 176.4	$ 442.2		
Ground Up Developments:												
North End Landings	Detroit, MI	Workforce Housing	N/A	N/A	N/A	N/A	N/A	187	$ 1.5	$ 43.2(9)	Jul-21(9)	
Subtotals:				N/A	N/A	N/A	N/A	187	$ 1.5	$ 43.2		
Totals:				$ 1,090	$ 22.8	$ 9.8	1,728	2,499	$ 260.4	$ 582.4		

(1) Average occupancy is the weighted average daily occupied units for the reporting period divided by the daily average of total units available for rent during the reporting period.

[2] Net operating income is a non-GAAP financial measure. For a description of net operating income and a statement of why our management believes the presentation of this metric provides useful information to investors, see "Management's Discussion and Analysis of Financial Condition and Results of Operations−Net Operating Income."

[3] Including purchase price.

[4] We expect to make certain renovations to this property in the future upon expiration of applicable income restrictions. See "Business and Properties−Our Initial Properties."

[5] Occupancy for the nine months ended September 30, 2020 was 70.3% including units intentionally held vacant pending redevelopment. Occupancy for the nine months ended September 30, 2020 was 95.1% excluding units intentionally held vacant pending redevelopment.

[6] Commencing in September 2018, units requiring significant capital expenditures were intentionally held vacant pending redevelopment. This caused a reduction in 2019 net operating income.

[7] Purchase price does not include additional parcels not currently owned by Avanath, which we expect to acquire in the future. The estimated purchase prices for such parcels are included in the estimated total project cost.

[8] The estimated total project cost and estimated project start and completion dates shown here assume acquisition of and new construction on privately owned adjacent parcels. We are also considering alternate approaches, including a plan with a greater focus on developing new units on our existing land, which includes 3.92 recently reclaimed acres, and which would have a different estimated total project cost and different estimated project start and completion dates.

[9] The estimated total project cost and estimated project start and completion dates shown here assume acquisition of and new construction on privately owned adjacent parcels.

Stabilized Properties

Our initial portfolio will include three stabilized multifamily properties that are not located in Opportunity Zones.

Country Wood

Country Wood is an existing, stabilized, 180-unit affordable, multifamily residential property in Naperville, Illinois that was originally constructed in 1995 under the LIHTC Program. The property is income restricted with 10% of units restricted to families earning at or below 50% of AMI and 90% of units restricted to families earning at or below 60% of AMI. The property has a regulatory agreement with the Illinois Housing Development Authority. The income restrictions expire in December 2026. The property is a Non-OZ Investment in western Naperville, near the border of Aurora, Illinois. The property is 30 miles west of downtown Chicago. The property is located within walking distance to the Route 59 Metra station, which provides access to downtown Chicago in 45 minutes.

The property is comprised of 30 three-story buildings situated on 10 acres and has amenities including a recently constructed clubhouse/leasing office (completed in November 2019), laundry facilities, picnic and barbeque area, and playground. All units have fully equipped kitchens and spacious floorplans. The property's unit mix consists of 90 one-bed/one-bath units, and 90 two-bed/one-bath units. The property has 124,560 net rentable square feet. The average unit size is 692 square feet.

The property is currently owned by a private investment fund that is managed by Avanath. The average occupancy at the property for the nine months ended September 2020 was 97.1%. The market average occupancy in Naperville for the month of September 2020 was 92.7%. As of September 30, 2020, the property's average rent was is $1,138. The market average effective rent for properties of comparable quality in Naperville was $1,400 for the month of September 2020. The annualized turnover rate for the period from January 1, 2018 through September 30, 2020 for the property was 23%. The turnover rate is calculated by dividing total move-outs over the period from January 1, 2018 through September 30, 2020, by total units, divided by the number of months in the period, multiplied by 12. Because of its location with close proximity to job centers in Aurora and Chicago and average rents that are approximately 19% below market for properties of comparable quality, we believe the property is an attractive investment candidate.

Business Plan. We plan to acquire Country Wood for approximately $20 million, which is $111,111 per unit. Recent comparable sales for multifamily properties in Naperville average approximately $181,000 per unit. As a stabilized investment, the business plan is to maintain the property in its current physical state until expiration of income restrictions in December 2026, and then convert the property to a market rate community. In order to generate the market rate rents, the business plan includes implementing significant interior unit renovations within the existing 180 units upon unit turnover, as well as selective exterior upgrades and replacements. Interior renovations will include items such as new appliances, flooring and fixtures. Exterior upgrades will include items such as asphalt replacement in parking lots and driveways. Assuming completion of our business plan, our total estimated project cost is $132,519 per unit.

Developer. All renovations will be managed internally by Avanath's in-house capital projects team utilizing third-party subcontractors.

Market Analysis. Naperville is an attractive investment market due to its strong demographics, good schools and transportation access to downtown Chicago via the Metra regional railway. Naperville is characterized by a supply constrained market, with no new units delivered in 2019 and just 364 new units expected to be delivered in 2020. Absorption in Naperville is projected at 0.6% over the next 12 months, equating to approximately 112 units.

Total Project Cost. The total project cost is estimated to be $23.9 million (approximately $132,519 per unit based on 180 units), which is outlined below. The rehab cost is estimated to be $20,963 per unit based on 180 units. All cost items, other than the purchase price, are estimates that are subject to change based on final scope of work (amounts below are in millions).

Property Acquisition (Purchase Price)	$	20.0
Transaction Cost		0.1
Rehab Cost		3.8
Total Project Cost	**$**	**23.9**

Capitalization. The total project capitalization is estimated to be $23.9 million. Upon acquisition of the property, we plan to pay off the existing financing with PNC Bank. The outstanding principal amount is approximately $6.3 million (as of September 2020), the interest rate is equal to LIBOR plus 2.00%, and the loan maturity date is July 1, 2021. We are evaluating the option of utilizing a secured line of credit to apply leverage to the existing units. All items, including total capitalization, are subject to change based on final scope of work.

Timeline. We plan to start renovation of the existing units in December 2026. The estimated completion date for the renovation of the property is June 2030.

Wellington Woods

Wellington Woods is an existing, stabilized, 360-unit affordable, multifamily residential property in Kissimmee, Florida that was originally constructed in 1994 under the LIHTC Program. The property is income restricted with 100% of units restricted to families earning at or below 60% of AMI. The property has a regulatory agreement with the Florida Housing Finance Corporation. The income restrictions expire in December 2024. The property is a Non-OZ Investment in the northern part of Kissimmee, a southern suburb of Orlando, Florida. The property is 23 miles south of downtown Orlando, 18 miles southwest of Orlando International Airport and 15 miles southeast of Disney World. The property is located in close proximity to major transportation corridors, including US 192, State Road 417, Interstate 4 and Florida's Turnpike.

The property is situated on 30 acres and has amenities including a clubhouse, fitness center, swimming pool, in-unit washer/dryer hookups, full size washer/dryer in some units, gated access, basketball courts, on-site laundry facilities, park-like setting with mature tree-scape and pond, picnic and barbeque area, and playground. All units have private ground floor entrances, fully equipped kitchens and spacious floorplans. The property's unit mix consists of 48 one-bed/one-bath units, 128 two-bed/two-bath units, 160 three-bed/two-bath units and 24 four-bed/two-bath units. The property has 400,608 net rentable square feet. The average unit size is 1,113 square feet.

The property is currently owned by a private investment fund that is managed by Avanath. The average occupancy at the property for the nine months ended September 2020 was 98.9%. The market average occupancy in Osceola County for the month of September 2020 was 96.9%. As of September 30, 2020, the property's average rent was $959. The market average effective rent for properties of comparable quality in Osceola County was $1,302 for the month of September 2020. The annualized turnover rate for the period from January 1, 2018 through September 30, 2020 for the property was 17%. Due to affordability restrictions, the property benefits from a 50% property tax abatement. Because of its location with close proximity to job centers in Orlando and average rents that are approximately 26% below market for properties of comparable quality, we believe the property is an attractive investment candidate.

Business Plan. We plan to acquire Wellington Woods for approximately $51 million, which is $141,667 per unit. Recent comparable sales for multifamily properties in Kissimmee average approximately $187,000 per unit. As a stabilized investment, the business plan is to maintain the property in its current physical state until expiration of income restrictions in December 2024, and then convert the property to a market rate community. The current 50% tax abatement is not expected to be renewed upon expiration of the rent restrictions. In order to generate market rate rents, the business plan includes implementing significant interior unit renovations within the existing 360 units upon unit turnover, as well as selective exterior upgrades and replacements. Interior renovations will include items such as new appliances, flooring and fixtures. Exterior upgrades will include items such as clubhouse renovations and asphalt replacement in parking lots and driveways. Assuming completion of our business plan, our total estimated project cost is $165,370 per unit.

Developer. All renovations will be managed internally by Avanath's in-house capital projects team utilizing third-party subcontractors.

Market Analysis. The Osceola County submarket is characterized by its proximity to the Orlando area's major hospitality employers, including Disney World. The submarket is also experiencing employment drivers in the manufacturing and technology industries, which are adding thousands of jobs to the area. Some recent projects in the area include the $75 million, 109,000 square foot Florida Advanced Manufacturing Research Center and Orlando Health's three-story medical facility. The low multifamily vacancies in the Osceola County submarket stem from the very limited supply and complete lack of new construction. No new supply has entered the submarket in the past three years, and none is projected in the next two years. This lack of supply has supported strong annual rent growth in Osceola County, which has averaged 7% over the past four years.

Total Project Cost. The total project cost is estimated to be $59.5 million (approximately $165,370 per unit based on 360 units), which is outlined below. The rehab cost is estimated to be $23,482 per unit based on 360 units. All cost items, other than the purchase price, are estimates that are subject to change based on final scope of work (amounts below are in millions).

Property Acquisition (Purchase Price)	$	51.0
Transaction Cost		0.1
Rehab Cost		8.5
Total Project Cost	**$**	**59.5***

* Figures may not foot due to rounding.

Capitalization. The total project capitalization is estimated to be $59.5 million. Upon acquisition of the property, we plan to pay off the existing financing with PNC Bank. The outstanding principal amount is approximately $15.5 million (as of September 2020), the interest rate is equal to LIBOR plus 2.00%, and the loan maturity date is September 1, 2021. We are evaluating the option of utilizing a secured line of credit to apply leverage to the existing units. All items, including total capitalization, are subject to change based on final scope of work.

Timeline. We plan to start renovation of the existing units in December 2024. The estimated completion date for the renovation of the property is April 2029.

Coopers Crossing

Coopers Crossing is an existing, stabilized, 93-unit affordable, multifamily residential property in Irving, Texas that was originally constructed in 1995 under the LIHTC Program. The property is income restricted with 100% of units restricted to families earning at or below 60% of AMI. The property has a regulatory agreement with the Texas Department of Housing and Community Affairs. The income restrictions expire in December 2026. The property is a Non-OZ Investment in the Las Colinas submarket of Irving. Las Colinas was originally developed in 1972 as one of the first master-planned communities in the U.S. and consists of 12,000 acres centrally located between the Dallas CBD (12 miles southeast) and the Dallas-Fort Worth International Airport (7 miles northwest). Las Colinas currently consists of approximately 21 million square feet of office space, and is the home to approximately 2,000 companies, including national or regional headquarters of Verizon, Kimberly-Clark and 7-Eleven. Cooper's Crossing is also located one mile from the North Lake College Station of the Dallas Area Rapid Transit ("DART") light rail system, which provides access to the Dallas CBD and Love Field Airport. Additionally, the Property is located two miles from the Four Seasons Resort Las Colinas, a AAA five-diamond resort.

The property consists of 8 two- and three-story buildings, situated on 5.17 acres and has amenities including a clubhouse, swimming pool, laundry facilities, and fitness center. The property's unit mix consists of 36 two-bed/two-bath units and 57 three-bed/two-bath units. The property has 111,116 net rentable square feet. The average unit size is 1,195 square feet.

The property is currently owned by a private investment fund that is managed by Avanath. The average occupancy at the property for the nine months ended September 2020 was 96.1%. The market average occupancy in Irving for the month of September 2020 was 94.7%. As of September 30 2020, the property's average rent was $1,206. The market average effective rent for properties of comparable quality in Irving was $1,303 for the month of September 2020. The annualized turnover rate for the period from January 1, 2018 through September 30, 2020 for the property was 20%. Because of its location with close proximity to job centers in Dallas and average rents that are approximately 7% below market for properties of comparable quality, we believe the property is an attractive investment candidate.

Business Plan. We plan to acquire Coopers Crossing for approximately $11.5 million, which is $123,656 per unit. Recent comparable sales for multifamily properties in Irving average approximately $167,000 per unit. As a stabilized investment, the business plan is to maintain the property in its current physical state until expiration of income restrictions in December 2026, and then convert the property to a market rate community. In order to generate market rate rents, the business plan includes implementing significant interior unit renovations within the existing 93 units upon unit turnover, as well as selective exterior upgrades and replacements. Interior renovations will include items such as new appliances, flooring and fixtures. Exterior upgrades will include items such as clubhouse renovations and asphalt replacement in parking lots and driveways. Assuming completion of our business plan, our total estimated project cost is $146,444 per unit.

Developer. All renovations will be managed internally by Avanath's in-house capital projects team utilizing third-party subcontractors.

Market Analysis. The submarket is positioned in the middle of the Dallas-Fort Worth metroplex and is commutable to both downtown Dallas and downtown Fort Worth, as well as job centers along the Dallas North Tollway. Las Colinas borders the DFW International Airport, which is viewed as an amenity for many companies. Many major employers have chosen this area for their primary or regional headquarters across many industries. Allstate Insurance is currently planning a major expansion of its existing 2,000 employee workforce in Irving to nearly 3,300 employees. Other notable employers include Citi, with more than 6,000 employees, and Verizon, with more than 4,000. Robust employment, direct access to the airport and the emergence of a live/work/play environment have helped drive apartment demand in Las Colinas. 992 new units were delivered in 2019 with 280 new units expected to be delivered in 2020. Absorption in Irving is projected at -0.1% over the next 12 months, equating to approximately -20 units.

Total Project Cost. The total project cost is estimated to be $13.6 million (approximately $146,444 per unit based on 93 units), which is outlined below. The rehab cost is estimated to be $21,927 per unit based on 93 units. All cost items, other than the purchase price, are estimates that are subject to change based on final scope of work (amounts below are in millions).

Property Acquisition (Purchase Price)	$	11.5
Transaction Cost		0.1
Rehab Cost		2.0
Total Project Cost	**$**	**13.6**

Capitalization. The total project capitalization is estimated to be $13.6 million. Upon acquisition of the property, we plan to pay off the existing financing with Wells Fargo. The outstanding principal amount is approximately $3.4 million (as of September 2020), the interest rate is a floating rate equal to LIBOR (or alternative rate) plus 3.00% (subject to a LIBOR floor of 0.75%), and the loan maturity date is August 1, 2021. We are evaluating the option of utilizing a secured line of credit to apply leverage to the existing units. All items, including total capitalization, are subject to change based on final scope of work.

Timeline. We plan to start renovation of the existing units in December 2026. The estimated completion date for the renovation of the property is July 2030.

Redevelopment Properties

Our initial portfolio will include five redevelopment properties located in Opportunity Zones.

Arbors at Cary

Arbors at Cary is an existing 248-unit market-rate multifamily residential property in Cary, North Carolina. The property is located in an Opportunity Zone within the Town of Cary, an affluent community with a median household income of $102,000 and population of 168,160. Cary is located within the Raleigh/Durham/Cary metropolitan area, which is also known as the "Research Triangle." The area is home to the Research Triangle Park, the largest research park in the country that houses more than 300 companies and 55,000 jobs. Top employers include Cisco, Glaxo Smith Kline, Biogen Idec and BASF. The area is also anchored by a number of leading colleges and universities including North Carolina State University, Duke University and the University of North Carolina at Chapel Hill.

The property was built in phases between 1967 and 1971 and contains outdated electrical and plumbing systems that have resulted in operational challenges. These systems are expected to be updated through our planned redevelopment. The property is situated on 19 acres and has amenities including a leasing office, laundry facility, sport court, dog park and playground. All units have fully equipped kitchens and central air conditioning. The property's unit mix consists of 27 one-bed/one-bath units, 56 two-bed/one-bath units, 138 two-bed/one-and-a-half-bath units, and 27 three-bed/two-bath units. The property has 234,884 net rentable square feet. The average unit size is 947 square feet.

The property is currently owned by a private investment fund that is managed by Avanath. The average occupancy at the property for the nine months ended September 2020 was 70.3%. The market average occupancy in Raleigh/Durham for the month of September 2020 was 92.6%. The property's occupancy is low due to deferred capital expenditures and ownership's decision to vacate units to prepare for the pending redevelopment of the property. Collectively, 61 units have been held out of service in anticipation of the planned redevelopment. Occupancy at the property for the nine months ended September 30, 2020 was 95.1% excluding units intentionally held vacant pending redevelopment. As of September 30, 2020, the property's average rent was $864. The market average effective rent for properties of comparable quality after taking into account our planned rehab for the property in the Raleigh/Durham market was $1,342 for the month of September 2020. The annualized turnover rate for the period from January 1, 2018 through September 30, 2020 for the property was 38%, which includes units held out of service. Because of its location in the affluent community of Cary and the rapidly growing Research Triangle area and average rents that are approximately 36% below market for properties of comparable quality after taking into account our planned rehab for the property, we believe the property is an attractive investment candidate.

Business Plan. We plan to acquire Arbors at Cary for $19.8 million, which is $79,919 per unit. Recent comparable sales for affordable multifamily properties in Cary average approximately $187,000 per unit. The business plan is to renovate 232 of the existing units with a scope that includes aesthetic, structural and system upgrades and enhancements. We generally plan to increase rents for the renovated units. Two buildings (16 units) will be demolished and replaced with 36 new townhouse rental units consisting of two- and three-bedroom floorplans. Townhouse units are especially in demand as they are not widely available for rent in the local submarket. The large floorplans of the townhouse units are expected to appeal especially to families with young children enrolled in the local public school system. In addition, we plan to construct a new state-of-the-art clubhouse and swimming pool. Assuming completion of our business plan, our total estimated project cost is approximately $170,389 per unit (based on 268 units). We anticipate a 5-10% decrease in occupancy rates as we plan to first renovate an existing building that remains vacant. Once the vacant building is renovated, we plan to move residents from other occupied buildings into that building. We will then renovate additional buildings and will lease the unoccupied units to new residents once the renovation plan is complete. We expect the property to reach a stabilized level of occupancy within six months of project completion. The redevelopment will position the property to be more competitive with the newer properties in the Cary market.

Developer. We plan to engage Laurel Street to provide development services for a total fee of 7% of total project costs. Laurel Street is a certified minority-owned and woman-owned developer of mixed-income housing based in Charlotte, North Carolina. Laurel Street is an experienced tax credit developer and one of the few regional developers offering a middle income/workforce housing product. Laurel Street has a development portfolio of over 3,600 units totaling $500 million of total project cost.

Market Analysis. The greater Raleigh/Durham area, which includes Cary, is one of the nation's fastest-growing metropolitan areas, and its population has been expanding by approximately 2% annually for more than a decade, driven by the region's strong job growth. Numerous companies have relocated to or expanded in the area, citing Raleigh/Durham's talent base and highly educated labor pool as some of the main draws. North Carolina State University, Duke University and UNC Chapel Hill provide a steady stream of talent from which many local employers recruit. Cary is one of the most expensive housing markets in the greater Raleigh/Durham area. Given the area's high-wage profile, new multifamily apartment communities have been able to lease up without significant concessions. With stiff competition among recently developed luxury apartments, existing middle-market apartment communities have seen the most rapid rent gains in the past four quarters, outperforming the submarket average. Absorption in the Raleigh/Durham market is projected at 1.0% over the next 12 months, equating to approximately 1,093 new units.

Total Project Cost. The total project cost is estimated to be $45.7 million (approximately $170,389 per unit based on 268 units), which is outlined below. The rehab cost is estimated to be $71,537 per unit (based on 232 units). Development costs (approximately $254,657 per unit based on 36 units) includes the cost to demolish two buildings (16 units) and construct 36 new townhouse rental units as well as $1.1 million in cost to construct a new state-of-the-art clubhouse and swimming pool. All cost items, other than the purchase price, are estimates that are subject to change based on final scope of work (amounts below are in millions).

Property Acquisition (Purchase Price)	$	19.8
Transaction Cost		0.1
Rehab Cost		16.6
Development Cost		9.2
Total Project Cost	**$**	**45.7**

Capitalization. The total project capitalization is estimated to be $45.7 million. Upon acquisition of the property, we plan to pay off the existing financing with Berkadia. The outstanding principal amount is $10.4 million (as of September 2020), the interest rate is 3.14%, and the loan maturity date is March 1, 2022. We are in discussions with the existing lender, Berkadia, to obtain a construction loan to fund the renovation of the existing 232 units and to fund the construction of the additional townhouse units and clubhouse/swimming pool. Once all units are completed and stabilized, we plan to obtain permanent secured financing. Due to the conventional (unregulated) nature of the property, tax credits, abatements or other incentives are not expected to be granted by local and state governments. All items, including total project cost, are subject to change based on final scope of work.

Entitlements/Pre-Development. We have selected a development team comprised of two local architectural firms, a civil engineering firm, a land-use attorney and a general contractor. Our architectural team has completed preliminary drawings for interior and exterior renovations, based on a preliminary scope of work. In addition, we have engaged a firm for the design of the

new state-of-the-art clubhouse, swimming pool and fitness center at the entrance to the property. For the renovation of the existing units, we have engaged a general contractor, which has provided us with preliminary price estimates. Additionally, we have engaged a civil engineering firm to provide landscape architecture services and site planning. Finally, our land use attorney is providing legal advice as we seek to obtain entitlements from the Town of Cary planning department. We plan to start the renovation of the existing units in December 2020. The estimated completion date for the renovation of the existing units is November 2022. In order to demolish two of the existing buildings and increase the density allowance required for the construction of the new townhouse units, Aspire Real Estate Investors Predecessor II completed the acquisition of a neighboring vacant parcel of commercial land in 2016 and is applying for a zoning change with the Town of Cary. The rezoning process has already commenced and is expected to be completed by third quarter 2020. We have met with Town of Cary officials and planning department staff to facilitate an expedited approval process. Town of Cary officials have expressed strong support for our redevelopment plans, which will provide additional high-quality market rate units to an apartment community experiencing a significant shortage of new supply. Aspire Real Estate Investors Predecessor II obtained a revised plat for the property from the Town of Cary, in compliance with recommendations from the planning department, which will enable the property to obtain the increased zoning density required for the additional townhome units. The estimated time to obtain entitlements for the new townhouse units is 8 months. Construction for the new townhouse units is expected to commence in June 2021. The estimated completion date for the new construction is August 2022.

Academy at Waterford Lakes

Academy at Waterford Lakes is an existing 228-unit affordable (income restricted) multifamily residential property in Orlando, Florida that was originally constructed in 1997 under the LIHTC Program. The property is income restricted with 15% of units restricted to families earning at or below 35% of AMI and 85% of units restricted to families earning at or below 60% of AMI. The property has a regulatory agreement with the Florida Housing Finance Corporation. The income restrictions expire in 2047. The property is located in an Opportunity Zone in East Orlando, which draws a wide variety of renters, including well-educated professionals and millennials. Area employers include Central Florida Research Park and the University of Central Florida ("UCF").

The property is situated on 25 acres and has amenities including a clubhouse, pool, fitness studio, volleyball court, children's playground, picnic area and barbeque grills. All units have fully equipped kitchens and central air conditioning. The property's unit mix consists of 36 one-bed/one-bath units, 96 two-bed/two-bath units, 72 three-bed/two-bath units, and 24 four-bed/two-bath units. The property has 226,812 net rentable square feet. The average unit size is 995 square feet.

The property is currently owned by a private investment fund that is managed by Avanath. The average occupancy at the property for the nine months ended September 2020 was 99.1%. The market average occupancy in Orlando for the month of September 2020 was 91.0%. As of September 30, 2020, the property's average rent was $897. The market average effective rent for properties of comparable quality in Orlando was $1,244 for the month of September 2020. The annualized turnover rate for the period from January 1, 2018 through September 30, 2020 for the property was 17%. Due to affordability restrictions, the property benefits from a 50% property tax abatement. Because of its location in the high growth Orlando metropolitan area and average rents that are approximately 28% below market for properties of comparable quality, we believe the property is an attractive investment candidate.

Business Plan. We plan to acquire Academy at Waterford Lakes for $24.0 million, which is $105,263 per unit. Recent comparable sales for multifamily properties in Orlando average approximately $169,000 per unit. The business plan is to renovate the existing clubhouse and build approximately 150 new garden-style units on vacant land currently designated as a wetland conservation area. In pursuing and obtaining entitlements, we will work with all necessary government and municipal agencies in order to move the project forward, including working with government officials to address any additional requirements as the result of the original developer's usage of a wetland conservation designation on the site. We are considering the new units to be market rate, with the possibility of reserving a small portion of new units to be affordable. Assuming completion of our business plan, our total estimated project cost is $139,252 per unit (based on 378 total units). We anticipate a minimal (less than 5%) decrease in occupancy rates on our renovation plan of existing units. Most of the renovation will be on common areas, including the clubhouse. We expect the property to reach a stabilized level of occupancy within seven months of project completion.

Developer. We plan to engage Laurel Street to provide development services. Laurel Street is a certified minority-owned and woman-owned developer of mixed-income housing based in Charlotte, North Carolina. Laurel Street is an experienced tax credit developer and one of the few regional developers offering a middle income/workforce housing product. Laurel Street has a development portfolio of over 3,600 units totaling $500 million of total project cost.

Market Analysis. Demand for affordable and workforce housing remains strong in East Orlando as many 4- and 5-star apartment communities remain out of reach for renters. As one of the most diverse submarkets, with lifestyle options available for all age ranges, East Orlando draws a variety of renters. Well-educated professionals and millennials supply most of the apartment demand in East Orlando. Major employment nodes such as Central Florida Research Park and UCF draw many of these renters. The Central Florida Research Park is the fourth largest in the U.S. by number of companies, many of which focus on military simulation and training. UCF, one of the largest universities in the nation, with nearly more than 69,000 students enrolled, brings a younger demographic to the area. Most renters work relatively close to their residence as the major employment nodes in downtown Orlando, the Tourist Corridor, Maitland, and Lake Mary are all within a 30-minute commute from East Orlando. Residents of East Orlando generate some of the higher incomes in the metropolitan area and coupled with affordable home prices, the submarket is susceptible to demand flight to homeownership. However, multifamily demand remains strong due to the elevated population growth rates and low inventory levels among single-family housing. Absorption in the Orlando market is projected at 0.6% over the next 12 months, equating to approximately 1,075 units.

Total Project Cost. The total project cost is estimated to be $52.6 million (approximately $139,252 per unit based on 378 units), which is outlined below. The rehab cost is estimated to be $4,386 per unit (based on 228 units). Development cost for the new units is estimated to be $183,715 per unit based on 150 units. All cost items, other than the purchase price, are estimates that are subject to change based on final scope of work (amounts below are in millions).

Property Acquisition (Purchase Price)	$	24.0
Transaction Cost		0.1
Rehab Cost		1.0
Development Cost		27.6
Total Project Cost	**$**	**52.6***

* Figures may not foot due to rounding.

Capitalization. The total project capitalization is estimated to be $52.6 million. Upon acquisition of the property, we plan to pay off the existing financing with Wells Fargo. The outstanding principal amount is approximately $9.8 million (as of September 2020), the interest rate is 3.32%, and the loan maturity date is February 1, 2022. Once all new units are completed and stabilized, we plan to obtain permanent secured financing. Additionally, we are evaluating the option of utilizing a secured line of credit to apply leverage to the existing units. If we agree to

any affordability restrictions on the new units, we will apply for 50% property tax abatement for those units. All items, including total capitalization, are subject to change based on final scope of work.

Entitlements/Pre-Development. The property includes an adjacent nine-acre lot that is classified as a wetland conservation area. We have retained a land use attorney to look into the possibility of developing on the wetland property. The original developer of the property permitted this site in the late 1990s. The site had minor wetland impacts but used the entire wetlands and buffer as mitigation. In other words, the original developer over-mitigated the entire site. We commissioned an environmental assessment report from a consulting firm. Our consultants have concluded that the site can partially be developed with an estimated 150 units or more. There is a possibility to obtain an increase in the maximum number of permitted units for construction of additional affordable units. The estimated time to obtain entitlements for the new units is 9-12 months. We plan to start the renovation of the existing clubhouse in January 2021. The estimated completion date for the renovation of the clubhouse is July 2021. Construction for the new units is projected to commence in December 2021. The estimated completion date for the new construction is December 2022.

Seaport Village

Seaport Village is an existing 358-unit workforce housing multifamily property in Long Beach, California that was originally constructed in 1963 and has undergone several renovations under previous ownership. The property is located in an Opportunity Zone in Long Beach, California. Greater Long Beach has some of the most attractive demand-drivers in the region, including its proximity to Greater Los Angeles and Orange County employment centers.

The property consists of 33 two-story buildings, each on individually gated parcels, situated on 8.6 acres and has amenities including 356 tuck-under parking spaces, ample street parking on internal streets, leasing office, fitness center, and laundry facilities. All units have fully equipped kitchens. Each building has either a swimming pool (11 buildings) or landscaped barbeque area. The property's unit mix consists of 77 one-bed/one-bath units, 92 two-bed/one-bath units, 125 two-bed/1.5-bath units, 6 two-bed/two-bath units, 2 three-bed/one-bath units and 56 three-bed/two-bath units. The property has 313,438 net rentable square feet. The average unit size is 876 square feet.

The property is currently owned by a private investment fund that is managed by Avanath. The average occupancy at the property for the nine months ended September 2020 was 97.3%. The market average occupancy in Long Beach for the month of September 2020 was 93.6%. As of September 30, 2020, the property's average rent was $1,701. The market average effective rent for properties of comparable quality after taking into account our planned rehab for the property in Long Beach was $1,999 for the month of September 2020. The annualized turnover rate for the period from January 1, 2018 through September 30, 2020 for the property was 27%. Because of its location in the supply constrained Long Beach market and average rents that are approximately 15% below market for properties of comparable quality after taking into account our planned rehab for the property, we believe the property is an attractive investment candidate.

Business Plan. We plan to acquire Seaport Village for approximately $89.9 million, which is $251,103 per unit. Recent comparable sales for multifamily properties in Long Beach average approximately $272,000 per unit. Seaport Village is located adjacent to a small community retail center, consisting of six privately owned parcels and totaling 5.17 acres. The existing property and the retail center are both located within an Opportunity Zone. We are in discussions with the five owners of the six individual retail parcels to sell the properties to Aspire. In addition, Avanath has recently completed the process of obtaining private ownership of the interior streets at the existing multifamily property, which was previously owned by the City of Long Beach. Upon completion of this process, the land area of the existing property has increased by 3.92

acres. The business plan is to implement light renovations on the existing 358 units and common areas, acquire and demolish the retail center, and develop approximately 279 market rate units on the former retail center site. Once construction of the new units is completed, the existing units and the new units will be operated as a consolidated property. Assuming completion of our business plan, our total estimated project cost is $383,044 per unit (based on 637 units). We anticipate a minimal (less than 5%) decrease in occupancy rates on our renovation plan of existing units. We anticipate renovation costs of $18,909 per unit, including the clubhouse and building exteriors as well as including new appliances, flooring and cabinets in units. The existing units will be renovated based on turnover. We expect the newly constructed units to reach a stabilized level of occupancy within nine months of project completion. While the business plan, total estimated project cost and estimated construction commencement and completion dates shown herein assume acquisition of and new construction on the six privately owned adjacent parcels totaling 5.17 acres, we are also considering alternate approaches, including a plan with a greater focus on developing new units on our existing land, including the recently reclaimed 3.92 acres, which would have different estimated project costs and different estimated construction commencement and completion dates.

Developer. We plan to engage MacFarlane to provide development services.

Market Analysis. Long Beach, known for its concentration of logistics and aerospace industries, has some of the most attractive demand-drivers, including its location in the greater Los Angeles. Long Beach is the second largest city in Los Angeles County and home to the second largest port in the U.S. Tight vacancies, rising rents, and a manageable amount of supply added, with just 567 units delivered in 2019, characterize the state of the Long Beach submarket. Absorption in the Long Beach submarket is projected at 0.2% over the next 12 months, equating to approximately 134 units.

Total Project Cost. The total project cost is estimated to be $244.0 million (approximately $383,044 per unit based on 637 units), which is outlined below. The rehab cost is estimated to be $18,909 per unit based on 358 units. Development cost for the new units (including the purchase price of the retail center) is estimated to be $527,793 per unit based on 279 units. All cost items, other than the purchase price, are estimates that are subject to change based on final scope of work (amounts below are in millions).

Property Acquisition (Purchase Price)	$	89.9
Retail Center Acquisition		20.0
Transaction Cost		0.1
Rehab Cost		6.8
Development Cost		127.3
Total Project Cost	**$**	**244.0***

* Figures may not foot due to rounding.

Capitalization. The total project capitalization is estimated to be $244.0 million. Upon acquisition of the property, we plan to pay off the existing financing with Fannie Mae. The outstanding principal amount is approximately $31.0 million (as of September 2020), the interest rate is 4.12%, and the loan maturity date is March 1, 2022. We plan to obtain a construction loan to fund acquisition of the adjacent retail center and construction of the new units. Once all renovations and construction are completed and units are stabilized, we plan to obtain permanent financing. Additionally, we are evaluating the option of utilizing a secured line of credit to apply leverage to the existing units. All items, including total capitalization, are subject to change based on final scope of work.

Entitlements/Pre-Development. We plan to start renovation of the existing units in December 2020. The estimated completion date for the renovation of the property is March 2023. Construction of the new units is projected to commence in August 2022. The estimated completion date for the new construction is April 2024.

Woodside Senior

Woodside Senior is an existing 144-unit affordable (income restricted), age restricted (55+ years old) multifamily residential property in Ontario, California that was originally constructed in 1984 using bond financing from the City of Ontario and the Ontario Redevelopment Agency. The property is income restricted with 9% of units restricted to families earning at or below 50% of AMI, 11% of units restricted to families earning at or below 80% of AMI and 80% of units restricted to families earning at or below 110% of AMI. The property has a regulatory agreement with the City of Ontario and Ontario Redevelopment Agency. The restrictions on the units at very-low income levels (50% of AMI) expire in 2021. The remaining restrictions will remain in place until 2059. The property is located in an Opportunity Zone in Ontario, California. Greater Ontario/Rancho Cucamonga has some of the most attractive demand-drivers in the region, including its proximity to Greater Los Angeles employment centers.

The property is situated on 3.2 acres and has amenities including two clubhouses, two swimming pools, a leasing office, a laundry facility and controlled access gates. All units have fully equipped kitchens and central air conditioning. The property's unit mix consists of 120 one-bed/one-bath units, 22 two-bed/one-bath units and two three-bed/two-bath units. The property has 70,620 net rentable square feet. The average unit size is 490 square feet.

The property is currently owned by a private investment fund that is managed by Avanath. The average occupancy at the property for the nine months ended September 2020 was 95.9%. The market average occupancy in the Ontario submarket for the month of September 2020 was 96.3%. As of September 30, 2020, the property's average rent was $1,228. The market average effective rent for properties of comparable quality in Ontario was $1,904 for the month of September 2020. The annualized turnover rate for the period from January 1, 2018 through September 30, 2020 for the property was 21%. Unlike many affordable and workforce properties in California, Woodside Senior does not currently qualify for property tax abatement due to a clause in the regulatory agreements that prohibits the transfer of the property to a purchaser which obtains a property tax exemption. Because of its location in the supply constrained Ontario market and average rents that are approximately 36% below market for properties of comparable quality, we believe the property is an attractive investment candidate.

Business Plan. We plan to acquire Woodside Senior for $23.0 million, which is $159,722 per unit. Recent comparable sales for multifamily properties in Ontario average $277,000 per unit. Woodside Senior is located on two separate parcels consisting of 60 units and 84 units. In between the two Woodside Senior parcels, there is a two-story office building consisting of 19,248 square feet. The office building is situated on 1.216 acres. We are under an executed purchase agreement with the owner of the office building to sell the property to Aspire. The business plan is to renovate the existing 144 units and common areas, acquire and demolish the office building, and develop approximately 72 age-restricted market rate units (55+ years old) on the office building site. We will relocate the existing leasing office, which is housed in one of the existing units, to the new building. We will convert the unit back to residential use. For the new units, the average monthly rent is projected to be $1,597. Assuming completion of our business plan, our total estimated project cost is $223,564 per unit (based on 216 units). We anticipate a minimal (less than 5%) decrease in occupancy rates on our renovation plan of existing units. Most of the renovations ($10,657 per unit renovation budget) will be applied to common areas, including the two clubhouses, conversion of the existing leasing office to a residential unit and building exteriors. We expect the newly constructed units to reach a stabilized level of occupancy within five months of project completion.

Developer. We plan to engage Silverado Canyon Partners to provide development services. Silverado Canyon Partners will provide development services for a 4% fee on total construction costs. Silverado Canyon Partners was founded in 2003 and is focused on creating value in the markets they serve and has developed approximately 750 units across 10 apartment communities.

Market Analysis. Greater Ontario/Rancho Cucamonga, known for its concentration of logistics services industries, has some of the most attractive demand-drivers, including its location in the greater Los Angeles. Tight vacancies, rising rents, and a manageable amount of supply added, with just 290 units delivered in 2019, characterize the state of the Greater Ontario/Rancho Cucamonga submarket. Absorption in the Ontario submarket is projected at -0.0% over the next 12 months, equating to approximately -5 units.

Total Project Cost. The total project cost is estimated to be $48.3 million (approximately $223,564 per unit based on 216 units), which is outlined below. The rehab cost is estimated to be $10,657 per unit based on 144 units. Development cost for the new units (including the purchase price of the office building site) is estimated to be $328,821 per unit based on 72 units. All cost items, other than the purchase price, are estimates that are subject to change based on final scope of work (amounts below are in millions).

Property Acquisition (Purchase Price)	$	23.0
Office Building Acquisition		4.0
Transaction Cost		0.1
Rehab Cost		1.5
Development Cost		19.7
Total Project Cost	**$**	**48.3**

Capitalization. The total project capitalization is estimated to be $48.3 million. Upon acquisition of the property, we plan to pay off the existing financing with Berkadia. The outstanding principal amount is approximately $8.1 million (as of September 2020), the interest rate is 3.65%, and the loan maturity date is January 1, 2022. We plan to obtain a construction loan to fund the renovation of the existing 232 units and to fund the construction of the additional units. In addition to conventional financing options, we are evaluating tax-exempt bond financing with the City of Ontario to fund the renovation of existing units and construction of new units. Once all units are completed and stabilized, we plan to obtain permanent secured financing. Additionally, we are evaluating the option of utilizing a secured line of credit to apply leverage to the existing units. We plan to negotiate a property tax exemption for the property, which is currently not permitted, by agreeing to additional affordable set asides or an extension of existing restrictions. All items, including total capitalization, are subject to change based on final scope of work.

Entitlements/Pre-Development. We have retained an architectural firm to develop a site plan to maximize density on the office building site. We have met with the City of Ontario planning department and discussed our plans for the project. The City staff encouraged us to proceed with an aggressive plan and timeline, inclusive of affordable and/or market-rate housing. There is a possibility to obtain an increase in the maximum number of permitted units for construction of additional affordable units. Estimated time to obtain entitlements for the new units is 9-12 months. We plan to start the renovation of the existing units in December 2020. The estimated completion date for the renovation of the existing units is February 2023. Construction of the new units is projected to commence in October 2021. The estimated completion date for the new construction is January 2023.

Oak Village

Oak Village is an existing 117-unit affordable, multifamily residential property in Oakland, California that was originally constructed in 1973 and underwent extensive renovation in 2004 under the LIHTC Program. The property is income restricted with 20% of units restricted to families earning at or below 50% of AMI and 80% of units restricted to families earning at or below 60% of AMI. The property has regulatory agreements with the California Tax Credit Allocation Committee, California Housing Finance Agency and HUD. The income restrictions expire in 2058. The property is located in an Opportunity Zone near downtown Oakland, California. Downtown Oakland has seen tremendous growth in rents and property values as more and more people are being priced out of renting in San Francisco and Oakland is substantially closer than many other residential options. The property is 11.6 miles from downtown San Francisco. Currently, there are more than 80,000 jobs in the downtown area, and there are office projects totaling more than four million square feet, which are expected to serve approximately 20,000 additional employees.

The property is situated on 2.7 acres and has amenities including a clubhouse, leasing office, fitness center, laundry room and controlled access gates. All units have fully equipped kitchens and spacious closets. The property's unit mix consists of 33 studios, 39 one-bed/one-bath units, and 45 two-bed/one-bath units. The property has 74,100 net rentable square feet. The average unit size is 633 square feet.

The property is currently owned by a private investment fund that is managed by Avanath. The average occupancy at the property for the nine months ended September 2020 was 97.1%. The market average occupancy in Oakland for the month of September 2020 was 92.2%. As of September 30, 2020, the property's average rent was $1,331. The market average effective rent for properties of comparable quality in Oakland was $2,411 for the month of September 2020. The annualized turnover rate for the period from January 1, 2018 through September 30, 2020 for the property was 8%. Due to affordability restrictions, the property benefits from a property tax abatement. Because of its location in the high growth San Francisco Bay Area and average rents that are approximately 45% below market for properties of comparable quality, we believe the property is an attractive investment candidate.

Business Plan. We plan to acquire Oak Village for $19.7 million, which is $168,376 per unit. Recent comparable sales for multifamily properties in Oakland average approximately $457,000 per unit. The business plan is to build approximately 63 new units on an adjacent parking lot that is on the property. We are considering the new units to be mixed income (market rate and affordable). The business plan also includes implementing light interior unit renovations within the existing 117 units upon unit turnover, as well as replacing the two existing elevators. Interior renovations will include items such as new appliances, flooring and fixtures. Assuming completion of our business plan, our total estimated project cost is $286,693 per unit (based on 180 units). We expect the newly constructed units to reach a stabilized level of occupancy within four months of project completion.

Developer. We plan to engage MacFarlane to provide development services.

Market Analysis. Due to Oakland's relative affordability, transit-oriented properties that offer short commutes to downtown San Francisco are in favor amongst the renter populations. High occupancy rates in Oakland have allowed owners to increase rents in recent years, but the discount with respect to San Francisco rents still remains significant (approximately $700 per month, according to Yardi's Rent Cafe). Investment in downtown Oakland has been consistent, with overall sales volume rising to a record high in 2018. Local investors continue to be the most active and account for the majority of purchases and sales in the submarket. Large scale national investors and developers have entered the market and are fueling significant growth and focus on the market. Absorption in the Oakland submarket is projected at 0.5% over the next 12 months, equating to approximately 879 units.

Total Project Cost. The total project cost is estimated to be $51.6 million ($286,693 per unit based on 180 units), which is outlined below. Development cost for the new units is estimated to be $491,504 per unit based on 63 units. All cost items, other than the purchase price, are estimates that are subject to change based on final scope of work (amounts below are in millions).

Property Acquisition (Purchase Price)	$	19.7
Transaction Cost		0.1
Rehab Cost		0.9
Development Cost		31.0
Total Project Cost	**$**	**51.6***

* Figures may not foot due to rounding.

Capitalization. The total project capitalization is estimated to be $51.6 million. Upon acquisition of the property, we plan to pay off the existing senior loan with CalHFA. The outstanding principal amount is $4.9 million (as of September 2020), the interest rate is 5.5%, and the loan maturity date is June 1, 2036. We plan to obtain a construction loan to fund construction of the additional garden-style units. Once all units are completed and stabilized, we plan to obtain permanent secured financing. Additionally, we are evaluating the option of utilizing a secured line of credit to apply leverage to the existing units. If we agree to any affordability restrictions on the new units, we will apply for property tax abatement of those units. All items, including total capitalization, are subject to change based on final scope of work.

Entitlements/Pre-Development. We have retained an architectural firm to develop a site plan to maximize density of new units on the parking lot site. We plan to start the renovation of the existing units in December 2020. The estimated completion date for the renovation of the existing units is February 2023. The estimated time to obtain entitlements for the new units is 9-12 months. Construction of the new units is projected to commence in December 2021. The estimated completion date for the new construction is June 2023.

Ground-up Development Property

Our initial portfolio will include one ground-up development property located in an Opportunity Zone.

North End Landings

North End Landings is a proposed mixed income (market rate and affordable) multifamily development in Detroit, Michigan. The project is located in Detroit's Historic North End, which is located just north of Downtown Detroit and near Wayne State University. The project is situated in two adjacent Opportunity Zones. The project will be built in multiple phases, with the initial phase consisting of approximately 187 multifamily units in an area bound by John R Street and Smith Street.

The project is located near one of Detroit's main transit corridors, Woodward Avenue, with access to neighborhood amenities including grocery stores, banks and restaurants. The project is situated within two miles of Wayne State University which employs more than 6,500 people, Henry Ford Health System which employs more than 30,000 people, and the Detroit Medical Center which employs more than 12,300 people. The project will attract long-term residents of the North End community, metropolitan area residents who want to relocate near the city center with access to mass transit, and employees and students of area universities. In addition, Greater Detroit has continued to exhibit strong job and economic growth with Quicken Loans employing more than 17,000 people and JPMorgan Chase investing $200 million in Detroit prior to 2022. Downtown Detroit continues to see new creative commercial space and multifamily developments.

We are working with RMC Development and Vanguard Community Development Corporation to develop the project. Vanguard Community Development Corporation controls several land parcels within the project, with the remaining land parcels to be acquired from private owners and the City of Detroit Land Bank Authority as discussed below. In addition, we are currently in discussions with the City of Detroit regarding a partial property tax abatement for the property. Because of its location near downtown Detroit and the public-private partnership with a local non-profit organization and the City of Detroit, we believe the property is an attractive investment candidate.

Business Plan. The target neighborhood now consists of multiple residential blocks with a patchwork pattern of vacant lots intermixed with vacant and occupied standing single-family homes. Our development strategy employs an approach that is not contingent on aggregating large contiguous swaths of land to create density. Instead, we plan to utilize modular development, based on a set of design specifications that can be deployed across non-contiguous sites within an identified area of interest. This strategy is designed to increase the density of the target neighborhood without significantly changing the existing aesthetic character of the community. The gateway to the project will consist of two adjacent 33-unit and 51-unit multi-family buildings, the smaller of which is expected to be age restricted (55+ years). The remainder of the project will consist of housing modules to be arranged in a manner that would conform with historic height specifications, setbacks and general volumetric parameters of existing single-family or duplex housing stock, while providing 4-6 units per comparable square footage. We would potentially employ unitized or prefabricated building systems, which provide several benefits, including economies of scale, shorter onsite construction timelines, reliable and consistent quality of construction, and above-code thermal envelopes. We currently have under control four parcels to be included in this project. We are also targeting 24 additional parcels currently owned by the City of Detroit Land Bank Authority and four additional privately-owned parcels for acquisition and inclusion in the initial phase of the project. We plan to acquire all of the parcels for a combined estimated $1.5 million. We expect the property to reach a stabilized level of occupancy within nine months of project completion.

Developer. We plan to engage RMC Development and Vanguard Community Development Corporation to develop North End Landings. RMC Development is a national real estate developer of mixed-use, transit oriented, military based redevelopment and student housing. The managing principal of RMC Development is Ronald K. McDonald, who has a track record of public-private redevelopment projects, including a 46-acre waterfront office park near the United States Naval Academy. Vanguard Community Development Corporation was founded in 1994 by Bishop Edgar Vann to facilitate the revitalization of the North End community. Vanguard has provided families with support through job training, basic needs assistance and after-school programs. Vanguard has invested over $60 million in affordable housing in the local community.

Market Analysis. For the past five years, construction has accelerated due to a strengthening economy and a steady population growth throughout the Detroit region. Within the past two years, more than 5,800 units have been reported as under construction in each quarter. Instead of declining, rents are now around $1,013 per month after being $933 per month only three years ago. Even with the consistent delivery of new supply to the Detroit market, for the past five years, annual rent growth has not dropped below 2.6%. Absorption in Detroit is projected at ‑0.8% over the next 12 months, equating to approximately ‑1,844 units.

Total Project Cost. The total project cost is estimated to be $43.2 million (approximately $231,122 per unit based on 187 units), which is outlined below. All cost items are estimates that are subject to change based on final scope of work (amounts below are in millions).

Property Acquisition (Purchase Price)	$	1.5
Transaction Cost		0.1
Development Cost		41.6
Total Project Cost	**$**	**43.2**

Capitalization. The total project capitalization is estimated to be $43.2 million. We plan to obtain a construction loan to fund construction of the new units. We plan to obtain permanent financing to take out the construction loan upon completion and project stabilization. All items, including total capitalization, are subject to change based on final scope of work.

Entitlements/Pre-Development. We have retained architectural and civil engineering firms to develop a site plan to maximize density, utilizing a modular construction concept. In addition, we have retained legal counsel to negotiate and execute the purchase of privately owned parcels within the project. We have met with the City of Detroit planning department and the City of Detroit Land Bank Authority, which have expressed support for increased density at the project as well as expansion of the project into additional phases. The estimated time to obtain entitlements for the new units is 9 months. Construction for the new units is projected to commence in July 2021. The estimated completion date for the new construction is November 2022.

The following outlines the percentage of regulated and unregulated apartment units in our initial portfolio:

	% Regulated Units	**% Unregulated Units**
Country Wood	100%	
Wellington Woods	100%	
Coopers Crossing	100%	
Arbors at Cary		100%
Academy at Waterford Lakes	100%	
Seaport Village		100%
Woodside Senior	100%	
Oak Village	100%	

The following outlines the five-year annual occupancy history and rental rates for our initial portfolio:

Annualized Occupancy by Year	**2015**	**2016**	**2017**	**2018**	**2019**
Country Wood	99.1%	97.6%	97.6%	98.2%	97.4%
Wellington Woods	98.8%	100.0%	99.7%	99.5%	99.4%
Coopers Crossing	98.7%	97.8%	96.4%	98.2%	96.9%
Arbors at Cary	N/A	84.2%	89.7%	89.2%	76.8%
Academy at Waterford Lakes	N/A	100.0%	100.0%	99.6%	99.6%
Seaport Village	N/A	96.1%	96.2%	96.6%	95.7%
Woodside Senior	95.5%	97.5%	97.6%	96.7%	97.4%
Oak Village	N/A	98.7%	97.4%	98.4%	97.1%

Average Rental Rate by Year	2015	2016	2017	2018	2019
Country Wood	$ 880	$ 886	$ 885	$ 913	$ 1,000
Wellington Woods	$ 791	$ 790	$ 796	$ 808	$ 865
Coopers Crossing	$ 990	$ 1,019	$ 1,014	$ 1,025	$ 1,082
Arbors at Cary	N/A	$ 787	$ 817	$ 836	$ 851
Academy at Waterford Lakes	N/A	$ 762	$ 770	$ 771	$ 824
Seaport Village	N/A	$ 1,360	$ 1,418	$ 1,485	$ 1,605
Woodside Senior	$ 884	$ 918	$ 947	$ 996	$ 1,147
Oak Village	N/A	N/A	$ 1,155	$ 1,259	$ 1,302

The following outlines tax data for our initial portfolio:

Property Taxes by Year	Tax Rate	2019 Tax	New Tax Upon Acquisition(1)
Country Wood	7.08%	$357,248	$ 401,087
Wellington Woods	1.83%	$178,489	$ 793,305
Coopers Crossing	1.24%	$110,398	$ 121,308
Arbors at Cary	1.07%	$193,295	$ 280,797
Woodside	1.11%	$162,914	$ 448,171
Academy at Waterford Lakes	1.62%	$ 98,424	$ 500,304
Oak Village	1.37%	$ 45,179	$ 354,335
Seaport Village	1.272% + Direct Assessments of 11% of Total Property Tax	$791,703	$ 2,780,075

(1) Represents the projected property tax amount following the sale and addition of any new incremental value increase created by the addition of new units and/or the value of new, ground-up development to a project.

Our Acquisition Pipeline

In addition to the nine initial properties, as of the date of this prospectus, we are evaluating acquisition opportunities of properties within and outside of Opportunity Zones from third parties, which we may acquire for cash or in exchange for partnership interests in our subsidiary partnership, subject to compliance with the Opportunity Zone program. The estimated aggregate acquisition, development and redevelopment cost for these properties is approximately $1.1 billion. We consider a property to be under evaluation if it satisfies the following criteria: (i) the owner has advised us that the property is available for sale, (ii) we have had active discussions with the owner regarding a potential purchase of the property and such discussions have not been terminated by either party and (iii) we are considering the preparation of a written proposal for delivery to the owner regarding a potential purchase of the property. These investments are under general review, and we have not conducted due diligence nor submitted indications of interest to, or entered into non-binding letters of intent with, the owners of these properties. There can be no assurance that we will be able to secure these investments as we may not have access to capital or may not be able to negotiate acquisition terms that are reasonable to us.

We do not view any of the acquisition opportunities discussed above as probable at this time.

Our Manager and our Property Manager

Upon the closing of this offering, we will enter into a management agreement with our Manager pursuant to which our Manager will manage our business and affairs, subject to the oversight of our board of directors. Additionally, upon the closing of this offering, our subsidiary partnership will enter into property management agreements with our Property Manager pursuant to which our Property Manager will manage, operate, maintain and lease all of the properties in our initial portfolio. Our Property Manager is an affiliate of Avanath and MacFarlane.

Under the management agreement, our Manager will be responsible for, among other things, providing us with a management team, each of whom is currently a member of the management team at Avanath. In addition to Daryl J. Carter, our President and Chief Executive Officer, our Manager will provide us with our other executive officers including Jun Sakumoto, our Executive Vice President and Chief Operating Officer, Wesley Wilson, our Executive Vice President, Chief Financial Officer and Treasurer, and Ellen Guccione, our Secretary.

Our Property Manager's approach to property management is built around reduced risk, improved tenant retention, enhanced long-term property values and reduced operating costs, while maintaining a superior living environment for tenants. Our Property Manager`s vertically integrated property management platform includes a 276 person in-house property management team as well as a dedicated 10 person property compliance team. Through innovative and rigorous property management strategies, our Property Manager will seek to maintain high levels of occupancy and tenant satisfaction, and will provide cost containment, accounting, energy management and sustainability practices that will allow for operational and financial efficiency.

Our management team has a track record of investing in markets that have been underserved by institutional capital. Members of our executive team have been responsible for raising institutional capital across multiple real estate investment funds and separate account mandates. Our management team is diverse with respect to gender and ethnicity. Our inclusive investment team seeks to identify attractive investment opportunities in underserved markets. As a result, Avanath is often an early-stage investor in emerging real estate markets that have been overlooked by traditional institutional investors. Avanath has successfully executed on redeveloping and repositioning a variety of investments across numerous asset classes with an emphasis on multifamily throughout major urban markets nationwide. We will leverage our management team's expertise in these markets to execute our Opportunity Zone real estate investment strategy.

Additionally, Avanath is a signatory to the PRI, a United Nations sponsored initiative consisting of a network of international investors working together to implement ESG principles. Avanath also participates in COIN, which facilitates insurance industry investments that provide solid returns to investors and yield environmental and social benefits to underserved communities. COIN is a collaborative effort between the California Department of Insurance, the insurance industry, economic development organizations, and community advocates. Starting in Spring 2021, Avanath will report to GRESB, which provides a global standard for sustainability performance in real assets, offering standardized and validated ESG data to the capital markets. More than 80 institutional investors use GRESB data and analytical tools. Avanath's participation in these organizations underscores its commitment to be a responsible and inclusive investor in U.S. commercial real estate markets, which differentiates the firm from many competitive organizations in the industry. We believe we will be the first ESG affordable and workforce multifamily REIT listed for trading on a national securities exchange.

Avanath Background

Founded in 2008 by Daryl J. Carter, Avanath is a real estate investment manager that invests on behalf of pension funds and other institutional investors, including ESG and socially responsible investors. Avanath has a focus in the affordable and workforce multifamily housing sectors, which enjoy strong long-term fundamentals and are underserved by institutional capital. Avanath acquires value-oriented multi-family properties that were originally developed under the LIHTC Program or with other similar structures, with the goals of enhancing the physical properties and maintaining long-term affordability. Avanath invests in high-quality multifamily apartment communities in established residential neighborhoods and focuses primarily on markets with high income growth and a significant supply/demand imbalance. Avanath's apartment communities typically enjoy amenities found in market-rate multifamily properties, such as a pool, gym, clubhouse and well-appointed unit interiors. As of June 30, 2020, Avanath had approximately $2.2 billion in gross assets under management from 49 institutional investors and owned 80 apartment communities with approximately 10,560 units.

In addition to investing in physical properties, Avanath embraces a culture of commitment, investing in community-based services and activities that enhance the lifestyle of its residents. Avanath promotes these responsible investment practices throughout its portfolio. Avanath implements unique social programs that truly enhance resident life. For example, Avanath incorporates activities such as arts & crafts and exercise classes at its age restricted senior properties and provides transportation services to its senior residents. Avanath offers after-school programs for kids, summer youth programs, computer training and career workshops at its family properties. Avanath also recently launched its Activate Health and Wellness Program at its Maryland properties, where Avanath has partnered with University of Maryland Capital Region Health to offer vital health screenings and health education to residents.

Avanath also promotes responsible investment through environmental sustainability initiatives, including, but not limited to, the installation of solar panels, drought tolerant landscaping and LED lights at its properties. Recently, in select deregulated energy markets, Avanath has entered into fixed-rate energy contracts to purchase renewable energy at a discount to current market rates offered by local utilities.

Avanath has successfully deployed capital from Avanath I, Avanath's first fund, with $117 million of equity capital commitments; Avanath II, with $188 million of equity capital commitments, including co-investment capital; and Avanath III, with $388 million of equity capital commitments, including co-investment capital. Currently, Avanath is seeking $850 million of equity commitments for Avanath IV, which will target value-oriented rentals in high-growth, high-cost markets in the U.S. Avanath IV will focus on acquisitions of core plus and value add properties with comparably lower levels of renovation than we expect will be required in the redevelopment projects undertaken by our company. Avanath IV is prohibited from investing in ground up development. Therefore, Opportunity Zone projects, which generally require doubling the cost basis of existing property, are not compatible with Avanath IV's investment mandate. Our management agreement contains a provision that is intended to enable us to share equitably with other clients of our Manager and its affiliates in all opportunities that may be suitable for us and such other clients and that will provide us with priority allocation of all investment opportunities that are suitable for us but are unsuitable for Avanath IV, including investment opportunities that require development and stabilized properties owned or controlled by Avanath. Prior to the expiration of its investment period, Avanath IV will have priority allocation with respect to those investment opportunities that may be suitable for Avanath IV. Upon the expiration of Avanath IV's investment period, and with no change to the allocation provision set forth in our management agreement, we will have priority access to all investment opportunities sourced by our Manager and its affiliates. Avanath IV's investment period ends upon the earlier of deployment of 90% of Avanath IV's commitments and May 31, 2022, provided that the investment period can be extended for one year with the approval of a majority of Avanath IV's advisory committee. The investment allocation policy described above could be waived or revised at any time by a majority of our independent directors without the consent of our stockholders. **This prospectus does not constitute an offer to sell or a solicitation of offers to purchase any securities of Avanath IV or its current or prospective investors.**

Avanath is registered with the SEC as an investment advisor and headquartered in Irvine, California, with additional offices in Alexandria, Virginia and Chicago, Illinois. Avanath has received a number of industry awards, including the 2016 Management Company of the Year award by the

Apartment Association of California Southern Cities. Avanath was one of the companies highlighted in the Inc. Magazine 2019 annual guide to the 5,000 fastest growing privately held companies in the United States. Mr. Carter has received the Distinguished Mentor Award by the Urban Land Institute and the Distinguished Alumni Award from MIT Sloan School of Management.

MacFarlane Background

Founded in 1987 by Victor B. MacFarlane, MacFarlane has provided real estate investment management services to pension funds and other institutional investors through commingled funds and separate accounts, building a track record that spans multiple market cycles and a broad range of property sectors, geographic areas, capital structures, and investment strategies, including core, value add and opportunistic. Over the past three decades, the firm has managed more than $20 billion in real estate assets in nearly 40 metropolitan areas nationwide. MacFarlane has acquired stabilized properties, renovated and repositioned existing assets, developed new projects and taken over underperforming properties and portfolios−all with the objective of managing real estate to higher values and achieving attractive investment returns.

Today, MacFarlane focuses exclusively on real estate investments that promote smart growth, urban revitalization and sustainability in urban and high-density suburban submarkets of select "gateway cities" of the United States, acquiring and developing properties itself and through joint ventures with others. The firm is recognized as a pioneer of the urban investment concept, having formed one of the institutional investment management industry's first urban ventures in 1996. Since that time, it has invested in approximately $13 billion in properties in markets nationwide through its urban real estate program, totaling eight million square feet of commercial space and 15,000 multifamily housing units. MacFarlane has served as an investor or development partner for a number of multifamily, office and mixed-use projects, including The Hotel & Residences at L.A. LIVE and the recently completed Park Fifth and Trademark developments in Los Angeles, California; Bay Street Emeryville in Emeryville, California; Time Warner Center in New York, New York; Mark on 8th in Seattle, Washington; and 55 M Street in Washington, D.C. MacFarlane's controlled development pipeline includes approximately 800 affordable housing units and 2,700 market-rate units.

MacFarlane also owns a minority interest in LDP Holdings, LLC, which does business as Jair Lynch Real Estate Partners, a real estate operating and development company based in Washington, D.C., that will also be a potential source of investments for our company. MacFarlane acquired the equity interest in the company through its Emerging Managers Fund I, which was formed in 2008 with equity from the California State Teachers' Retirement System to invest both in and with early and mid-stage real estate operating companies, focusing on minority- and women-owned firms active in urban and high-density suburban property markets. The fund acquired equity stakes in such companies, nurtured their growth and provided them with investment capital for their real estate strategies. Its objective was to incubate the next generation of real estate talent and enable those firms to fully manage property assets for institutional investors. Jair Lynch Real Estate Partners became the sole focus of Emerging Managers Fund I and successfully "graduated" from that program in 2017. The fund was liquidated as part of that process.

Jair Lynch Real Estate Partners was founded in 1998 by Jair Lynch, a graduate of Stanford University, a Harvard Graduate School of Design Loeb Fellow, and a silver medal winner (men's parallel bars) at the 1996 Summer Olympics. Based in Washington, D.C., Jair Lynch Real Estate Partners specializes in the socially responsible transformation of walkable urban places and sustainable neighborhoods. From 2007 through 2017, Lynch invested in 15 properties in Washington, D.C. and its suburbs in partnership with MacFarlane through Emerging Managers Fund I and another investment entity.

MacFarlane is headquartered in San Francisco, California and operates a regional office in Los Angeles, California. Properties developed by MacFarlane, either directly or in partnership with others, have received awards and honors from real estate industry groups such as the Urban Land Institute, the National Association of Home Builders, the National Association of Office and Industrial Properties, and the Los Angeles Business Council; as well as from publications such as *Multi-Housing News*, *Real Estate Forum* and *the San Francisco Business Times*.

Avanath Investment Performance

Since its inception in 2008, Avanath has closed three commingled funds with equity commitments, including co-investment capital, totaling $694 million. Avanath recapitalized its first fund with an additional $122 million in equity commitments. Avanath is also currently in the process of raising $850 million of equity commitments for its fourth fund, Avanath IV, which will target value-oriented rentals in high-growth, high-cost markets in the U.S. **This prospectus does not constitute an offer to sell or a solicitation of offers to purchase any securities of Avanath IV or its current or prospective investors.**

Avanath has investment experience in 12 states across the U.S., primarily focusing on larger metropolitan statistical areas on both coasts. Avanath has generated the following investment track record:

As of June 30, 2020, Avanath I has achieved the following:

Raised approximately $117.1 million of equity capital commitments and deployed capital for the acquisition of 18 investments (2,804 units) for $232.3 million in total acquisition cost from 2011 through 2014.

Invested in high-cost and high-growth markets in California, the upper Midwest, Florida, Texas and the Northeast.

Disposed of four assets, which generated $140.7 million of proceeds (versus an aggregate project cost of approximately $57.7 million).

Recapitalized the remaining portfolio in March 2019 and redeemed the initial investors' equity capital at a $248 million redemption price.

Generated a gross internal rate of return of 20.6% and equity multiple of 2.1x and a net internal rate of return of 16.2% and equity multiple of 1.8x for the initial investors.

Currently managing the remaining portfolio for a UBS-led consortium of new institutional investors.

As of June 30, 2020, Avanath II has achieved the following:

Raised approximately $168.1 million of equity capital commitments and deployed/committed capital for the acquisition of 15 investments (18 assets, 3,287 units) for $414.8 million in total acquisition cost from 2014 through 2016.

Invested in high-cost and high-growth markets in California, Washington, the Northeast and the Southeast.

Based on two actual realizations and appraisals as of December 31, 2019, generated a mark-to-market gross internal rate of return of 14.2% and an equity multiple of 1.9x and a net internal rate of return of 10.8% and equity multiple of 1.6x.

As of June 30, 2020, Avanath III has achieved the following:

Raised approximately $338.3 million of equity capital commitments and deployed capital across 25 investments (46 assets, 4,016 units) for $662.4 million in total acquisition cost from 2016 to 2019.

Invested in high-cost and high growth markets in California, Washington, Colorado, Texas, Florida, the upper Midwest, and the Northeast.

Given recent date of acquisitions, no assets have been sold and estimated return data is not relevant at this date.

Currently, Avanath is raising equity commitments for Avanath IV, which:

Has raised approximately $437.6 million of a cap of $850 million of equity capital commitments and invested approximately $150.4 million in total acquisition cost across nine investments with a total of 1,556 units from June 2019 to June 30, 2020. Avanath IV originally had a cap of $550 million of equity capital commitments which has been upsized to its current cap of $850 million.

Targets value-oriented rentals in high-growth, high-cost markets in the U.S. and focuses on acquisitions of core plus and value add affordable and workforce housing properties with comparably lower levels of renovation than expected to be required in the redevelopment projects undertaken by the Opportunity Zone Fund.

Is prohibited from investing in ground up development.

Given recent date of acquisitions, no assets have been sold and estimated return data is not relevant at this date.

The information above sets forth certain historical investment performance data about the Avanath Funds. This information is a reflection of the past performance of the Avanath Funds and is not intended to be indicative of, or a guarantee or prediction of, the returns that we, our Manager, Avanath, MacFarlane or the Avanath Funds may achieve in the future. Gross internal rates of return and equity multiples represent contributions and distributions between the applicable fund and its investors as if no investment management fees or incentive fees had been incurred. Net internal rates of return and equity multiples are calculated using actual contributions and distributions between the applicable fund and its investors and are net of investment management fees and incentive fees. In the case of Avanath II, the unrealized net asset value of the fund (net of incentive fee for net returns) is considered a distribution on the effective date of the calculation.

While none of the Avanath Funds have focused on Opportunity Zones, each Avanath Fund has previously acquired one or more properties located in Opportunity Zones. Avanath's funds are focused on income restricted investments and have been allowed to invest up to 20% of their respective commitments in properties without income restrictions. Avanath I only invested in income restricted properties and Avanath II, Avanath III, and Avanath IV invested up to 20% in non-income restricted properties. To qualify as an income-restricted property, generally over 50% of the units must be limited to 60% of AMI.

Our Business and Growth Strategies

Our primary business objective is to provide our stockholders with stable, tax-advantaged returns, with the opportunity for liquidity and value enhancement over time by investing in Qualified Property in Opportunity Zones. We believe we can achieve this objective by pursuing the following strategies:

Pursue high-quality projects sourced by our Manager. We will target affordable and workforce multifamily housing investments sourced by our Manager both inside and outside of Opportunity Zones primarily in transitioning metropolitan markets that have vibrant, growing economies. Specifically, we intend to invest primarily in locations close to mass transportation, healthcare and social infrastructure. We will focus on acquiring existing income producing properties that can be improved through upgrading existing housing units or by adding additional units to existing buildings or through the construction of new buildings within the property or on

adjacent land. We will also undertake ground up development of new affordable and workforce multifamily housing in vibrant, supply-constrained markets and in circumstances where we believe we will be able to leverage our management team's experience and relationships to generate strong risk-adjusted returns for our stockholders. We believe that the Opportunity Zone program will help transform the areas in which our properties are located from low-income, underserved markets into more attractive mixed-income and higher-performing areas. We believe these changes will ultimately translate into higher property rents, occupancy and operating cash flows, in addition to more attractive capitalization rates and higher valuations. With a portfolio of 80 apartment communities consisting of approximately 10,560 units, Avanath is one of the most active acquirers in the affordable housing market. We believe the industry relationships our Manager has cultivated with government agencies, leading developers, owners, brokers and other industry participants will provide us with attractive opportunities to acquire properties located in Opportunity Zones and grow our portfolio over time.

Focus on tenant relationships. According to a 2020 report from Affordable Housing Finance Magazine, Avanath is among the largest institutional investors in the affordable housing space. Avanath believes it is essential to focus on providing quality affordable housing for its tenants. Avanath embraces a culture of commitment, investing in community-based services and activities that enhance the lifestyle of its residents. Avanath implements unique social programs that truly enhance resident life. For example, Avanath incorporates activities, such as arts & crafts and exercise classes, at its age restricted senior properties and provides transportation services to senior residents. Avanath offers after-school programs, summer youth programs, computer training and career workshops at its family properties. Avanath also recently launched its Activate Health and Wellness Program at its Maryland properties, where Avanath has partnered with University of Maryland Capital Region Health to offer vital health screenings and health education to residents. In order to build long term relationships with our tenants, Avanath expects to bring these practices and programs to our properties.

Focus on the affordable and workforce segments within the multifamily property sector. We believe that our focus on the affordable and workforce segments of the multifamily property sector will allow us to provide our stockholders with stable returns. Demand for affordable housing far exceeds the supply, tends to be higher when compared to other types of multifamily properties, and is generally more consistent in all economic cycles. On the other hand, supply for affordable housing is constrained by high barriers to entry, including the costs necessary to develop or redevelop affordable housing projects, limited availability of tax credits and the experience and specialized knowledge required to own and manage rent-regulated properties in compliance with applicable regulations. A consequence of this supply/demand imbalance is that property lease up is typically faster, tenant tenure is typically longer and unit vacancy is typically shorter as compared to market-rate multifamily properties. This reduced turnover results in lower operating costs, benefiting the overall performance of the properties.

Preserve QOZ Tax Benefits for our stockholders. We intend to operate in a manner so that QOZ Tax Benefits will be available to our stockholders. As discussed elsewhere in this prospectus, the availability to our stockholders of QOZ Tax Benefits requires that we qualify as an Opportunity Zone Fund under the U.S. federal income tax laws. In order for us to qualify as an Opportunity Zone Fund, we must meet a number of requirements relating to the acquisition, improvement and use of the properties in which we invest. We will also generally hold our investments for longer periods of time than non-Opportunity Zone Funds in order to allow our investors to take full advantage of the QOZ Tax Benefits. One such benefit is the ability to exclude from income capital gain dividends to stockholders arising out of our sales of Qualified Property, which requires that a stockholder have held its interest in our company for at least ten years at the time we identify such capital gain dividend.

Leverage access to capital to create value. In connection with this offering, we will become a publicly traded company with enhanced access to capital as we pursue our business plan. We anticipate that we will have access to capital through a revolving credit facility that we anticipate obtaining concurrently with or shortly after the completion of this offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations−Liquidity and Capital Resources Following the Completion of This Offering and the Formation Transactions−Our Anticipated Revolving Credit Facility." We may engage in other forms of capital raising available to other public REITs such as conducting offerings of preferred stock or common equity. We intend to leverage our ability to access capital to pursue value-creation strategies at our properties.

Actively direct capital to underserved markets. In executing investments for our stockholders in these underserved markets, we will seek attractive, risk-adjusted returns, but we will also invest in the spirit in which the Opportunity Zone program was created, connecting financial capital with human potential. Likewise, we believe there is a large market for opportunistic, yet compassionate investing in lower income areas being sensitive to issues of gentrification and displacement. Given our industry presence and the deep experience of our senior management team in these types of markets, we believe we are in prime position to benefit from this opportunity. We will seek to include employment from the immediate area and endeavor that minority contractors be used, when and wherever possible, in all of our Opportunity Zone developments. In addition, we will work with local non-profit organizations in the provision of supportive services for our residents.

Work with strategic and diverse partners. We have established relationships with local developers, major financial institutions, leading property service companies, government agencies and other market participants. We plan to leverage our extensive experience and strong network of relationships in the commercial real estate industry to source and execute investments. In particular, Messrs. Carter and MacFarlane are founding members of the Real Estate Executive Council, a leading professional trade association composed of men and women of color in the commercial real estate industry. Our development strategy includes partnering with smaller developers with local market expertise, including minority developers that are developing in Opportunity Zones and have limited access to capital. We are currently collaborating with Laurel Street, a woman-owned affordable housing developer on the redevelopment of the Arbors at Cary and Academy at Waterford Lakes properties. For the Woodside Senior property in Ontario, California, we are working with Silverado Canyon Partners, a Latino-owned real estate developer of multifamily housing. For the North End Landings project in Detroit, Avanath is working with Vanguard Community Development Corporation and RMC Development. Vanguard was founded in 1994 by Bishop Edgar Vann to facilitate the revitalization of the North End community in Detroit. RMC Development is an African American-owned developer of mixed-use, transit oriented, military based redevelopment and student housing.

Our Competitive Strengths

We believe that the following competitive strengths will enable us to implement our business and growth strategies and compete effectively in the Opportunity Zone market:

Experienced management team with a successful track record raising and managing third-party capital. We believe the significant experience, expertise and relationships of our management team, which has a track record of investing in underserved markets, will drive our business and growth. Members of our executive team have been responsible for raising institutional capital across multiple real estate investment funds and separate account mandates and deploying such capital in our target properties and markets. Mr. Carter was an early proponent of urban investing, partnering with the California Public Employees' Retirement System ("CalPERS") through the pension fund's CURE program to make capital investments in inner cities and other underserved communities. This $220 million partnership with CalPERS provided mezzanine, preferred and joint venture equity investments in urban multifamily properties with seasoned operating partners. Mr. Carter is a former independent director on the boards of Catellus Development Corporation, Silver Bay Realty Trust and Whitestone REIT. Mr. Carter is currently on the National Advisory Council for KeyBank N.A.

Access to attractive off-market and target marketed acquisition and investment opportunities. We anticipate that the industry relationships we have cultivated with government agencies, leading developers, owners, brokers and other industry participants will generate attractive Opportunity Zone investment opportunities for us. Our pipeline properties are transactions sourced through existing relationships of our management team and our Manager, and we believe these relationships will provide us with additional off-market acquisition and investment opportunities, as well as target-marketed opportunities that are strategically presented to a limited number of real estate investors. We believe such off-market and target-marketed transactions may not be available to many of our competitors and will therefore provide us with the opportunity to purchase properties outside the competitive bidding process. In general, we believe the number of competitive bidders for affordable and workforce housing opportunities to be substantially less than market rate assets.

High quality initial portfolio and identified future investment opportunities. Upon or shortly following the completion of this offering and the formation transactions, we will acquire an initial portfolio comprised of nine multifamily properties across six states for an aggregate purchase price of approximately $260.4 million in cash. Three of these properties (Country Wood, Coopers Crossing and Wellington Woods) are stabilized operating properties that are not located in Opportunity Zones. The aggregate purchase price for these three stabilized properties is approximately $82.5 million, and they are estimated to generate annualized base rent of approximately $7.6 million, based on monthly rent in June 2020. The remaining six of our initial properties (Arbors at Cary, Academy at Waterford Lakes, Woodside Senior, Seaport Village, Oak Village, and North End Landings) are located in Opportunity Zones. The combined estimated total project cost for these six Opportunity Zone properties, including the purchase price and future estimated development and redevelopment costs, which include capitalized construction loan interest expenses, if any, is approximately $485.4 million. In addition to our initial properties, we maintain a pipeline of additional prospective investments located both within and outside of Opportunity Zones, as described above under "−Our Acquisition Pipeline." We intend to engage in a combination of redevelopment and ground up development. We believe redevelopment properties within Opportunity Zones are particularly attractive as the properties will provide current cash flow to our company while the redevelopment is in process.

Experience navigating barriers to entry. As discussed in the section of this prospectus entitled "Market Opportunity," supply for affordable housing is constrained by high barriers to entry, including the costs necessary to develop or redevelop affordable housing projects, limited availability of tax credits and the experience and specialized knowledge required to own and manage rent-regulated properties in compliance with applicable regulations. Our management team has been able to overcome these barriers through the development of sophisticated operating strategies and reporting procedures and through the implementation of cost management strategies. We have also established strong relationships with many governmental and regulatory agencies. We intend to leverage this experience to pursue development and redevelopment projects that our competitors may be unable or unwilling to pursue.

Sourcing and underwriting capabilities. We expect to capitalize on the extensive industry relationships of our Manager and its affiliates to source potential investment opportunities. Our

Manager utilizes market research and surveys of industry conditions to identify prospective investments. When a prospective property has passed a preliminary "broad market" review, our Manager conducts due diligence and underwriting, which encompasses a detailed assessment of demographics, supply and demand factors, third-party research, property condition and improvements, legal considerations, financial analyses (including a pro forma budget and cash flows) and exit strategies. Furthermore, our Manager's acquisitions team initially performs an internal analysis and audit of a prospective investment's operating statements, rent roll and other financial information. In preparing financial projections, our Manager employs conservative underwriting assumptions for rental rates, rent growth projections and borrowing costs and capitalization rates that are based on historical levels. The acquisitions team then carefully evaluates a project's location, local demographics, school systems, local amenities, highway access, tenant make-up, average area income and redevelopment potential to determine the proper balance of improvements and amenities that will appeal to prospective tenants and ultimately enhance cash flow.

Access to MacFarlane development expertise. We expect to benefit from the significant real estate development and financing capabilities of MacFarlane. See "Business and Properties−Our Manager and our Property Manager−MacFarlane Background." We anticipate that we will engage MacFarlane to develop or redevelop certain of our projects. MacFarlane has served as an investor or development partner for a number of multifamily, office and mixed use projects, including The Hotel & Residences at L.A. LIVE and the recently completed Park Fifth and Trademark developments in Los Angeles, California; Bay Street Emeryville in Emeryville, California; Time Warner Center in New York, New York; Mark on 8th in Seattle, Washington; and 55 M Street in Washington, D.C. MacFarlane's controlled development pipeline includes approximately 800 affordable housing units and 2,700 market-rate units.

Proactive asset management. Our Manager will proactively manage the assets in our portfolio. Once a property is acquired, our Manager will create and implement a formal business plan for the property, including a capital improvement and operating budget. Our Manager will regularly review the performance and material events impacting our investments and monitor overall capital and real estate market issues, which will allow our Manager to anticipate and proactively address potential property or market issues.

Access to capital for value creation. We believe many owners of affordable and workforce housing lack the access to capital necessary to make strategic capital investments that enhance the cash flow of affordable and workforce properties. Conversely, we are undertaking this offering to become a publicly traded company in order to provide us with enhanced access to capital and capital flexibility as we pursue our business plan. In addition, we anticipate that we will have access to capital through a revolving credit facility that we anticipate obtaining concurrently with or shortly after the completion of this offering. We anticipate that our ability to access capital will allow us to pursue value-creation strategies at our properties. Specific examples that have been implemented or planned for the Company's investments include: (i) construction of a new leasing office and conversion of an existing leasing office into a rentable apartment unit, (ii) installation of washers and dryers in individual units, (iii) installation of solar panels and low-water-usage landscaping, which translate into lower utility costs, (iv) extensive upgrading of kitchens and bathrooms and (v) construction of new buildings on available land within or next to the existing property.

Tax-advantaged investment vehicle with secondary market trading. We intend to qualify as an Opportunity Zone Fund. Assuming we qualify as an Opportunity Zone Fund, our stockholders will have access to the unique QOZ Tax Benefits. Given the numerous attractive elements of the program to investors seeking tax advantages, we expect that there will be numerous Opportunity Zone Funds offered to the market to invest in Opportunity Zones. We believe that most of these funds are commingled closed-end fund vehicles that are not expected to be traded in a public or secondary market. However, final Treasury regulations under the Opportunity Zone program provide that a purchase of outstanding interests in an Opportunity Zone Fund from an existing investor utilizing eligible capital gains will be eligible for QOZ Tax Benefits. In connection with this offering, we will register the shares of our common stock offered hereby with the SEC and seek to list such shares on a national securities exchange. As such, we believe that we will be the first Opportunity Zone Fund listed for trading on a national securities exchange. We believe registration and listing of our common stock will provide liquidity to our stockholders through secondary trading, thereby transforming our company into a vehicle in which smaller retail investors can invest. We believe access to liquidity will differentiate our company from other Opportunity Zone Funds as investors may consider the 10 years or greater holding periods necessary to take advantage of all of the QOZ Tax Benefits to be too long. As such, our stockholders will be able to make decisions based on their liquidity needs, and some stockholders may want to recognize their capital gains and match capital losses they have prior to the end of that period and sell their shares to an investor seeking to defer gain by making an investment in an Opportunity Zone Fund. Alternatively, other stockholders may decide to sell after the step up in basis but not take advantage of the QOZ Tax Benefit of holding our shares for ten years. In general, we believe this overall added liquidity will make our vehicle more attractive to many investors who fear that they will have limited or no liquidity options in closed end funds. Given the compelling nature of our investments and focus on low income communities, we expect our shares will also attract non-tax driven investors, such as social impact funds and those investors focused on ESG issues.

Substantial alignment of interests with our Manager and committed private capital. We believe the interests of our Manager and its management team and our stockholders are strongly aligned. Concurrently with the consummation of this offering, members of our senior management team, affiliates of our Manager and investors in our Manager will purchase $6.7 million in shares of our common stock (at the same price per share as investors in this offering), and members of our senior management team will purchase a 1.0% interest in our subsidiary partnership for $3.3 million at a price per unit equal to the initial public offering price per share in this offering. These shares will be subject to a 180-day lockup. In addition, our Manager will have the ability to earn incentive fees based on our total stockholder return exceeding an 8% cumulative annual hurdle rate. The incentive fee will be payable in LTIP Units issued by our subsidiary partnership. See "Our Manager and the Management Agreement−Management Agreement−Incentive Fee." In addition to the investment by members of our senior management team and affiliates of and investors in our Manager, we have received binding subscriptions from certain accredited investors to purchase shares of our common stock in the concurrent private placement for an aggregate investment equal to $5 million and an oral commitment from an accredited investor to purchase shares of our common stock in the concurrent private placement for an investment equal to $15 million. Such oral commitment is non-binding and the investor may ultimately elect not to purchase any shares in the concurrent private placement.

Culturally diverse organization with strong presence in Opportunity Zone markets. Our management team is diverse and includes women and people of color. Our inclusive investment team seeks to identify attractive investment opportunities in underserved markets. As a result, we believe that we will often be an early-stage investor in emerging real estate markets. The management team has successfully executed on redeveloping and repositioning a variety of investments across numerous asset classes with an emphasis on multifamily throughout major urban markets nationwide. We will leverage our management team's expertise and prior investment experience in these markets and property classes to execute our Opportunity Zone strategy. Underwriting, developing, financing and operating affordable multifamily housing projects requires an in-depth understanding of the complex and sometimes tangled web of regulatory, tax and political considerations that prevail in the affordable housing sector. We will draw upon the expertise of our management team to navigate these complexities. In particular, Avanath has a track record of acquiring LIHTC properties and obtaining property tax exemptions in states such as California, Florida and Washington.

Tax Status

We intend to elect and qualify as an Opportunity Zone Fund commencing with the month of the closing of this offering and to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2020. We believe that, commencing with the month of the closing of this offering, we will be organized and will operate in such a manner as to qualify for as an Opportunity Zone Fund under the U.S. federal income tax laws, and we intend to continue to operate in such a manner. In addition, we believe that, commencing with our taxable year ending December 31, 2020, we will be organized and will operate in such a manner as to qualify for taxation as a REIT under the U.S. federal income tax laws, and we intend to continue to operate in such a manner.

Competition

We face competition for acquisitions of real property from investors, including traded and non-traded public REITs, private equity investors and institutional investment funds, some of which have greater financial resources than we do, a greater ability to borrow funds to acquire properties and the ability to accept more risk. This competition may increase the demand for the types of properties in which we typically invest and, therefore, reduce the number of suitable investment opportunities available to us and increase the prices paid for such acquisition properties. This competition will increase if investments in real estate become more attractive relative to other forms of investment.

As a landlord, we compete in the multi-billion dollar real estate market with numerous developers and owners of properties, many of which own properties similar to ours in the same markets in which our properties are located. Some of our competitors have greater economies of scale, lower costs of capital, access to more resources and greater name recognition than we do. If our competitors offer space at rental rates below current market rates or below the rental rates we currently charge our tenants, we may lose our tenants or prospective tenants and we may be pressured to reduce our rental rates or to offer substantial rent abatements, tenant improvement allowances, early termination rights or below-market renewal options in order to retain tenants when their leases expire.

Employees

We are externally managed and, upon the completion of this offering, will be advised by our Manager pursuant to the management agreement between our Manager and us. All of our executive officers serve as officers of our Manager. We do not expect to have any employees. See "Our Manager and the Management Agreement−Management Agreement."

Principal Executive Offices

Our principal executive offices are located at 1920 Main Street, Suite 150, Irvine, California 92614. We believe that our facilities are adequate for our present and future operations.

Legal Proceedings

From time to time, we may be party to various lawsuits, claims for negligence and other legal proceedings that arise in the ordinary course of our business. Neither we nor our Manager are currently a party, as plaintiff or defendant, to any legal proceedings which, individually or in the aggregate, would be expected to have a material effect on our business, financial position, liquidity or results of operations if determined adversely to us or our Manager.

Insurance

We will carry commercial liability, property and rental loss insurance covering the properties in our initial portfolio. We expect to select policy specifications and insured limits which we believe to be appropriate given the relative risk of loss, the cost of the coverage and industry practice. We do not expect to carry insurance for generally uninsurable losses such as loss from war. If any of our properties incurs a casualty loss that is not fully insured, the value of our assets will be reduced by any such uninsured loss, which may reduce the value of your investment. In addition, other than any working capital reserve or other reserves we may establish, we have no source of funding to repair or reconstruct any uninsured property. Also, to the extent we must pay unexpectedly large amounts for insurance, we could suffer reduced net income that would result in lower distributions on our common stock.

In addition, insurance may not cover all potential losses on properties that we may acquire, which may impair our security and harm the value of our assets. There are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods and hurricanes that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, might not be adequate to restore the economic value of properties in our portfolio, which might decrease the value of such property.

Implications of Being an Emerging Growth Company and a Smaller Reporting Company

We are an "emerging growth company" as defined in the JOBS Act, and we are eligible to take advantage of certain specified reduced disclosure and other requirements that are otherwise generally applicable to public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

We will remain an "emerging growth company" until the earliest to occur of (i) the last day of the fiscal year during which our total annual gross revenue equals or exceeds $1.07 billion (subject to adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of this offering, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt securities and (iv) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act.

We are also a "smaller reporting company" as defined in Regulation S-K under the Securities Act and may take advantage of certain of the scaled disclosures available to smaller reporting companies, including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We may be a smaller reporting company even after we are no longer an "emerging growth company."

Regulation

General. Our properties are subject to various laws, ordinances and regulations, including those relating to fire and safety requirements, and affirmative and negative covenants and, in some instances, common area obligations.

Americans With Disabilities Act. Under Title III of the ADA, and rules promulgated thereunder, in order to protect individuals with disabilities, public accommodations must remove architectural and communication barriers that are structural in nature from existing places of public accommodation to the extent "readily achievable." In addition, under the ADA, alterations to a place of public accommodation or a commercial facility are to be made so that, to the maximum extent feasible, such altered portions are readily accessible to and usable by disabled individuals. The "readily achievable" standard considers, among other factors, the financial resources of the affected site and the owner, lessor or other applicable person.

Compliance with the ADA, as well as other federal, state and local laws, may require modifications to properties we may purchase or may restrict renovations of those properties. Failure to comply with these laws or regulations could result in the imposition of fines or an award of damages to private litigants, as well as the incurrence of the costs of making modifications to attain compliance, and future legislation could impose additional obligations or restrictions on our properties.

Environmental Matters

Federal, state and local environmental laws and regulations regulate, and impose liability for, releases of hazardous or toxic substances into the environment. Under various of these laws and regulations, a current or previous owner, operator or tenant of real estate may be required to investigate and clean up hazardous or toxic substances, hazardous wastes or petroleum product releases or threats of releases at the property, and may be held liable to a government entity or to third parties for property damage and for investigation, clean-up and monitoring costs incurred by those parties in connection with the actual or threatened contamination. These laws may impose clean-up responsibility and liability without regard to fault, or whether the owner, operator or tenant knew of or caused the presence of the contamination. The liability under these laws may be joint and several for the full amount of the investigation, clean-up and monitoring costs incurred or to be incurred or actions to be undertaken, although a party held jointly and severally liable may seek to obtain contributions from other identified, solvent, responsible parties of their fair share toward these costs. These costs may be substantial and can exceed the value of the property. In addition, some environmental laws may create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. As the owner or operator of real estate, we also may be liable under common law to third parties for damages and injuries resulting from environmental contamination emanating from the real estate. The presence of contamination, or the failure to properly remediate contamination, on a property may adversely affect the ability of the owner, operator or tenant to sell or rent that property or to borrow using the property as collateral and may adversely impact our investment in that property.

In addition, environmental laws regulate a variety of activities that can occur on a property, including the storage of petroleum products or other hazardous or toxic substances, air emissions, water discharges and exposure to lead-based paint. Such laws may impose fines or penalties for violations and may require permits or other governmental approvals to be obtained for the operation of a business involving such activities. As a result of the foregoing, we could be materially and adversely affected.

Environmental laws also govern the presence, maintenance and removal of asbestos-containing materials ("ACM"). Federal regulations require building owners and those exercising control over a building's management to identify and warn, through signs and labels, of potential hazards posed by workplace exposure to installed ACM in their building. The regulations also have employee training, record keeping and due diligence requirements pertaining to ACM. Significant fines can be assessed for violation of these regulations. As a result of these regulations, building owners and those exercising control over a building's management may be subject to an increased risk of personal injury lawsuits by workers and others exposed to ACM. The regulations may affect the value of a building containing ACM in which we have invested. Federal, state and local laws and regulations also govern the removal, encapsulation, disturbance, handling and/or disposal of ACM when those materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. These laws may impose liability for improper handling or a release into the environment of ACM and may provide for fines to, and for third parties to seek recovery from, owners or operators of real properties for personal injury or improper work exposure associated with ACM.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants or others if property damage or personal injury occurs.

We expect that all of our properties will be subject to Phase I environmental assessments at the time they are acquired. Phase I environmental site assessments are limited in scope and therefore may not reveal all environmental conditions affecting a property. However, if recommended in the initial assessments, we may undertake additional assessments such as soil and/or groundwater samplings or other limited subsurface investigations and ACM or mold surveys to test for substances of concern. A prior owner or operator of a property or historic operations at our properties may have created a material environmental condition that is not known to us or the independent consultants preparing the site assessments. Material environmental conditions may have arisen after the review was completed or may arise in the future, and future laws, ordinances or regulations may impose material additional environmental liability. If environmental concerns are not satisfactorily resolved in any initial or additional assessments, we may obtain environmental insurance policies to insure against potential environmental risk or loss depending on the type of property, the availability and cost of the insurance and various other factors we deem relevant. Our ultimate liability for environmental conditions may exceed the policy limits on any environmental insurance policies we obtain, if any.

We cannot predict what other environmental legislation or regulations will be enacted in the future, how existing or future laws or regulations will be administered or interpreted or what environmental conditions may be found to exist on our properties in the future. Compliance with existing and new laws and regulations may require us to spend funds to remedy environmental problems. If we were to become subject to significant environmental liabilities, we could be materially and adversely affected.

MANAGEMENT

Our Executive Officers, Directors and Director Nominees

Upon the completion of this offering and the formation transactions, our board of directors will consist of seven directors, including the four independent director nominees named below who will become directors upon completion of this offering. Each of our directors is elected by our stockholders to serve until the next annual meeting of our stockholders and until his or her successor is duly elected and qualifies. Of the seven directors, we expect that our board of directors will determine that each of them other than Daryl J. Carter, Victor B. MacFarlane and John R. Williams will be considered independent in accordance with the requirements of the NYSE. The first annual meeting of our stockholders after this offering will be held in 2021. Our charter and bylaws provide that a majority of the entire board of directors may at any time increase or decrease the number of directors. However, unless our bylaws are amended, the number of directors may never be less than the minimum number required by the MGCL nor more than 15. Executive officers serve at the pleasure of our board of directors.

The following table sets forth certain information concerning the individuals who will be our directors and executive officers upon the completion of this offering:

Name	Age	Position with Our Company
Daryl J. Carter	65	President and Chief Executive Officer and Director
Jun Sakumoto	52	Executive Vice President and Chief Operating Officer
Wesley Wilson	32	Executive Vice President, Chief Financial Officer and Treasurer
Ellen Guccione	77	Secretary
Victor B. MacFarlane	69	Chairman of the Board
John R. Williams	62	Vice Chairman of the Board
Shareef Abdur-Rahim	43	Independent director nominee
John A. Good	62	Independent director nominee
Terri Ludwig	57	Independent director nominee
Carol Moseley Braun	73	Independent director nominee

The following sets forth biographical information concerning our executive officers, directors and director nominees.

Daryl J. Carter has served as our President and Chief Executive Officer and a member of our board of directors since our formation in January 2020. Mr. Carter is the Founder, Chairman and CEO of Avanath Capital Management, LLC, a California-based investment firm that acquires, renovates, and operates apartment properties, with an emphasis on affordable and workforce communities. Mr. Carter founded Avanath in 2008 and directs the overall strategy and operations of Avanath. Avanath is an SEC registered investment advisor and an institutional fund manager, with capabilities that include acquisition sourcing and underwriting, construction, asset management, and on-site property management.

Mr. Carter has 39 years of experience in the commercial real estate industry. Previously, he was an Executive Managing Director of Centerline Capital Group from 2005 until 2008. Mr. Carter became part of the Centerline team when his company, Capri Capital Finance, was acquired by Centerline in 2005. Mr. Carter co-founded and served as Co-Chairman of the Capri Capital family of companies from 1992 to 2005. He was instrumental in building Capri to a diversified real estate investment firm. Prior to Capri, Mr. Carter was Regional Vice President at Westinghouse Credit Corporation and a Second Vice President at Continental Bank.

Mr. Carter holds a Master of Architecture and a Master of Business Administration, both from the Massachusetts Institute of Technology. He received a Bachelor of Science degree in Architecture from the University of Michigan. Mr. Carter previously served on the Visiting Committee of the MIT Sloan School of Management and currently serves on the MIT Corporation Nominating Committee. In 2015, Mr. Carter received the MIT Sloan School Distinguished Alumni Award and served as the 2015 commencement speaker for the Sloan School MBA graduation.

Mr. Carter is a Past Chairman of the National Multifamily Housing Council. Previously, Mr. Carter served as an independent director on the boards of the following companies: Catellus Development Corporation (CDX), Silver Bay Realty Trust (SBY), and Whitestone REIT (WSR).

We believe that Mr. Carter's experience involving various aspects of investment and development of affordable and workforce properties brings important and valuable skills to our board of directors.

Jun Sakumoto has served as our Executive Vice President and Chief Operating Officer since October 2020 and served as our Senior Vice President and our Chief Operating Officer from our formation in January 2020 until October 2020. Mr. Sakumoto is Chief Operating Officer of Avanath and has been with the firm since November 2007. In addition, Mr. Sakumoto leads Avanath's development initiatives, including affordable, workforce and value-oriented apartment communities in markets throughout the country.

Prior to joining Avanath, Mr. Sakumoto was a Director of Centerline Capital Group and co-head of the Equity Group. He was responsible for directing the investment activities of Centerline Urban Capital I, LLC, an institutional real estate investment fund formed with the California Public Employees' Retirement System. Centerline Urban Capital invested mezzanine and equity capital, targeting multifamily properties in urban infill markets. Mr. Sakumoto also was Vice President with Capri Capital Advisors, LLC, a real estate advisory firm investing real estate equity and debt-related products on behalf of pension funds and institutional investors.

Mr. Sakumoto holds a Bachelor of Business Administration degree in Finance and Real Estate from the University of Texas at Austin. Mr. Sakumoto is a member of the Affordable and Workforce Housing Council of the Urban Land Institute ("ULI") and serves on the Board of Directors of the Southern California Chapter of the National Association of Securities Professionals.

Wesley Wilson has served as our Executive Vice President, Chief Financial Officer and Treasurer since October 2020 and served as our Senior Vice President, Chief Financial Officer and Treasurer from our formation in January 2020 until October 2020. Mr. Wilson is Executive Vice President−Chief Financial Officer and Chief Compliance Officer of Avanath and has been with the firm since June 2016. In this capacity, he oversees all aspects of accounting, asset management, tax, applications, financial planning & analysis, and data analytics. Mr. Wilson is also an Accounting and Finance Professor at Pepperdine University.

Prior to joining Avanath, Mr. Wilson was a Controller with CIM Group, LP where he was responsible for the accounting and finance for $28 billion in Opportunistic Real Estate Funds. Mr. Wilson has also worked at Bank of New York Mellon, Deutsche Bank, and SS&C GlobeOp, where he managed the finance and accounting for a diverse field of alternative investment funds in both domestic and international markets.

Mr. Wilson is an active Certified Public Accountant, MBA graduate of Pepperdine University, and received a Bachelor's degree in Accounting from Vanguard University of Southern California.

Ellen Guccione has served as our Secretary since our formation in January 2020. Ms. Guccione is the Chief Administrative Officer of Avanath and has been with the firm since November 2007. In this capacity, Ms. Guccione is responsible for organizational administration, including all lease negotiations, insurance, accounting, payroll and employee benefits.

Prior to joining Avanath in 2007, Ms. Guccione was a Senior Vice President, Facilities for Centerline Capital Group, a subsidiary of Centerline Holding Company, from 2005 to 2007. Ms. Guccione was responsible for leasing office space for Centerline offices in Washington DC, Irvine, California and Chicago, Illinois, as well as handling the sub-leasing of existing offices throughout the country. Ms. Guccione was also responsible for creating a corporate-wide file retention program, and setting up policies and procedures for ongoing file retention. At Centerline, Ms. Guccione also served as Senior Vice President, Quality Control, where her responsibilities included creating policies and procedures for the Underwriting Department.

Prior to Centerline, Ms. Guccione was Senior Vice President of Capri Capital Finance where her responsibilities included field underwriting and due diligence support during the initial screening of loan submissions. Ms. Guccione has over 30 years of experience in residential and commercial mortgage banking and is well-versed in loan packaging, escrow procedures, loan processing and document review.

Victor B. MacFarlane will serve as the chairman of our board of directors following the completion of this offering. Mr. MacFarlane is Chairman and Chief Executive Officer of MacFarlane Partners, a real estate investment management and development firm he founded in 1987 that acquires, develops and manages properties on behalf of institutional investors and its own account. He has primary responsibility for the firm's investment management and development activities, chairs its investment committee and serves on its senior management committee.

Mr. MacFarlane has 40 years of real estate experience, during which he has worked extensively in property development, acquisitions, asset management and portfolio management on behalf of some of the world's largest pension plans and institutions. Under his leadership, MacFarlane Partners pioneered the urban investment concept among institutional real estate managers in the 1990s and today is an industry leader in urban/smart-growth development.

Mr. MacFarlane began his real estate career in 1979 with Aetna Life & Casualty Company, where he helped acquire and manage more than $1 billion in real estate assets. He later developed and managed, for his own account, an award-winning apartment community in Denver.

Mr. MacFarlane holds a Juris Doctor degree from the University of California, Los Angeles; a Master of Business Administration degree from the University of Pittsburgh; a Bachelor of University Studies degree from the University of New Mexico; and an honorary Doctor of Laws degree from the University of the District of Columbia. Mr. MacFarlane has received a number of industry awards, including the Distinguished Business Leadership Award from the USC School of Architecture, the Lifetime Achievement Award from the Greater Los Angeles African American Chamber of Commerce and the National Inner-City Economic Leadership Award from the Initiative for a Competitive Inner City.

Mr. MacFarlane serves on the Board of Directors of SITE Centers Corp., the Board of Advisors for UCLA School of Law, the Advisory Board of Directors of the Robert Toigo Foundation, and is an emeritus member of the Board of Directors of the Real Estate Executive Council, a professional trade association he co-founded in 2003 for minorities who work as senior commercial real estate executives. He is a past Director of the Pension Real Estate Association, past Trustee of the Urban Land Institute, and a past member of Stanford Hospital & Clinic's facilities committee.

We believe that Mr. MacFarlane's experience involving various aspects of property development, acquisitions and asset and portfolio management brings important and valuable skills to our board of directors.

John R. Williams will serve as vice chairman of our board of directors following the completion of this offering. Mr. Williams is President and Chief Investment Officer of Avanath. Mr. Williams is responsible for portfolio acquisitions, capital formation, investor relations and fund management.

Prior to joining Avanath in 2012, Mr. Williams was Managing Partner, Capital Markets of Carmel Partners, Inc., a real estate development and investment firm based in San Francisco, California, from 2000 to 2012. At Carmel Partners, Mr. Williams was responsible for capital formation, fund management, investor relations, joint ventures, credit facilities and financing of all Carmel Partners investments. Mr. Williams was also a member of Carmel Partners' Senior Investment Committee. Under Mr. Williams's direction, Carmel Partners raised over $4.0 billion of debt and closed four discretionary real estate investment funds with total equity of $2.2 billion. Capital for these funds was provided by some of the nation's most prestigious university endowments, foundations and high net worth individuals.

A native of Philadelphia, Mr. Williams received his Bachelor of Science degree in Finance from Duquesne University in 1986 and attended the Executive Program at the Harvard University Graduate School of Design. Mr. Williams is a Governor of the ULI, Past Chairman of the ULI Silver Multi-Family Council, current Chairman of ULI Orange County District Council, a member of the Executive Committee of the National Multifamily Housing Council, and on the Business Advisory Council of the Duquesne University Palumbo-Donahue School of Business. He is a frequent speaker at national real estate conferences sponsored by the ULI, Harvard Business School, University of California, Berkeley, Stanford Graduate School of Business, UCLA Ziman Center for Real Estate, and USC Lusk Graduate School of Real Estate.

We believe that Mr. Williams's experience involving various aspects of the capital markets, investment financing, portfolio acquisitions and investor relations brings important and valuable skills to our board of directors.

Shareef Abdur-Rahim, a nominee to our board of directors, is the president and chairman of the board of directors of Future Foundation, Inc., a nonprofit organization Mr. Abdur-Rahim founded in 2001 that provides educational, health and life skills programs for children in grades six through 12 in metro Atlanta.

Mr. Abdur-Rahim has served as the president of the NBA G League, the National Basketball Association's (NBA) official minor league basketball organization, since November 2018. Mr. Abdur-Rahim has also served as the NBA's vice president of basketball operations since January 2016. Prior to that, Mr. Abdur-Rahim served as the director of player personnel and general manager for the Reno Bighorns of the NBA G League from January 2013 to January 2014 and the assistant general manager of the Sacramento Kings of the NBA from January 2010 to January 2013.

Mr. Abdur-Rahim is a co-founder of Washington Alliance Capital, LLC, a real estate asset management firm that was established in February 2009.

Prior to that, Mr. Abdur-Rahim had a 12-year career as an NBA player with the Vancouver Grizzlies, Atlanta Hawks, Portland Trail Blazers and Sacramento Kings. He also played on the United States men's national basketball team that won the gold medal at the 2000 Sydney Olympics.

Mr. Abdur-Rahim holds a Bachelor of Applied Science in sociology from the University of California, Berkeley and a Master of Business Administration degree from the University of Southern California.

We believe that Mr. Abdur-Rahim's experience involving various aspects of executive leadership, real estate asset management and social impact brings important and valuable skills to our board of directors.

John A. Good, a nominee to our board of directors, has served as Chairman of the Board of Directors of Jernigan Capital, Inc. ("Jernigan"), a New York Stock Exchange-listed self-storage REIT, since January 1, 2020 and as Chief Executive Officer of Jernigan since October 2018. Mr. Good previously served as the President and Chief Operating Officer of Jernigan from June 2015 to October

2018. He has been a director of Jernigan since June 2015. Prior to joining Jernigan, Mr. Good was a partner and co-head of the REIT practice group of Morrison & Foerster LLP, a global law firm. From 1999 to 2013, Mr. Good was a partner, multi-term executive committee member and head of the REIT practice at Bass, Berry & Sims PLC and prior to that was a stockholder and chair of the securities and M&A practice group at Baker, Donelson, Bearman, Caldwell and Berkowitz P.C. Since January 2018, Mr. Good has served on the board of directors of Farmland Partners, Inc. ("Farmland Partners"), a New York Stock Exchange-listed farmland REIT, and as chairman of the compensation committee and a member of the nominating and corporate governance committee of the Farmland Partners board since January 2018, and has served on the audit committee of the Farmland Partners board since November 2019. Mr. Good graduated from the University of Memphis with a BBA in accounting, cum laude, in 1980, attained his CPA designation and practiced with a large regional CPA firm until attending the University of Memphis School of Law, where he received his J.D. with honors in 1987. During his legal career, Mr. Good was nationally ranked by Chambers USA as a leading lawyer to the REIT industry and has been active in the National Association of Real Estate Investment Trusts ("NAREIT") since 1994. We believe Mr. Good's experience working with public REITs, both as a lawyer and a senior executive officer and director, as well his accounting background, capital markets experience and financial acumen, will add significant value to our board of directors.

Terri Ludwig, a nominee to our board of directors, has served as president of Ballmer Group Philanthropy since 2019, leading the organization to improve economic mobility for children and families in the U.S. who are disproportionately likely to remain in poverty.

Ms. Ludwig has devoted her career to expanding access to economic mobility. Prior to joining Ballmer Group Philanthropy, Ms. Ludwig served as chief executive officer of Enterprise Community Partners from 2009 to 2018, where she led the purpose-driven company to develop innovative public-private partnerships, advocate for transformative policy, and facilitate affordable housing and community development investments across the country, totaling $35 billion since inception. Ms. Ludwig also served as Chair of the Board of Enterprise Community Investments, which is a national leader in impact investing, from 2011 to 2018. Prior to this, Ms. Ludwig held global executive positions at Merrill Lynch and Credit Suisse. She was also the CEO of ACCION New York, a nonprofit microfinance organization.

Ms. Ludwig is recognized nationally as a visionary leader, has been included in Forbes Magazine's Impact 30 List of the world's top social entrepreneurs, has been named as a David Rockefeller Fellow, and is a member of the Council on Foreign Relations. Ms. Ludwig has served on numerous executive and advisory boards, including as a presidential appointee to the U.S. Department of the Treasury's CDFI Advisory Board.

Ms. Ludwig holds a Bachelor of Science in industrial psychology from the University of Illinois Urbana-Champaign and a Master in Public Administration from Harvard University's John F. Kennedy School of Government.

We believe that Ms. Ludwig's experience involving various aspects of executive leadership and affordable housing and community development investing brings important and valuable skills to our board of directors.

Carol Moseley Braun, a nominee to our board of directors, made history in 1992 when she became the first African-American woman elected to the U.S. Senate. Ms. Moseley Braun was the first woman to serve on the Senate Finance Committee, and she also served on the Judiciary, Banking, Housing and Urban Affairs, and Small Business Committees. Ms. Moseley Braun served in the U.S. Senate until 1999. Following her tenure in the U.S. Senate, Ms. Moseley Braun served as the United States Ambassador to New Zealand and Samoa from 1999 to 2001. Since 2001, Ms. Moseley Braun has continued to be involved in politics on both the local and national levels.

From 2005 to 2019, Ms. Moseley Braun served as the President, Chairman and Chief Operating Officer of Good Food Organics, a wholesale distributor of premium organic dry goods. Ms. Moseley Braun has served as Principal at CMB1 Corporation, a legal practice concentrating on small business counseling, development and finance, since 2001, and as Of Counsel at Tetzlaff Law, a law firm in Chicago, Illinois, since 2016. From 2017 to 2019, Ms. Moseley Braun served as a visiting professor of political science at Northwestern University.

A Chicago native and lifelong resident, Ms. Moseley Braun graduated from the University of Illinois at Chicago in 1969 and earned a law degree from the University of Chicago in 1972. She was an assistant U.S. attorney from 1972 to 1978, when she was elected to the Illinois House of Representatives. She was appointed as the Assistant Majority Leader in the statehouse in 1983 and served in the statehouse until 1988. From 1988 to 1992, Ms. Moseley Braun was Cook County Recorder of Deeds. We believe Ms. Moseley Braun's extensive experience as a leader, a housing policy expert and a lawyer brings important and valuable skills to our board of directors.

Family Relationships

There are no family relationships among any of our directors or executive officers.

Corporate Governance Profile

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure include the following:

our board of directors is not classified, with each of our directors subject to election annually, and we may not elect to classify our board of directors pursuant to Subtitle 8 of Title 3 of the MGCL without stockholder approval;

we will have fully independent audit, compensation and nominating and corporate governance committees as of the consummation of this offering;

we anticipate that at least one of our directors will qualify as an "audit committee financial expert" as defined by the SEC;

we have opted out of the business combination and control share acquisition statutes in the MGCL, and we may only opt back in with the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors; and

we do not have a stockholder rights plan, and we will not adopt a stockholder rights plan in the future without (a) the approval of our stockholders or (b) seeking ratification from our stockholders within 12 months of adoption of the plan if the board of directors determines, in the exercise of its duties under applicable law, that it is in our best interest to adopt a rights plan without the delay of seeking prior stockholder approval.

We have certain policies that are designed to address conflicts of interest. For example, any transaction by and between one or more of our Manager, Avanath, MacFarlane, or their respective affiliates and us will contain terms no more favorable than if the transaction were the result of arms' length negotiations with an unaffiliated third party and will require the approval of a majority of our independent directors, and any transaction involving a conflict of interest will require the approval of our independent directors.

Our directors will stay informed about our business by attending meetings of our board of directors and the committees on which they serve and through supplemental reports and communications. Our independent directors are expected to meet regularly in executive sessions without the presence of our corporate officers or non-independent directors.

Director Independence

We expect our board of directors to determine that each of Shareef Abdur-Rahim, John A. Good, Terri Ludwig and Carol Moseley Braun is an "independent director" as such term is defined by the applicable rules and regulations of the NYSE.

Board Structure

Upon the completion of this offering, our board of directors will consist of seven members. Our charter and bylaws provide that our board of directors will consist of such number of directors as may from time to time be fixed by our board of directors. However, the number of directors may not be fewer than the minimum number required under the MGCL (which is one) nor, unless our bylaws are amended, more than 15.

Each director will hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal (each director may be removed only with cause by the affirmative vote of the stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors). Vacancies on the board of directors may be filled at any time by the remaining directors, even if the remaining directors do not constitute a quorum.

At any meeting of the board of directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes.

Our board of directors is not divided into classes with staggered terms, and each of our directors is subject to re-election annually.

Board Leadership Structure

Our board of directors will benefit from the service of three members of the board of directors who also serve in leadership roles at Avanath and MacFarlane: Mr. MacFarlane, who will serve as the chairman of the board of directors, is the Chairman and Chief Executive Officer of MacFarlane; Mr. Williams, who will serve as the vice chairman of the board of directors, is President and Chief Investment Officer of Avanath; and Mr. Carter, who is our president and chief executive officer and one of our directors, is the President and Chief Executive Officer of Avanath. We believe separating the chairman of the board of directors and the chief executive officer positions is appropriate as it helps the board of directors meet its responsibilities of overseeing management and setting our strategic direction as well as fostering the long-term value of our company.

Role of Our Board of Directors in Risk Oversight

One of the key functions of our board of directors is informed oversight of our risk management process. Our board of directors administers this oversight function directly, with support from its three standing committees, the audit committee, the nominating and corporate governance committee and the compensation committee, each of which addresses risks specific to its respective areas of oversight. In particular, as more fully described below, our audit committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The audit committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. Our nominating and corporate governance committee provides oversight with respect to corporate governance and ethical conduct and monitors the effectiveness of our corporate governance guidelines, including whether such guidelines are successful in preventing illegal or improper liability-creating conduct. Our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

Board Committees

Upon the completion of this offering, our board of directors will have three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The principal functions of each committee are briefly described below. Additionally, our board of directors may from time to time establish other committees to facilitate the board's oversight of management of the business and affairs of our company. The charter of each committee will be available on our website at *www.aspirereit.com* upon the completion of this offering. Our website is not part of this prospectus.

Audit Committee

In connection with this offering, our board of directors will adopt an audit committee charter, which will define the audit committee's principal functions, including oversight related to:

- our accounting and financial reporting processes;
- the integrity of our financial statements and financial reporting process;
- our systems of disclosure controls and procedures and internal control over financial reporting;
- our compliance with financial, legal and regulatory requirements;
- the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;
- the performance of our internal audit functions; and
- our overall risk exposure and management.

The audit committee will also be responsible for engaging, evaluating, compensating and overseeing an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans for and results of the audit engagement, approving services that may be provided by the independent registered public accounting firm, including audit and non-audit services, reviewing the independence of the independent registered public accounting firm and reviewing the adequacy of our internal controls. The audit committee also will prepare the audit committee report required by SEC regulations to be included in our proxy statement.

Upon the completion of this offering, our audit committee will be composed of Shareef Abdur-Rahim, John A. Good and Terri Ludwig. Mr. Good will serve as chair of our audit committee. Our board of directors is expected to affirmatively determine that Mr. Good (i) qualifies as an "audit committee financial expert" as such term has been defined by the SEC in Item 407(d)(5) of Regulation S-K and (ii) each member of our audit committee is "financially literate" as that term is defined by NYSE listing standards and meets the definition for "independence" for the purposes of serving on our audit committee under NYSE listing standards and Rule 10A-3 under the Exchange Act.

Compensation Committee

In connection with this offering, our board of directors will adopt a compensation committee charter, which will define the compensation committee's principal functions, to include:

overseeing any equity-based remuneration plans and programs;

determining from time to time the remuneration for our non-executive directors;

preparing compensation committee reports; and

reviewing the compensation and fees payable to our Manager.

The compensation committee shall have the authority, in its sole discretion, to retain or obtain the advice of a compensation consultant, legal counsel or other adviser as it deems appropriate. The committee may form and delegate authority to subcommittees consisting of one or more members when it deems appropriate. Upon the completion of this offering, our compensation committee will be composed of John A. Good, Terri Ludwig and Carol Moseley Braun. Ms. Ludwig will serve as chair of our compensation committee. Our board of directors is expected to affirmatively determine that each member of our compensation committee meets the definition for "independence" for the purpose of serving on our compensation committee under applicable rules of the NYSE and each member of our compensation committee meets the definition of a "non-employee director" for the purpose of serving on our compensation committee under Rule 16b-3 under the Exchange Act.

Nominating and Corporate Governance Committee

In connection with this offering, our board of directors will adopt a nominating and corporate governance committee charter, which will define the nominating and corporate governance committee's principal functions, to include:

identifying individuals qualified to become members of our board of directors and ensuring that our board of directors has the requisite expertise and that its membership consists of persons with sufficiently diverse and independent backgrounds;

developing, and recommending to the board of directors for its approval, qualifications for director candidates and periodically reviewing these qualifications with the board of directors;

reviewing the committee structure of the board of directors and recommending directors to serve as members or chairs of each committee of the board of directors;

reviewing and recommending committee slates annually and recommending additional committee members to fill vacancies as needed;

developing and recommending to the board of directors a set of corporate governance guidelines applicable to us and, at least annually, reviewing such guidelines and recommending changes to the board of directors for approval as necessary; and

overseeing the annual self-evaluations of the board of directors and management.

Upon the completion of this offering, the nominating and corporate governance committee will be composed of Shareef Abdur-Rahim, Terri Ludwig and Carol Moseley Braun. Ms. Moseley Braun will serve as chair of our nominating and corporate governance committee. Our board of directors is expected to affirmatively determine that each member of our nominating and corporate governance committee meets the definition of independence under NYSE listing standards.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves, or in the past has served, as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any entity that has one or more executive officers who serve as members of our board of directors or our compensation committee. None of the members of our compensation committee is, or has ever been, an officer or employee of our company.

Director Compensation

We intend to approve and implement a compensation program for our directors who are not officers or employees of our Manager that will consist of annual cash retainer fees and long-term equity awards. Each non-employee director will receive an annual retainer of $100,000 (prorated for partial-year terms, as applicable), as compensation for service as a director. This annual retainer will be payable half in cash and half in equity-based awards under our Equity Incentive Plan. In addition, each non-management director who chairs the audit, compensation and nominating and corporate governance committees will receive an additional annual payment of $15,000, $10,000 and $10,000, respectively. Directors who are officers or employees our Manager or any of their affiliates will not receive compensation for serving on our board of directors. All retainers and meeting fees will be paid quarterly in arrears.

Upon completion of this offering, we will grant 5,000 shares of restricted stock to each of our independent directors, subject to vesting on the first anniversary of the grant date.

Executive Compensation

Because our management agreement provides that our Manager is responsible for managing our affairs, our President and Chief Executive Officer and each of our other executive officers, all of whom are executive officers of our Manager, do not receive cash compensation from us for serving as our executive officers. Instead, we will pay our Manager the management fees described in "Our Manager and the Management Agreement−Management Agreement" and, subject to the discretion of the compensation committee of our board of directors, we may also grant our executive officers and Manager and individuals who provide services to us equity based awards pursuant to our Equity Incentive Plan described below.

Equity Incentive Plan

Prior to the completion of this offering, we will adopt the Equity Incentive Plan to provide equity incentive opportunities to members of our Manager's management team and employees who perform services for us, our independent directors, advisers, consultants and other personnel. Our Equity Incentive Plan provides for grants of stock options, stock appreciation rights ("SARs"), stock awards, restricted stock units, cash awards, performance awards, dividend equivalent rights, other equity-based awards (including LTIP Units) and incentive awards. The Equity Incentive Plan is intended to provide a means through which our directors, officers, employees, consultants and advisors of us and our affiliates, as well as employees of our Manager and its affiliates who are providing services to us and our affiliates, can acquire and maintain an equity interest in us or be paid incentive compensation. We will not make any grants of incentive equity to our executive officers pursuant to our Equity Incentive Plan prior to the date on which we complete the internalization of the functions performed for us by our Manager. This summary does not purport to be a complete description of all of the anticipated provisions of the Equity Incentive Plan and is qualified in its entirety by reference to the Equity Incentive Plan, a copy of which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Administration

The Equity Incentive Plan is administered by our board of directors or a committee thereof, either of which we refer to herein as the "committee." Our board of directors has designated the compensation committee to administer the Equity Incentive Plan. The committee has broad discretion to administer the Equity Incentive Plan, including the power to determine the eligible persons to whom awards are granted, the number and type of awards to be granted and the terms and conditions of awards. The committee may also condition the vesting, settlement or exercise of an award on achievement of one or more performance goals, accelerate the vesting or exercise of any award and make all other determinations and to take all other actions necessary or advisable for the administration of the Equity Incentive Plan.

Share Limits

The total number of shares of common stock that may be subject to awards under our Equity Incentive Plan in the aggregate will be equal to approximately 5% of the number of shares of our common stock issued and outstanding upon the completion of this offering and the concurrent private placement (on a fully-diluted basis) in the aggregate (the "Share Pool"). If an award granted under our Equity Incentive Plan expires, is forfeited or terminates, the shares of our common stock subject to any portion of the award that expires, is forfeited or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Unless previously terminated by our board of directors, no new award may be granted under our Equity Incentive Plan after the tenth anniversary of the earlier of the date that such plan was approved by our board of directors or the holders of our common stock.

Awards Under the Plan

Stock Options. The committee may grant incentive stock options and options that do not qualify as incentive stock options under the Equity Incentive Plan, except that incentive stock options may only be granted to persons who are our employees or employees of one of our subsidiaries, in accordance with Section 422 of the Code. The exercise price of a stock option cannot be less than 100% of the fair market value of a share of our common stock on the date on which the option is granted and the option must not be exercisable for longer than ten years following the date of grant. In the case of an incentive stock option granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of our capital stock, the exercise price of the stock option must be at least 110% of the fair market value of a share of our common stock on the date of grant and the option must not be exercisable more than five years from the date of grant.

Stock Appreciation Rights. A SAR is the right to receive an amount equal to the excess of the fair market value of one share of our common stock on the date of exercise over the grant price of the SAR. The grant price of a SAR cannot be less than 100% of the fair market value of a share of our common stock on the date on which the SAR is granted. The term of a SAR may not exceed ten years from the date of grant. SARs may be granted in connection with, or independent of, a stock option. SARs may be paid in cash, common stock or a combination of cash and common stock, as determined by the committee.

Stock Awards. A stock award may be in the form of restricted stock or unrestricted shares of our common stock, in each case, on terms and conditions determined by the committee. Restricted stock is a grant of shares of common stock subject to the restrictions on transferability and risk of forfeiture imposed by the committee. In the discretion of the committee, dividends distributed prior to vesting may be subject to the same restrictions and risk of forfeiture as the restricted stock with respect to which the distribution was made.

Restricted Stock Units. A restricted stock unit is a right to receive cash, common stock or a combination of cash and common stock at the end of a specified period equal to the fair market value of one share of our common stock on the date of vesting. Restricted stock units may be subject to the restrictions, including a risk of forfeiture, imposed by the committee.

Cash Awards. Our Equity Incentive Plan permits the grant of awards denominated in and settled in cash as an element of or supplement to, or independent of, any award under the Equity Incentive Plan.

Performance Awards. A performance award is an award under our Equity Incentive Plan that is conditioned upon the achievement of one or more performance goals or objectives specified by the committee over an applicable performance period. The committee may adjust any of such performance goals or objectives as it deems equitable. Performance awards may be settled in cash, common stock or a combination of cash and common stock.

Dividend Equivalents. A dividend equivalent is a right to receive (or have credited) the equivalent value (in cash or shares of common stock) of dividends paid on shares of common stock otherwise subject to an award. The committee may provide that amounts payable with respect to dividend equivalents shall be converted into cash or additional shares of common stock, provided, however, that the dividend equivalents shall be subject to the same restrictions on vesting and forfeiture as apply to the underlying award to which such dividend equivalents relate. The committee will establish all other limitations and conditions of awards of dividend equivalents as it deems appropriate.

Other Equity-Based Awards. Our Equity Incentive Plan authorizes the granting of other awards based upon shares of our common stock (including the grant of securities convertible into shares of common stock and the grant of LTIP Units), subject to terms and conditions established at the time of grant. LTIP Units are awards of units of our subsidiary partnership intended to constitute "profits interests" within the meaning of the relevant IRS guidance.

Incentive Awards. An incentive award entitles the participant to receive a single lump sum payment in cash, common stock or a combination of cash and common stock, as determined by the committee, on terms and conditions established by the committee.

Change in Control

Under our Equity Incentive Plan, a change in control is defined as: (i) the acquisition of more than 50% of our then outstanding voting securities by any person or group; (ii) during any consecutive two-year period, individuals who were members of our board of directors at the beginning of such period (the "incumbent directors") cease to constitute a majority of our board of directors (for these purposes, any director whose election or nomination for election was approved or ratified by a vote of at least a majority of the incumbent directors shall be deemed to be an incumbent director); (iii) the approval by our stockholders and the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction (a "business combination"), unless following such business combination: (a) our stockholders immediately prior to the business combination continue to hold at least 50% of the voting power of the entity resulting from such business combination, (b) no person or group beneficially owns more than 50% of the voting power of the entity resulting from such business combination, and (c) individuals who were incumbent directors at the time of the initial agreement providing for such business combination constitute at least a majority of the board of directors of the entity resulting from such business combination; or (iv) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) of all or substantially all of our properties or assets to a person or group, other than a subsidiary of us.

Upon a change in control, and certain other corporate events, the committee may make such adjustments as it determines are necessary or appropriate in light of the change in control to prevent dilution or enlargement of the rights of participants in our Equity Incentive Plan. The committee may, in its sole discretion, provide for immediate and full vesting of an award upon the occurrence of a change in control.

Amendments and Termination

The committee may amend or terminate the Equity Incentive Plan at any time, subject to stockholder approval if required by applicable law, rule or regulation, including the rules of the stock exchange on which our shares of common stock are listed. In particular, unless otherwise permitted under the terms of the Equity Incentive Plan, the committee may not reduce the exercise price of an outstanding stock option or SAR, make a payment to cancel an outstanding stock option or SAR when the exercise price exceeds the fair market value or take any other action with respect to an outstanding stock option or SAR that may be treated as a repricing of the award under the rules of the stock exchange on which our shares of common stock are listed. However, no amendment may adversely impair the rights of a participant under a previously granted award without the participant's consent.

Code of Business Conduct and Ethics

Upon the completion of this offering, our board of directors will adopt a code of business conduct and ethics that applies to our officers, employees and directors, as well as officers, employees and other personnel of our Manager and any of our Manager's affiliates who perform services for us or on our behalf. Among other matters, our code of business conduct and ethics will be designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code of business conduct and ethics;

Any waiver of the code of business conduct and ethics for our directors or executive officers must be approved by a majority of our independent directors, and any such waiver shall be promptly disclosed as required by law and NYSE regulations.

OUR MANAGER AND THE MANAGEMENT AGREEMENT

Our Manager

We are externally managed and advised by our Manager pursuant to a management agreement. "See−Management Agreement." Our Manager was formed in November 2020 to serve as a service provider to us.

Our Manager's Senior Leadership Team

The following table sets forth certain information with respect to the individuals who, upon completion of this offering, will serve as our executive officers and officers of our Manager. All of our executive officers will be employees of affiliates of our Manager and provided to us by our Manager pursuant to the management agreement.

Name	Age	Position with Our Company	Position with Our Manager
Daryl J. Carter	64	President and Chief Executive Officer and Director	President and Chief Executive Officer
Jun Sakumoto	51	Executive Vice President and Chief Operating Officer	Executive Vice President and Chief Operating Officer
Wesley Wilson	32	Executive Vice President, Chief Financial Officer and Treasurer	Executive Vice President, Chief Financial Officer and Treasurer
Ellen Guccione	76	Secretary	Secretary

For biographical information concerning these executive officers, see "Management−Our Executive Officers, Directors and Director Nominees."

Management Agreement

Upon completion of this offering, we will enter into a management agreement with our Manager. Pursuant to the terms of the management agreement, our Manager will manage, operate and administer our day-to-day operations, business and affairs, subject to the supervision of our board of directors and in accordance with the investment guidelines approved and monitored by our board of directors. Our Manager is subject to the direction and oversight of our board of directors. In particular, under the management agreement, our Manager has agreed to use commercially reasonable efforts to:

investigate, analyze and select possible investment opportunities and originate, acquire, structure, finance, retain, sell, negotiate for prepayment, restructure or dispose of investments consistent with the investment guidelines and make representations and warranties in connection therewith;

with respect to any prospective investment by us and any sale, exchange or other disposition of any investment by us, conduct negotiations on our behalf with sellers and purchasers and their respective agents, representatives and investment bankers and owners of privately and publicly held real estate companies;

engage and supervise, on our behalf and at our sole cost and expense, affiliates of our Manager and third party service providers who provide legal, accounting, due diligence, transfer agent, registrar, property management and maintenance services, construction services, land development services, leasing services, master servicing, special servicing, banking, investment banking, mortgage brokerage, real estate brokerage, securities brokerage and other financial services and such other services as may be required relating to our investments or potential investments and to our other business and operations;

provide executive and administrative personnel, office space and office services required in rendering services to us;

counsel us regarding the qualification and maintenance of our status as an Opportunity Zone Fund and monitor compliance with the various Opportunity Zone Fund qualification tests and other rules set out in the Code and the Treasury regulations;

counsel us regarding the qualification and maintenance of our status as a REIT and monitor compliance with the various REIT qualification tests and other rules set out in the Code and the Treasury Regulations; and

administer our day-to-day operations and perform and supervise the performance of such other administrative functions necessary to our management as may be agreed upon by our Manager and our board of directors, including, without limitation, the collection of revenues, the payment of our debts and obligations and maintenance of appropriate computer services to perform such administrative functions.

Term; Termination and Termination Fee

The initial term of the management agreement will expire on the fifth anniversary of the closing date of this offering and will automatically renew for an unlimited number of one-year terms ending each first anniversary date thereafter, unless the agreement is not renewed or is terminated in accordance with its terms. The management agreement is not terminable for any reason, other than for cause, prior to the fifth anniversary of the closing date of this offering.

Our independent directors will review our Manager's performance and the management fees and, upon the expiration of the initial term or any automatic renewal term and upon 180 days' prior written notice to our Manager, the management agreement may be terminated upon the affirmative vote of at least two-thirds of our independent directors, based upon (i) unsatisfactory performance by our Manager that is materially detrimental to us or (ii) a determination that the base management and incentive fees payable to our Manager are no longer in accordance with then-current market rates charged by asset management companies rendering similar services, subject to our Manager's right to prevent such termination due to above-market rates by accepting a reduction of base management and/or incentive fees agreed to by at least two-thirds of our independent directors.

We may also terminate the management agreement for cause at any time, including during the initial term, without the payment of any termination fee, with 30 days' prior written notice. A termination for cause will be defined as:

the continued breach by our Manager, its agents or its assignees of any material provision of the management agreement following a period of 30 days after written notice thereof (or 45 days after written notice of such breach if our Manager, under certain circumstances, has taken steps to cure such breach within 30 days of the written notice);

the commencement of any proceeding relating to the bankruptcy or insolvency of our Manager, including an order for relief in an involuntary bankruptcy case or our Manager authorizing or filing a voluntary bankruptcy petition;

any change of control of our Manager which a majority of our independent directors determines is materially detrimental to us;

our Manager committing fraud against us, misappropriating or embezzling our funds, or acting, or failing to act, in a manner constituting gross negligence, or acting in a manner constituting bad faith or willful misconduct, in the performance of its duties under the management agreement; provided, however, that if any of these actions or omissions are caused by an employee and/or officer of our Manager or one of its affiliates and our Manager takes all necessary and appropriate action against such person and cures the damage caused by such

actions or omissions within 30 days of our Manager's actual knowledge of its commission or omission, the management agreement will not be terminable;

the inability of our Manager to perform its obligations under the management agreement; and

the dissolution of our Manager.

Our Manager may decline to renew the management agreement by providing us with 180 days' written notice, in which case we would not be required to pay our Manager the termination fee described below.

Our Manager may terminate the management agreement if we become required to register as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"), with such termination deemed to occur immediately before such event, in which case we would not be required to pay our Manager the termination fee described below.

If we default in the performance or observance of any material term, condition or covenant contained in the management agreement and the default continues for a period of 30 days after written notice to us requesting that the default be remedied within that period, our Manager may terminate the management agreement upon 60 days' written notice. If the management agreement is terminated by our Manager upon a breach by us, we would be required to pay our Manager the termination fee described below.

Upon any termination of the management agreement by us (other than for cause), any non-renewal of the management agreement by us or any termination of the management agreement by our Manager due to our material breach of the management agreement, our Manager will be paid a termination fee equal to three times the sum of (i) the average annual base management fee earned by our Manager during the 24-month period immediately preceding the most recently completed calendar quarter prior to the termination date and (ii) the average annual incentive fee, if any, earned by our Manager during the two most recently completed measurement periods prior to the termination date; provided, that, (a) in the case of the average annual base management fee, if 24 months have not elapsed since the effective date of the management agreement at the time of the effective termination date, the average annual base management fee will be the actual base management fee (in either case paid or payable) for the preceding 12 months, or if 12 months have not elapsed since the effective date of the management agreement at the time of the effective termination date, the average annual base management fee will be calculated on an annualized basis, and (b) in the case of the average annual incentive fee, if two full measurement periods have not elapsed since the effective date of the management agreement at the time of the effective termination date, the average annual incentive fee will be the actual incentive fee (in either case paid or payable), if any, for the most recently completed measurement period, or if a measurement period has not elapsed since the effective date of the management agreement at the time of the effective termination date, the average annual incentive fee will be calculated on an annualized basis.

Base Management Fee

We will pay our Manager, quarterly in arrears, in cash, a base management fee in an amount equal to 1.5% of our Equity per annum (0.375% per fiscal quarter).

For purposes of calculating the base management fee, Equity means, as of a particular date, (i) the sum of the net cash proceeds and the value of non-cash consideration from all issuances of equity securities by our company and any subsidiary of our company since our inception, less (ii) any amount that we have paid to repurchase shares of our common stock or to repurchase or redeem other equity securities since our inception. Equity includes all securities, including preferred equity securities, included in stockholders' equity calculated in accordance with GAAP and shown on the face of our consolidated balance sheets. Equity may be adjusted to exclude one-time events pursuant to changes in

GAAP and certain non-cash items after discussions between our Manager and our independent directors and with any adjustments approved in advance by a majority of our independent directors.

Within 40 days after the last day of each calendar quarter, our Manager will make available to us the calculation of the base management fee with respect to such calendar quarter. We are obligated to pay the quarterly installment of the base management fee calculated for that quarter in cash within 10 days after delivery to us of the calculation of the base management fee with respect to such calendar quarter.

Incentive Fee

We will pay our Manager an annual incentive fee, if any, with respect to each measurement period, in the amount equal to the product of (a) 20% multiplied by (b) the outperformance amount multiplied by (c) the weighted average shares.

For purposes of calculating the incentive fee under the management agreement:

"outperformance amount" means, with respect to any measurement period, (i) our total stockholder return with respect to such measurement period, minus (ii) the cumulative hurdle;

"total stockholder return" means, with respect to any measurement period, an amount equal to (i) the final share price, plus (ii) all dividends with respect to a share of our common stock paid since the beginning of such measurement period (whether paid in cash or a distribution in kind), minus (iii) the high water price;

"cumulative hurdle" means an amount equal to an 8% cumulative annual return on the high water price;

"final share price" means, with respect to any measurement period, the volume weighted average trading price for a share of our common stock on the NYSE (or any other securities exchange on which our common stock is principally traded) over the ten consecutive trading days ending on the last trading day of such measurement period;

"high water price" means, with respect to any measurement period, the volume weighted average trading price for a share of our common stock on the NYSE (or any other securities exchange on which our common stock is principally traded) over the ten consecutive trading days ending on the last trading day immediately prior to the beginning of such measurement period; provided, however, that the high water price with respect to the first measurement period will not be lower than the initial public offering price per share of the shares of common stock sold in this offering; provided, further, that the high water price for any measurement period will never be less than the highest high water price for any preceding measurement period;

"measurement period" means each period beginning on January 1 after the last measurement period with respect to which the incentive fee shall have been payable (January 1, 2021 with respect to the first measurement period) and ending on December 31 of the applicable calendar year, provided that if the management agreement expires or is terminated other than on December 31, the last measurement period will end on the last complete trading day for our common stock on the NYSE (or any other securities exchange on which our common stock is principally traded) prior to such termination or expiration; and

"weighted average shares" means, with respect to any measurement period, the weighted average fully diluted number of shares of our common stock issued and outstanding during such measurement period, as determined in accordance with GAAP.

The following is an illustration of how the incentive fee would be calculated for the first measurement period (commencing January 1, 2021 and ending December 31, 2021) and for the second measurement period (commencing January 1, 2022 and ending December 31, 2022). For purposes of this illustration, we have made the following assumptions. These assumptions are estimates only and are not to be regarded as projections or guarantees of future performance:

The high water price for the first measurement period is $20.00.

The final share price for the first measurement period is $23.00.

The high water price for the second measurement period is $23.00.

The final share price for the second measurement period is $25.30.

We pay cash dividends in the amount of $0.10 and 0.28 per share of common stock in the first measurement period and the second measurement period, respectively.

The number of weighted average shares in the first measurement period and the second measurement period is 16,340,000 shares.

			FIRST MEASUREMENT PERIOD		SECOND MEASUREMENT PERIOD
	Final Share Price	$	23.00		25.30
	Plus: Dividends		0.10		0.28
	Less: High Water Price	$	(20.00)		(23.00)
❶	Total Stockholder Return	$	3.10		2.58
	High Water Price	$	20.00		23.00
	Cumulative Return %		8%		8%
❷	Cumulative Hurdle	$	1.60		1.84
❶-❷=❸	Outperformance Amount	$	1.50		0.74
❹	Incentive Fee %		20%		20%
	Incentive Fee Per Share	$	0.30	$	0.148
❺	Weighted Average Shares		16,340,000		16,340,000
❸*❹*❺	Incentive Fee	$	4,902,000	$	2,418,320

Pursuant to the calculation formula, if our total stockholder return and the outperformance amount increases and our weighted average shares of common stock outstanding remain constant, the incentive fee will increase.

The incentive fee will be payable in LTIP units issued by our subsidiary partnership. Within 30 days after the end of each measurement period, our Manager will prepare a statement setting forth its calculation of any incentive fee payable by us to our Manager with respect to such measurement period, and our Manager will deliver the statement to our board of directors. We will pay any such incentive fee promptly (but in any event within 15 business days) after delivery to our board of directors of our Manager's statement setting forth its calculation of the incentive fee.

Reimbursement of Expenses

We are required to reimburse our Manager for operating expenses related to us that are incurred by our Manager, including expenses relating to legal, accounting, due diligence and other services. Our reimbursement obligation is not subject to any dollar limitation. Expenses will be reimbursed in cash on a quarterly basis.

In addition, we will pay all of our operating expenses, except those specifically required to be borne by our Manager pursuant to the management agreement. The expenses required to be paid by us include, but are not limited to:

acquisition expenses incurred in connection with the selection and acquisition of investments;

expenses incurred in connection with the issuance of our securities, any financing transaction and other costs incident to the acquisition, development, redevelopment, construction, repositioning, leasing, disposition and financing of investments;

costs of legal, tax, accounting, consulting, auditing and other similar services rendered for us by third-party service providers retained by our Manager or, if provided by our Manager's personnel (including our executive officers), in amounts which are no greater than those which would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis;

the compensation and expenses of our directors and the cost of liability insurance to indemnify us and our directors and officers;

costs associated with the establishment and maintenance of any credit facilities and other indebtedness of our company (including commitment fees, accounting fees, legal fees, closing costs, etc.);

expenses related to the payment of distributions;

expenses connected with communications to holders of our securities and in complying with the continuous reporting and other requirements of the Exchange Act, the SEC and other governmental bodies;

transfer agent, registrar and exchange listing fees;

the costs of printing and mailing proxies, reports and other materials to our stockholders;

costs associated with any computer software or hardware, electronic equipment, or purchased information technology services from third party vendors that is used solely for our company;

costs and out of pocket expenses incurred by managers, officers, employees or other agents of our Manager for travel on our behalf;

the portion of any costs and expenses incurred by our Manager or its affiliates with respect to market information systems and publications, research publications and materials that are allocable to us in accordance with our expense allocation policies;

settlement, clearing, and custodial fees and expenses;

all taxes and license fees;

all insurance costs incurred with respect to insurance policies obtained in connection with the operation of our business, including but not limited to insurance covering activities of our Manager, its affiliates and any of their employees relating to the performance of our Manager's duties and obligations under the management agreement;

costs and expenses incurred in contracting with third parties for the property management of our assets, as well as sourcing of investments;

all other actual out of pocket costs and expenses relating to our business and operations, including the costs and expenses of originating, acquiring, owning, rehabilitating, protecting, maintaining, developing and disposing of investments, including appraisal, reporting, audit and legal fees;

any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against our company or any subsidiary of our company, or against any trustee, director, partner, member or officer of our company or of any subsidiary of our company in such person's capacity as such for which our company or any subsidiary of our company is required to indemnify such person by any court or governmental agency, or settlement of pending or threatened proceedings;

the costs of maintaining compliance with all federal, state and local rules and regulations, including securities regulations, or any other regulatory agency, all taxes and license fees and all insurance costs incurred on our behalf;

a pro rata portion of the costs associated with rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of our Manager and its affiliates, based on the percentage of our Manager and its affiliates' assets under management attributed to us and our subsidiaries as compared to the percentage of our Manager and its affiliates' assets under management attributed to other investment funds, vehicles and accounts managed by our Manager or its affiliates;

expenses relating to any office or office facilities, including disaster backup recovery sites and facilities, maintained expressly for our company and separate from offices of our Manager; and

all other costs and expenses approved by our board of directors.

Other than as provided above, we will not be required to pay any portion of the rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of our Manager and its affiliates. Our Manager will be responsible for the expenses related to any personnel of our Manager and its affiliates who provide services to us pursuant to the management agreement (including our executive officers), including salaries, bonus and other wages, payroll taxes and the cost of employee benefit plans of such personnel, and costs of insurance with respect to such personnel. However, as provided above, if any personnel of our Manager (including our executive officers) provide us with legal, tax, accounting, consulting, auditing and other similar services, we will reimburse our Manager for the costs of such services in amounts which are no greater than those which would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis.

Internalization of Our Manager

Our Manager has agreed to present to us an initial proposal to acquire all of the assets or equity interests in our Manager, subject to the procedures described below. No later than 90 days following the date on which our company has achieved a fully-diluted equity market capitalization of $750,000,000 based on the volume-weighted average price of our common stock on the NYSE over 20 consecutive trading days (an "Internalization Event"), our Manager will offer to contribute to us all of the assets or equity interests in our Manager (an "internalization") on such terms and conditions included in a written offer provided by our Manager. Upon receipt of our Manager's initial internalization offer, a special committee comprised solely of independent members of our board of directors (the "Special Committee") may accept our Manager's proposal or submit a counter offer to our Manager.

The offer price (the "Offer Price") will be equal to the lesser of the following amounts: (i) one times the base management fee earned by our Manager during the 12-month period ended as of the end of the most recently completed fiscal quarter prior to the date on which a definitive agreement relating to the internalization is entered into, and (ii) 2% of our equity market capitalization based on the volume-weighted average price of our common stock on the NYSE over 20 consecutive trading days ended on the date immediately preceding the date on which a definitive agreement relating to the internalization is entered into; provided that the Offer Price shall not exceed the amount that will allow the internalization transaction to be accretive on an estimated FFO per share basis over the 12-month period beginning on the first day of the quarter following the closing of the internalization transaction, as determined by the Special Committee based on discussions with our Manager.

Consummation of any internalization transaction will be conditioned upon (1) the Special Committee's receipt of a fairness opinion from a nationally recognized investment banking firm to the effect that the consideration to be paid by us for the assets or equity of our Manager is fair, from a financial point of view, to holders of our common stock who are not affiliated with our Manager or its affiliates, (2) approval of the acquisition by the Special Committee and our Board of Directors, and (3) approval by stockholders casting a majority of all the votes cast on the matter (excluding for this purpose shares of common stock beneficially owned by any of our Manager, Avanath, MacFarlane or their affiliates) at a meeting of stockholders duly called and at which a quorum is present. The consideration in any internalization transaction will be payable in shares of our common stock or limited partnership interests in our subsidiary partnership that are redeemable for cash, or, at our election, shares of our common stock in an amount equal to the price agreed upon between the parties (the "Internalization Price") divided by the volume-weighted average price of our common stock on the NYSE during the 20 consecutive trading days immediately preceding the closing date of the internalization transaction (as adjusted to account for the conversion ratio applicable to limited partnership interests in our subsidiary partnership in the event such limited partnership interests are issued as consideration in the internalization transaction). Notwithstanding the foregoing, the Special Committee can choose to substitute some or all of the consideration with cash at its sole election.

If these conditions are not satisfied and an internalization transaction is not consummated within 180 days following the Internalization Event, the Manager will annually submit a new internalization offer, with an Internalization Price based on the foregoing framework, not later than 30 days prior to the next anniversary of the Internalization Event until termination of the management agreement. The Special Committee and our Manager will follow the same process with respect to each internalization offer, and any internalization transaction will be subject to the above conditions. Unless we terminate the management agreement for cause or our Manager declines to renew the management agreement, or our Manager is internalized (in which case our Manager's owners will receive the Internalization Price and any earned and unpaid base management fees and incentive fees), our Manager will receive the termination fee upon termination of the management agreement.

No assurances can be given that we will internalize our Manager on the foregoing terms or at all.

Investment Guidelines

The management agreement requires that all acquisitions be made in accordance with the following investment guidelines:

No investment shall be made that would cause us to fail to qualify as a REIT under the Code.

No investment shall be made that would cause us to fail to qualify as an Opportunity Zone Fund under the Code.

No investment shall be made that would cause us to be regulated as an investment company under the Investment Company Act.

Approved investments include the acquisition of undeveloped or partially developed land and the development thereof, and the acquisition of residential real estate properties that involve substantial redevelopment or development.

Any loan transaction to or from our company, on the one hand, and our Manager and its affiliates, on the other hand, must be approved by at least a majority of our independent directors.

These investment guidelines may be changed by our board of directors without the approval of our stockholders.

Property Management Agreements

Upon the closing of this offering, our subsidiary partnership will enter into property management agreements with our Property Manager pursuant to which our Property Manager will manage, operate, maintain and lease our properties. Our Property Manager is an affiliate of Avanath and MacFarlane.

The property management agreements will provide for (1) a property management fee equal to 5.5% of monthly gross receipts, paid on the first business day of the following month, collected from the operation of a property of ours, including, without limitation, all rent and other sums and charges received from all prospective tenants, tenants and lessees and payments made in consideration of the cancellation of any tenant leases or damages by reason of any default, security deposits to the extent applied to rent, tenant application fees, late rent charges, non-sufficient fund check charges, miscellaneous administrative charges, convenience fees, utility reimbursement, proceeds from rental interruption insurance, net receipts from vending machines, concessions and other commercial operations conducted on the property, and (2) a construction management fee equal to 5.0% of the total project cost of any contracted capital expenditure performed on a property of ours that is not routine in nature or related to ground-up construction, offset by any construction management fee we pay to any third-party construction manager.

Development Fees

We anticipate that we will engage MacFarlane to develop or redevelop certain of our projects. In connection with any development services provided by MacFarlane, MacFarlane and Avanath will be entitled to a development fee equal to up to 5.0% of the total project costs associated with the development, depending on the size, complexity and development status of the property, offset by any development fees we pay to any third-party who provides us with development services on the property.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Formation Transactions

We intend to contribute, directly and indirectly through Aspire TRS, the net proceeds from this offering and the concurrent private placement to our subsidiary partnership in exchange for interests therein. Our subsidiary partnership will utilize such proceeds to, among other things, acquire the multifamily projects that will comprise our initial portfolio by cash purchase, and develop or redevelop the properties in our initial portfolio. Eight of these properties (Arbors at Cary, Academy at Waterford Lakes, Woodside Senior, Oak Village, Seaport Village, Country Wood, Coopers Crossing and Wellington Woods) are currently owned by Avanath I or Avanath II, which are two private investment funds managed by Avanath. We refer to these funds and Avanath collectively as "Avanath." Avanath has entered into purchase and sale agreements with our subsidiary partnership, pursuant to which Avanath will sell the eight properties to our subsidiary partnership for aggregate cash consideration of approximately $258.9 million. In addition, an affiliate of Avanath is in the process of arranging the acquisition of the land for the North End Landings project. It is expected that our subsidiary partnership will acquire certain parcels of this land from the Avanath affiliate and certain parcels from unaffiliated third parties for an aggregate purchase price of approximately $1.5 million.

Concurrent Private Placement

Concurrently with the closing of this offering, members of our senior management team, affiliates of our Manager, investors in our Manager and certain Avanath-managed funds and certain other accredited investors will purchase shares of our common stock at a price per share equal to the initial public offering price per share, and members of our senior management team will purchase a 1.0% limited partnership interest in our subsidiary partnership at a price per unit equal to the initial public offering price per share, in separate private placements for an aggregate investment of $30 million. Our subsidiary partnership will also issue 2,500 LTIP Units to certain key members of our Manager.

Directed Share Program

At our request, the underwriters have reserved up to 5% of the shares of our common stock offered by this prospectus, for sale at the initial public offering price through a directed share program to certain individuals, including our directors, officers, employees of affiliates of our Manager and business associates and other parties related to us. For additional information, see the section titled "Underwriting−Directed Share Program."

Management Agreement

Concurrently with the completion of this offering, we will enter into the management agreement with our Manager. See "Our Manager and the Management Agreement−Management Agreement."

Property Management Agreements

Concurrently with the completion of this offering, our subsidiary partnership will enter into the property management agreements with our Property Manager. See "Our Manager and the Management Agreement−Property Management Agreements."

Development Fees

We anticipate that we will engage MacFarlane to develop or redevelop certain of our projects. In connection with any development services provided by MacFarlane, MacFarlane and Avanath will be entitled to a development fee equal to up to 5.0% of the total project costs associated with the development, depending on the size, complexity and development status of the property, offset by any development fees we pay to any third-party who provides us with development services on the property.

Indemnification of Our Directors and Executive Officers

We intend to enter into indemnification agreements with each of our directors and executive officers that will obligate us to indemnify them to the maximum extent permitted by Maryland law as discussed under "Certain Provisions of Maryland Law and of Our Charter and Bylaws−Limitation of Liability and Indemnification of Directors and Officers."

Equity Incentive Plan

In connection with this offering, we will adopt the Equity Incentive Plan to provide equity incentive opportunities to our officers, employees, non-employee directors, consultants, independent contractors and agents. The total number of shares of common stock that may be subject to awards under our Equity Incentive Plan in the aggregate will be equal to approximately 5% of the number of shares of our common stock issued and outstanding upon the completion of this offering and the concurrent private placement (on a fully-diluted basis) in the aggregate. Upon completion of this offering, we intend to grant an aggregate of 5,000 restricted shares of our common stock, subject to vesting requirements, to our non-employee directors. We will not make any grants of incentive equity to our executive officers pursuant to our Equity Incentive Plan prior to the date on which we complete the internalization of the functions performed for us by our Manager. See "Management−Equity Incentive Plan" for further details.

Statement of Policy Regarding Transactions with Related Persons

Upon completion of this offering, we will adopt a written statement of policy establishing guidelines with respect to the review, approval and ratification of related party transactions. The policy will apply to any transaction in which we are a participant, any related party has a direct or indirect interest and the amount involved exceeds $120,000. The audit committee will review the material facts of all related party transactions that require approval and either approve or disapprove of our entry into the transaction. In determining whether to approve or ratify a related party transaction, the audit committee will take into account, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction. In addition, any transaction by and between one or more of our Manager, Avanath, MacFarlane, or their respective affiliates and us will contain terms that are generally no more favorable than if the transaction were the result of arms' length negotiations with an unaffiliated third party and will require the approval of our independent directors.

STRUCTURE AND FORMATION OF OUR COMPANY

Formation Transactions

Prior to or in connection with this offering, we will engage in certain formation transactions as a result of which we will acquire the initial properties, become externally managed by our Manager pursuant to the management agreement and be able to qualify as an Opportunity Zone Fund commencing with the month of the closing of this offering and as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2020. In connection with the formation transactions, the following transactions have occurred or will occur prior to, concurrently with, or shortly after, the completion of this offering:

Aspire Real Estate Investors, Inc. was formed as a Maryland corporation on January 8, 2020.

On January 8, 2020, we issued and sold 100 shares of our common stock to Daryl J. Carter, our President and Chief Executive Officer, for a purchase price of $1,000. Such shares will be repurchased by us at the closing of this offering for $1,000.

On August 26, 2020, we formed Aspire TRS, which is the general partner of our subsidiary partnership. Aspire TRS elected to be treated as a TRS of ours effective as of August 26, 2020.

Concurrently with the closing of this offering, we will sell shares of our common stock to members of our senior management team, affiliates of our Manager, investors in our Manager and certain Avanath-managed funds and certain other accredited investors in the concurrent private placement, at the initial public offering price per share, for an aggregate investment equal to $26.7 million, and members of our senior management team will purchase a 1.0% limited partnership interest in our subsidiary partnership, at a price per unit equal to the initial public offering price per share, for an aggregate investment of $3.3 million.

We will sell 15,000,000 shares of our common stock in this offering (or 17,250,000 shares if the underwriters exercise their option to purchase additional shares of common stock in full).

We will enter into the management agreement with our Manager.

Our subsidiary partnership will enter into property management agreements with our Property Manager.

We will contribute, directly and indirectly through Aspire TRS, the net proceeds from this offering and the concurrent private placement to our subsidiary partnership in exchange for interests therein.

Our subsidiary partnership will issue 2,500 LTIP Units to certain key members of our Manager.

Our subsidiary partnership will acquire our nine initial properties by cash purchase.

Consequences of this Offering, the Concurrent Private Placement and the Formation Transactions

Upon completion of this offering, the concurrent private placement and the formation transactions:

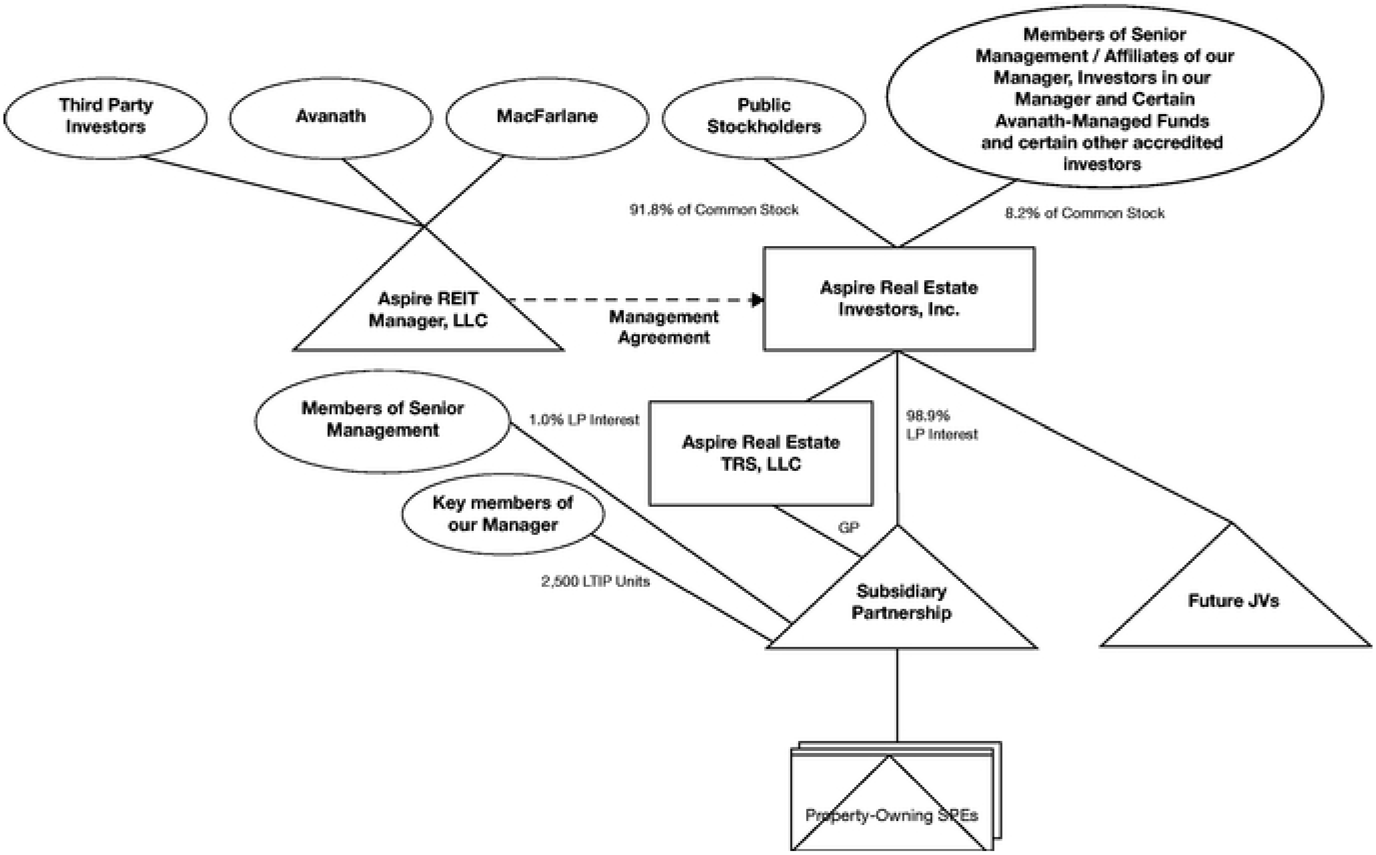
We will own controlling equity interests in our subsidiary partnership that will own the initial properties.

Purchasers of shares of our common stock in this offering will own 91.8% of the outstanding shares of our common stock, assuming no exercise of the underwriters' option to purchase additional shares. If the underwriters exercise in full their option to purchase additional shares of our common stock, purchasers of shares of our common stock in this offering will own 92.8% of the outstanding shares of our common stock.

Members of our senior management team, affiliates of our Manager, investors in our Manager and certain Avanath-managed funds and certain other accredited investors will own 8.2% of the outstanding shares of our common stock, assuming no exercise of the underwriters' option to purchase additional shares. If the underwriters exercise in full their option to purchase additional shares of our common stock, members of our senior management team, affiliates of our Manager, investors in our Manager and certain Avanath-managed funds and certain other accredited investors will own 7.2% of the outstanding shares of our common stock. Members of our senior management team will also own a 1.0% limited partnership interest in our subsidiary partnership, and certain key members of our Manager will own 2,500 LTIP Units in our subsidiary partnership.

We may acquire certain development projects through joint venture structures in which we would hold a controlling interest.

The following chart sets forth information about our company, certain related parties and the ownership interests therein upon the consummation of the formation transactions. Ownership percentages in our company are presented assuming that the underwriters' option to purchase additional shares of our common stock is not exercised.


Third Party Investors
Avanath
MacFarlane
Public Stockholders
Members of Senior Management / Affiliates of our Manager, Investors in our Manager and Certain Avanath-Managed Funds and certain other accredited investors
91.8% of Common Stock
8.2% of Common Stock
Aspire REIT Manager, LLC
Management Agreement
Aspire Real Estate Investors, Inc.
Members of Senior Management
1.0% LP Interest
Aspire Real Estate TRS, LLC
98.9% LP Interest
Key members of our Manager
GP
2,500 LTIP Units
Subsidiary Partnership
Future JVs
Property-Owning SPEs

Benefits to Related Parties

Upon completion of this offering, the concurrent private placement and the formation transactions, Avanath, MacFarlane and our directors and executive officers will receive material benefits, including the following:

In connection with the acquisition of our initial portfolio, Avanath will receive aggregate cash consideration of approximately $260.4 million from our subsidiary partnership.

We will have entered into indemnification agreements with each of our directors and executive officers providing for the indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against our directors and executive officers in their capacities as such.

We will have entered into a management agreement with our Manager, which is controlled by affiliates of Avanath and MacFarlane, pursuant to which our Manager will be entitled to certain fees for its services and reimbursement of certain expenses. See "Our Manager and the Management Agreement−Management Agreement."

Our Manager will own equity interests in our subsidiary partnership.

Our subsidiary partnership will have entered into property management agreements with our Property Manager, which is controlled by Avanath, pursuant to which our Property Manager will be entitled to certain fees for its services. See "Our Manager and the Management Agreement−Property Management Agreements."

We anticipate that we will engage MacFarlane to develop or redevelop certain of our projects. In connection with any development services provided by MacFarlane, MacFarlane will be entitled to a development fee equal to up to 5.0% of the total project costs associated with the development, depending on the size, complexity and development status of the property, offset by any development fees we pay to any third-party who provides us with development services on the property.

We will have adopted the Equity Incentive Plan to provide equity incentive opportunities to our officers, employees, non-employee directors, consultants, independent contractors and agents, and will have issued, in the aggregate, thereunder 5,000 shares of restricted common stock to our independent directors upon completion of this offering and the concurrent private placement. We will not make any grants of incentive equity to our executive officers pursuant to our Equity Incentive Plan prior to the date on which we complete the internalization of the functions performed for us by our Manager. See "Management−Equity Incentive Plan" for further details.

POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain of our investment, financing and other policies. These policies have been determined by our board of directors and, in general, may be amended or revised from time to time by our board of directors without a vote of our stockholders.

Investment Policies

Investment in Real Estate or Interests in Real Estate

Our principal investment objectives are to provide our stockholders with current income, to increase the cash flow and value of our portfolio of properties and increase the value of shares of our common stock. We have not established a specific policy regarding the relative priority of these investment objectives. For a discussion of our properties and other strategic objectives, see "Business and Properties."

We expect to implement our investment strategies primarily through investing in, developing, redeveloping and managing affordable and workforce multifamily housing located in Opportunity Zones. We focus on identifying our market, on developing and redeveloping our properties, on offering the highest possible level of service to our residents and on streamlining our management structure. We seek to acquire properties in underserved areas exhibiting substantial economic growth. We believe investing in these markets offer attractive long-term investment returns. Given our Manager's demonstrated experience in multifamily properties and the chronic need for affordable and workforce housing in underserved markets, we intend to invest over 75% of our capital in multifamily assets located within Opportunity Zones. We believe that many Opportunity Zones do not have adequate amounts of quality housing alternatives and investments in these zones will create higher risk-adjusted returns.

While we may diversify in terms of property locations, size and market, we do not have any limit on the amount or percentage of our assets that may be invested in any one property or any one geographic area. We intend to engage in such future investment activities in a manner that is consistent with our intention to qualify for taxation as a REIT and Opportunity Zone Fund for U.S. federal income tax purposes. In addition, we will generally hold our investments for longer periods of time because, in order to permit our stockholders to take advantage of QOZ Tax Benefits regarding the exclusion of future gain of investing in an Opportunity Zone Fund, a stockholder must hold its interest in our company for at least ten years.

We also may participate with third parties in property ownership, through joint ventures, partnerships or other types of co-ownership. These types of investments may permit us to own interests in larger assets without unduly decreasing our diversification and, therefore, provide us with flexibility in structuring our portfolio. We will not, however, enter into a joint venture or other partnership arrangement to make an investment that would not otherwise meet our investment policies.

Equity investments in contributed or acquired properties may be subject to existing mortgage financing and other indebtedness or to new indebtedness we incur when we acquire or refinance these investments. Debt service on such financing or indebtedness will have a priority over any distributions with respect to our common stock. Investments are also subject to our policy not to be treated as an investment company under the Investment Company Act.

Investments in Real Estate Mortgages

While our initial properties will consist of, and our business objectives emphasize, equity investments in multifamily real estate properties, we may, at the discretion of our board of directors, invest in mortgages and other types of real estate interests consistent with our qualification as a REIT and Opportunity Zone Fund. Investments in real estate mortgages run the risk that one or more borrowers may default under certain mortgages and that the collateral securing certain mortgages may not be sufficient to enable us to recoup our full investment. We do not presently intend to invest in real estate mortgages.

Investments in Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Subject to the requirements for qualifying as an Opportunity Zone Fund and as a REIT, we may invest in securities of other REITs, other entities engaged in real estate activities or other issuers, including for the purpose of exercising control over such entities. We do not presently intend to invest in these types of securities.

Dispositions

We will generally hold our investments for longer periods of time because, in order to take advantage of certain QOZ Tax Benefits regarding the exclusion of future gain of investing in an Opportunity Zone Fund, a stockholder must hold its interest in our company for at least ten years. Accordingly, we do not currently intend to dispose of our properties in transactions in the near future. However, in order to maximize the performance and manage the risks within our portfolio, we may in the future selectively dispose of properties when we and our Manager determine they are not suitable for long-term investment purposes based upon our Manager's and our board's periodic review of our portfolio. We will ensure that such action would be in our best interest and consistent with our intention to qualify and maintain our qualifications as an Opportunity Zone Fund and as a REIT.

Financing Policy

We anticipate using a number of different sources to finance our acquisitions and operations, including cash flows from operations, asset sales, seller financing, issuance of debt securities, private financings (such as credit facilities, which may or may not be secured by our assets), property-level mortgage debt, common or preferred equity issuances or any combination of these sources, to the extent available to us, or other sources that may become available from time to time. Any debt that we incur may be recourse or non-recourse and may be secured or unsecured. We also may take advantage of joint venture or other partnering opportunities as such opportunities arise in order to acquire properties that would otherwise be unavailable to us. We may use the proceeds of our borrowings to acquire assets, to refinance existing debt or for general corporate purposes.

Although we are not required to maintain any particular leverage ratio, we intend, when appropriate, to employ prudent amounts of leverage and to use debt as a means of providing additional funds for the acquisition of assets, to refinance existing debt or for general corporate purposes. Our charter and bylaws do not limit the amount of debt that we may incur. Our board of directors has not adopted a policy limiting the total amount of debt that we may incur.

We anticipate that our Manager, under the supervision of our board of directors, will consider a number of factors in evaluating the amount of debt that we may incur. Our Manager and our board of directors may from time to time modify their views regarding the appropriate amount of debt financing in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, fluctuations in the market price of our common stock, growth and investment opportunities and other factors. Our Manager's decision to use leverage in the future to finance our assets will be at our Manager's discretion, under the supervision of our board of directors, and will not be subject to the approval of our stockholders.

Equity Capital Policies

To the extent that our board of directors determines to obtain additional capital, we may issue debt or equity securities, including senior securities, retain earnings (subject to provisions in the Code requiring distributions of income to maintain REIT qualification), or pursue a combination of these methods.

Existing stockholders will have no preemptive right to common or preferred stock or units issued in any securities offering by us, and any such offering might cause a dilution of a stockholder's investment in us. Although we have no current plans to do so, we may in the future issue shares of our common stock or units in partnership subsidiaries in connection with acquisitions of property, subject to compliance with the Opportunity Zone program.

We may, under certain circumstances, purchase shares of our common stock or other securities in the open market or in private transactions with our stockholders, provided that those purchases are approved by our board of directors. Our board of directors has no present intention of causing us to repurchase any shares of our common stock or other securities, and any such action would only be taken in conformity with applicable federal and state laws and the applicable requirements for qualification as a REIT.

Conflict of Interest Policies

Our charter and bylaws do not restrict any of our directors, executive officers, stockholders or affiliates from having a pecuniary interest in an investment or transaction that we have an interest in or from conducting, for their own account, business activities of the type we conduct. We have, however, adopted certain policies designed to eliminate or minimize certain potential conflicts of interest. Specifically, we will adopt a code of business conduct and ethics that prohibits conflicts of interest between our executive officers, employees and directors on the one hand, and our company on the other hand, except in compliance with the policy. Our code of business conduct and ethics will state that a conflict of interest exists when a person's private interest interferes with our interest. For example, a conflict of interest will arise when any of our employees, executive officers or directors or any immediate family member of such employee, executive officer or director receives improper personal benefits as a result of his or her position with us. Our code of business conduct and ethics will also limit our employees, executive officers and directors from engaging in any activity that is competitive with the business activities and operations of our company, except as disclosed in this prospectus. In addition, our code of business conduct and ethics will also restrict the ability of our employees, executive officers and directors to participate in a joint venture, partnership or other business arrangement with us, except in compliance with the policy. Waivers of our code of business conduct and ethics will be required to be disclosed in accordance with NYSE and SEC requirements. In addition, we will adopt corporate governance guidelines to assist our board of directors in the exercise of its responsibilities and to serve our interests and those of our stockholders. However, we cannot assure you these policies or provisions of law will always succeed in eliminating the influence of such conflicts. If they are not successful, decisions could be made that might fail to reflect the best interest of all stockholders. In addition, any transaction involving a conflict of interest will require the approval of our independent directors.

Policies with Respect to Other Activities

We have authority to offer common stock, preferred stock, options to purchase stock or other securities in exchange for property, repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. Except in connection with our organization, the formation transactions and this offering and the concurrent private placement, we have not issued common stock, units or any other securities in exchange for property or any other purpose, although we may elect to do so. Our board of directors has no present intention of causing us to repurchase any common stock, although we may do so in the future. We may issue preferred stock from time to time, in one or more classes or series, as authorized by our board of directors without the need for stockholder approval. See "Description of Capital Stock." We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers and do not intend to do so. At all times, we intend to make investments in a manner consistent with our qualifications as a REIT and as an Opportunity Zone Fund unless our board of directors determines that it is no longer in our best interest to qualify as a REIT or as an Opportunity Zone Fund, as applicable. We have not made any loans to third parties, although we may make loans to third parties in the future, including, without limitation, to joint ventures in which we participate. We intend to make investments in such a way that we will not be treated as an investment company under the Investment Company Act.

Reporting Policies

We intend to make available to our stockholders our annual reports, including our audited financial statements. After this offering, we will become subject to the information reporting requirements of the Exchange Act. Pursuant to those requirements, we will be required to file annual and periodic reports, proxy statements and other information, including audited financial statements, with the SEC.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of shares of our common stock immediately following the completion of this offering, the concurrent private placement and the formation transactions for (1) each person who is expected to be the beneficial owner of 5% or more of our outstanding common stock, (2) each of our directors, director nominees and executive officers and (3) all of our directors, director nominees and executive officers as a group. This table assumes that this offering, the concurrent private placement and the formation transactions are completed and gives effect to the expected issuance of common stock in connection with this offering and the concurrent private placement. Each person named in the table has sole voting and investment power with respect to all of the shares of our common stock shown as beneficially owned by such person, except as otherwise set forth in the notes to the table.

The SEC has defined "beneficial ownership" of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A stockholder is also deemed to be, as of any date, the beneficial owner of all securities that such stockholder has the right to acquire within 60 days after that date through (1) the exercise of any option, warrant or right, (2) the conversion of a security, (3) the power to revoke a trust, discretionary account or similar arrangement or (4) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of our common stock subject to options or other rights (as set forth above) held by that person that are exercisable as of the completion of this offering or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

The table below does not reflect any shares of our common stock that may be purchased in this offering, including through the directed share program described under "Underwriting−Directed Share Program." Unless otherwise indicated, the address of each named person is c/o Aspire Real Estate

Investors, Inc., 1920 Main Street, Suite 150, Irvine, California 92614. No shares beneficially owned by any executive officer, director or director nominee have been pledged as security.

	Amount and Nature of Beneficial Ownership			
	Immediately Prior to this Offering		Upon Completion of this Offering	
Name and Address of Beneficial Owner	Shares Beneficially Owned	Percentage	Shares Beneficially Owned	Percentage(1)
Directors, Director Nominees and Executive Officers:				
Daryl J. Carter(3)	100(2)	100%	56,250	*
Jun Sakumoto(3)	–	–	9,375	*
Wesley Wilson	–	–	–	–
Ellen Guccione	–	–	–	–
Victor B. MacFarlane	–	–	200,000	1.2%
John R. Williams(3)	–	–	9,375	*
Shareef Abdur-Rahim	–	–	1,250	*
John A. Good	–	–	1,250	*
Terri Ludwig	–	–	1,250	*
Carol Moseley Braun	–	–	1,250	*
All directors, director nominees and executive officers as a group (10 persons)	100	100%	280,000	1.7%
More than 5% Stockholders:				
	–	–	–	–

* Represents less than 1% of the number of shares of our common stock outstanding upon the completion of this offering and the concurrent private placement.

(1) Assumes 16,340,000 shares of our common stock are outstanding immediately following this offering and the concurrent private placement.

(2) These shares will be repurchased by us at cost for $1,000 at the closing of this offering.

(3) It is expected that Messrs. Carter, Sakumoto and Williams will pledge shares having an aggregate value of $1.5 million (75,000 shares in total) for loans used to fund the purchase of such shares. This excludes 123,750, 20,625 and 20,625 units of limited partnership interest in our subsidiary partnership to be purchased by each of Messrs. Carter, Sakumoto and Williams, respectively, concurrent with the closing of this offering.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of the material terms of our capital stock. For a complete description, you are urged to review in their entirety our charter and our bylaws, which are filed as exhibits to the registration statement of which this prospectus is a part, and applicable Maryland law. See "Where You Can Find More Information."

General

Following the completion of this offering and the formation transactions, our authorized capital stock will consist of 500,000,000 shares of our common stock, $0.01 par value per share, and 100,000,000 shares of preferred stock, $0.01 par value per share. A majority of our entire board of directors has the power, without stockholder approval, to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue. Upon the completion of this offering and the concurrent private placement, we expect that 16,340,000 shares of our common stock will be issued and outstanding.

Under Maryland law, our stockholders generally are not liable for our debts or obligations solely as a result of that stockholder's status as a stockholder.

Common Stock

All shares of our common stock offered by this prospectus will be, upon issuance, duly authorized, fully paid and nonassessable. Stockholders are entitled to receive distributions when authorized by our board of directors and declared by us out of assets legally available for the payment of dividends. Stockholders are also entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution, or winding up, after payment of, or adequate provision for, all of our known debts and liabilities. These rights are subject to the preferential rights of any other class or series of our stock, including any shares of preferred stock we may issue, and to the provisions of our charter regarding restrictions on ownership and transfer of our stock.

Subject to our charter restrictions on ownership and transfer of our stock and the terms of any other class or series of our stock, each outstanding share of our common stock entitles the holder thereof to one vote on all matters submitted to a vote of stockholders, including the election of directors. Cumulative voting in the election of directors is not permitted. Directors will be elected by a plurality of the votes cast at a meeting in which directors are being elected and at which a quorum is present. This means that the holders of a majority of the outstanding shares of our common stock can effectively elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

Our common stockholders have no preference, conversion, exchange, sinking fund or redemption rights and have no preemptive rights to purchase or subscribe for any shares of our capital stock. Our charter provides that our stockholders generally have no appraisal rights unless our board of directors determines that appraisal rights will apply to one or more transactions in which our common stockholders would otherwise be entitled to exercise such rights. Subject to our charter restrictions on ownership and transfer of our stock, holders of shares of our common stock will initially have equal dividend, liquidation and other rights.

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, convert into another form of entity, engage in a statutory share exchange or engage in similar transactions unless such transaction is declared advisable by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides for approval of these matters by the affirmative vote of stockholders entitled to cast a majority of the votes entitled to be cast on such matter, except that the affirmative vote of at least two-thirds of the votes entitled to be cast on such matter is required to amend the provisions of our charter relating to the removal of directors or the vote required to amend the removal provisions. Maryland law also permits a corporation to transfer all or substantially all of its assets without the approval of its stockholders to an entity all of the equity interests of which are owned, directly or indirectly, by the corporation. Because our operating assets may be held by our subsidiary partnership or its wholly-owned subsidiaries, these entities may be able to merge or transfer all or substantially all of their assets without the approval of our stockholders.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of stock, including classes or series of preferred stock, and to establish the designation and number of shares of each such class or series and to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of each such class or series. Thus, our board of directors could authorize the issuance of shares of common stock or preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our common stock or that our common stockholders otherwise believe to be in their best interests.

Preferred Stock

Under the terms of our charter, our board of directors is authorized to classify any unissued shares of our preferred stock and to reclassify any previously classified but unissued shares of preferred stock into other classes or series of stock. Before the issuance of shares of each class or series, our board of directors is required by Maryland law and by our charter to set, subject to our charter restrictions on ownership and transfer of stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each class or series. Upon completion of this offering, we will have no preferred stock outstanding, and we have no present plans to issue preferred stock in the immediate future.

Power to Issue Additional Shares of Common Stock and Preferred Stock

We believe that the power of our board of directors to cause us to issue additional shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and to issue the classified or reclassified shares provides us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. These actions can be taken without action by our stockholders, unless stockholder approval is required by applicable law, the terms of any class or series of our stock or the rules of any stock exchange or automated quotation system on which our stock may be listed or traded. Although we have no present intention of doing so, we could issue a class or series of stock, including preferred stock, that could delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest. In addition, our issuance of additional shares of stock in the future could dilute the voting and other rights of your shares. See "Certain Provisions of Maryland Law and of Our Charter and Bylaws−Anti-takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws."

Restrictions on Ownership and Transfer

For us to qualify and maintain our qualification as a REIT for each taxable year commencing with our taxable year ending December 31, 2021, our shares of stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of our outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year commencing with our taxable year ending December 31, 2021.

Because our board of directors believes at present that it is essential for us to qualify as a REIT, our charter, subject to certain exceptions, restricts the amount of our shares of stock that a person may beneficially or constructively own. Our charter provides that, subject to certain exceptions, no person may beneficially or constructively own more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our stock.

Our charter also prohibits any person from (i) beneficially owning shares of stock to the extent that such beneficial ownership would result in our being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of the taxable year), (ii) transferring our shares of stock to the extent that such transfer would result in our shares of stock being beneficially owned by less than 100 persons (determined under the principles of Section 856(a)(5) of the Code), (iii) beneficially or constructively owning our shares of stock to the extent such beneficial or constructive ownership would cause us to constructively own 10% or more of the ownership interests in a tenant (other than a TRS) of our real property within the meaning of Section 856(d)(2)(B) of the Code or (iv) beneficially or constructively owning or transferring our shares of stock if such ownership or transfer would otherwise cause us to fail to qualify as a REIT. Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our shares of stock that will or may violate any of the foregoing restrictions on transferability and ownership, or any person who would have owned our shares of stock that resulted in a transfer of shares of our stock to a charitable trust, is required to give written notice immediately to us, or in the case of a proposed or attempted transaction, to give at least 15 days' prior written notice, and provide us with such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT. The foregoing restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Our board of directors, in its sole discretion, may prospectively or retroactively exempt a person from the limits described in the paragraph above and may establish or increase an excepted holder limit for such person. The person seeking an exemption must provide to our board of directors such representations, covenants and undertakings as our board of directors may deem appropriate in order to conclude that granting the exemption will not cause us to fail to qualify as a REIT. Our board of directors may not grant such an exemption to any person if such exemption would result in our failing to qualify as a REIT. Our board of directors may require a ruling from the IRS or an opinion of counsel, in either case in form and substance satisfactory to the board of directors, in its sole discretion, in order to determine or ensure our status as a REIT.

Any attempted transfer of our shares of stock which, if effective, would violate any of the restrictions described above will result in the number of shares causing the violation (rounded up to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, except that any transfer that results in the violation of the restriction relating to our shares of stock being beneficially owned by fewer than 100 persons will be void ab initio. In either case, the proposed transferee will not acquire any rights in such shares. The automatic transfer will be deemed to be effective as of the close of business on the business day prior to the date of the purported transfer or other event that results in the transfer to the trust. Shares held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any shares held in the trust, will have no rights to dividends or other distributions and will have no rights to vote or other rights attributable to the shares held in the trust. The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares held in the trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any distribution authorized but unpaid will be paid when due to the trustee. Any dividend or other distribution paid to the trustee will be held in trust for the charitable beneficiary. Subject to Maryland law, the trustee will have the authority (i) to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and (ii) to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from us that shares of stock have been transferred to the trust, the trustee will sell the shares to a person designated by the trustee, whose ownership of the shares will not violate the ownership and transfer limitations then in effect. Upon the sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary as follows. The proposed transferee will receive the lesser of (i) the price paid by the proposed transferee for the shares or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g., a gift, devise or other similar transaction), the market price (as defined in our charter) of the shares on the day of the event causing the shares to be held in the trust and (ii) the price received by the trustee (net of any commission and other expenses of sale) from the sale or other disposition of the shares. The trustee may reduce the amount payable to the proposed transferee by the amount of dividends or other distributions paid to the proposed transferee and owed by the proposed transferee to the trustee. Any net sale proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that shares of stock have been transferred to the trust, the shares are sold by the proposed transferee, then (i) the shares shall be deemed to have been sold on behalf of the trust and (ii) to the extent that the proposed transferee received an amount for the shares that exceeds the amount he or she was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, shares of stock held in the trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a transaction where the proposed transferee did not give value for the shares, such as a devise or gift, the market price at the time of the devise or gift) and (ii) the market price on the date we, or our designee, accept the offer, which we may reduce by the amount of dividends and distributions paid to the proposed transferee and owed by the proposed transferee to the trustee. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee.

If a transfer to a charitable trust, as described above, would be ineffective for any reason to prevent a violation of a restriction, the transfer that would have resulted in such violation will be void ab initio, and the proposed transferee shall acquire no rights in such shares.

Every owner of more than 5% (or such lower percentage as required by the Code or the Treasury regulations promulgated thereunder) of our shares of stock, within 30 days after the end of each taxable year, is required to give us written notice, stating his or her name and address, the number of shares of each class and series of our stock that he or she beneficially owns and a description of the manner in which the shares are held. Each such owner will provide us with such additional information as we may request in order to determine the effect, if any, of his or her beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, each stockholder will upon demand be required to provide us with such information as we may request in good faith in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

These ownership limitations could delay, defer or prevent a transaction or a change in control that might involve a premium price for our stock or otherwise be in the best interest of our stockholders.

Transfer Agent and Registrar

We anticipate that the transfer agent and registrar for our shares of our common stock will be American Stock Transfer & Trust Company, LLC.

CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

The following summary of certain provisions of Maryland law and of our charter and bylaws does not purport to be complete and is subject to and qualified in its entirety by reference to our charter and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is a part, and to Maryland law. See "Where You Can Find More Information."

Our Board of Directors

Under our charter and bylaws, the number of directors of our company may be established, increased or decreased only by a majority of our entire board of directors but may not be fewer than the minimum number required under the MGCL (which is one) nor, unless our bylaws are amended, more than 15. Our charter also provides that, at such time as we become eligible to elect to be subject to certain elective provisions of the MGCL (which we expect will be upon the completion of this offering) and except as may be provided by our board of directors in setting the terms of any class or series of our stock, any vacancy on our board of directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum, and any individual elected to fill such a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until his or her successor is duly elected and qualifies.

Pursuant to our bylaws, a plurality of all votes cast in the election of directors at a meeting of stockholders at which a quorum is present is sufficient to elect a director. The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at a meeting will constitute a quorum at any meeting of stockholders.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed only for cause (as defined in our charter), and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors.

Business Combinations

Under the MGCL, certain "business combinations" (including a merger, consolidation, statutory share exchange or, in certain circumstances specified under the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any interested stockholder, or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Maryland law defines an interested stockholder as:

> any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting stock; or

> an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting stock of the corporation.

A person is not an interested stockholder under the MGCL if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. In approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of the approval, with any terms and conditions determined by it.

After such five-year period, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

> 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These supermajority approval requirements do not apply if, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a corporation's board of directors prior to the time that the interested stockholder becomes an interested stockholder. As permitted by the MGCL, our board of directors has adopted a resolution exempting any business combination between us and any other person from the provisions of this statute. Consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations involving us. As a result, any person will be able to enter into business combinations with us that may not be in the best interests of our stockholders, without compliance with the supermajority vote requirements and other provisions of the statute. Our bylaws provide that this resolution or any other resolution of our board of directors exempting any business combination from the business combination provisions of the MGCL may only be revoked, altered or amended, and our board of directors may only adopt an inconsistent resolution, if approved by the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors.

Control Share Acquisitions

The MGCL provides that a holder of "control shares" of a Maryland corporation acquired in a "control share acquisition" has no voting rights with respect to those shares except to the extent approved by the affirmative vote of at least two-thirds of the votes entitled to be cast by stockholders entitled to exercise or direct the exercise of the voting power in the election of directors generally but excluding: (1) the person who has made or proposes to make the control share acquisition; (2) any officer of the corporation; or (3) any employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock that, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise or direct the exercise of voting power in electing directors within one of the following ranges:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an "acquiring person statement" as described in the MGCL), may compel the board of directors of the Maryland corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a special meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an "acquiring person statement" as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or, if a meeting of stockholders at which the voting rights of such shares are considered and not approved is held, as of the date of such meeting. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply (1) to shares acquired in a merger, consolidation or statutory share exchange if the corporation is a party to the transaction or (2) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all control share acquisitions by any person of shares of our stock, and this provision of our bylaws cannot be amended without the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to be subject to any or all of the following five provisions:

a classified board;

a two-thirds vote requirement for removing a director;

a requirement that the number of directors be fixed only by vote of the directors;

a requirement that a vacancy on the board be filled only by a vote of the remaining directors (whether or not they constitute a quorum) and for the remainder of the full term of the class of directors in which the vacancy occurred and until a successor is elected and qualifies; or

a majority requirement for the calling of a special meeting of stockholders.

Our charter will provide that, effective at such time as we are able to make a Subtitle 8 election and except as may be provided by our board of directors in setting the terms of any class or series of our stock, vacancies on our board of directors may be filled only by the remaining directors (whether or not they constitute a quorum) and that a director elected by the board of directors to fill a vacancy will serve for the remainder of the full term of the directorship. We have not elected to be subject to any of the other provisions of Subtitle 8, including the provisions that would permit us to classify our board of directors without stockholder approval. Moreover, our charter provides that, without the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors, we may not elect to be subject to any of these additional provisions of Subtitle 8. Through provisions in our charter and bylaws unrelated to Subtitle 8, we (1) vest in our board of directors the exclusive power to fix the number of directors, (2) require, unless called by our chairman, our chief executive officer, our president or our board of directors, the request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at the meeting to call a special meeting of stockholders and (3) provide that a director may be removed only for cause, and then only by the affirmative vote of two-thirds of the votes entitled to be cast generally in the election of directors.

Amendments to Our Charter and Bylaws

Except as described herein and as provided in the MGCL, amendments to our charter must be advised by our board of directors and approved by the affirmative vote of our stockholders entitled to

cast a majority of all of the votes entitled to be cast on the matter. Amendments to the provisions of our charter related to the removal of directors and the vote required to amend the removal provisions will be valid only if declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast two-thirds of all the votes entitled to be cast on the matter.

Our board of directors has the exclusive power to amend our bylaws, provided, however, that amendments to the provisions of our bylaws prohibiting our board of directors from revoking, altering or amending its resolution exempting any business combination from the "business combination" provisions of the MGCL or exempting any acquisition of our stock from the "control share" provisions of the MGCL must be approved by the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors.

Meetings of Stockholders

Under our bylaws and pursuant to Maryland law, annual meetings of stockholders will be held each year at a date and at the time and place determined by our board of directors. Special meetings of stockholders may be called by our board of directors, the chairman of our board of directors, our president or our chief executive officer. Additionally, subject to the provisions of our bylaws, special meetings of the stockholders to act on any matter must be called by our secretary upon the written request of stockholders entitled to cast a majority of all the votes entitled to be cast on such matter at such meeting who have requested the special meeting in accordance with the procedures set forth in, and provided the information and certifications required by, our bylaws. Only matters set forth in the notice of the special meeting may be considered and acted upon at such a meeting. Our secretary will inform the requesting stockholders of the reasonably estimated cost of preparing and delivering the notice of meeting (including our proxy materials), and the requesting stockholder must pay such estimated cost before our secretary may prepare and deliver the notice of the special meeting.

Advance Notice of Director Nominations and New Business

Our bylaws provide that:

- with respect to an annual meeting of stockholders, nominations of individuals for election to our board of directors and the proposal of business to be considered by stockholders at the annual meeting may be made only:

  - pursuant to our notice of the meeting;

  - by or at the direction of our board of directors; or

  - by a stockholder who was a stockholder of record at the record date set by the board of directors for the meeting, at the time of giving of the notice of the meeting and at the time of the annual meeting (and any postponement or adjustment thereof), who is entitled to vote at the meeting in the election of each individual so nominated or on such other business and who has complied with the advance notice procedures set forth in, and provided the information and certifications required by, our bylaws; and

- with respect to special meetings of stockholders, only the business specified in our company's notice of meeting may be brought before the special meeting of stockholders, and nominations of individuals for election to our board of directors may be made only:

  - by or at the direction of our board of directors; or

  - provided that the meeting has been called in accordance with our bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record at the record date set by the board of directors for the meeting, at the time of giving of the notice required by our bylaws and at the time of the meeting (and any postponement or adjustment thereof), who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions set forth in, and provided the information and certifications required by, our bylaws.

The purpose of requiring stockholders to give advance notice of nominations and other proposals is to afford our board of directors and our stockholders the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by our board of directors, to inform stockholders and make recommendations regarding the nominations or other proposals. Although our bylaws do not give our board of directors the power to disapprove timely stockholder nominations and proposals, our bylaws may have the effect of precluding a contest for the election of directors or proposals for other action if the proper procedures are not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors to our board of directors or to approve its own proposal.

Anti-takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws

The restrictions on ownership and transfer of our stock, the supermajority vote required to remove directors, our election to be subject to the provision of Subtitle 8 vesting in our board of directors the exclusive power to fill vacancies on our board of directors, and the advance notice provisions of our bylaws could delay, defer or prevent a transaction or a change of control of our company.

Further, a majority of our entire board of directors has the power to increase or decrease the aggregate number of authorized shares of stock or the number of shares of any class or series of stock that we are authorized to issue, to classify and reclassify any unissued shares of our stock into other classes or series of stock and to authorize us to issue the newly classified shares, as discussed under the captions "Description of Capital Stock−Common Stock" and "−Power to Issue Additional Shares of Common Stock and Preferred Stock," and could authorize the issuance of shares of common stock or another class or series of stock, including a class or series of preferred stock, that could have the effect of delaying, deferring or preventing a change in control of us. These actions may be taken without stockholder approval unless such approval is required by applicable law, the terms of any other class or series of our stock or the rules of any stock exchange or automated quotation system on which any of our stock is listed or traded. We believe that the power of our board of directors to increase or decrease the number of authorized shares of stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to cause us to issue such shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise.

Our charter and bylaws also provide that the number of directors may be established only by our board of directors, which prevents our stockholders from increasing the number of our directors and filling any vacancies created by such increase with their own nominees. The provisions of our bylaws discussed above under the captions "−Meetings of Stockholders" and "−Advance Notice of Director Nominations and New Business" require stockholders seeking to call a special meeting, nominate an individual for election as a director or propose other business at an annual or special meeting to comply with certain notice and information requirements. We believe that these provisions will help to assure the continuity and stability of our business strategies and policies as determined by our board of directors and promote good corporate governance by providing us with clear procedures for calling special meetings, information about a stockholder proponent's interest in us and adequate time to consider stockholder nominees and other business proposals. However, these provisions, alone or in combination, could make it more difficult for our stockholders to remove incumbent directors or fill vacancies on our board of directors with their own nominees and could delay, defer or prevent a change in control, including a proxy contest or tender offer that might involve a premium price for our common stockholders or otherwise be in the best interest of our stockholders.

Exclusive Forum

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Northern Division, will be the sole and exclusive forum for (a) any Internal Corporate Claim, as such term is defined in the MGCL, (b) any derivative action or proceeding brought on our behalf (other than actions arising under federal securities laws), (c) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders, (d) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws or (e) any other action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. These choice of forum provisions will not apply to suits brought to enforce a duty or liability created by the Securities Act, the Exchange Act, or any other claim for which federal courts have exclusive jurisdiction. Furthermore, our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any claim arising under the Securities Act. Although our bylaws contain the choice of forum provisions described above, it is possible that a court could rule that such provisions are inapplicable for a particular claim or action or that such provisions are unenforceable. For example, under the Securities Act, federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. In addition, the exclusive forum provisions described above do not apply to any actions brought under the Exchange Act.

Limitation of Liability and Indemnification of Directors and Officers

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains such a provision that eliminates such liability to the maximum extent permitted by Maryland law.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to or in which they may be made, or are threatened to be made, a party or witness by reason of their service in those or other capacities unless it is established that:

the act or omission of the director or officer was material to the matter giving rise to the proceeding and:

was committed in bad faith; or

was the result of active and deliberate dishonesty;

the director or officer actually received an improper personal benefit in money, property or services; or

in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received. Nevertheless, a court may order indemnification in either case if it determines that the director or officer is fairly and reasonably entitled to indemnification, but only for expenses.

In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and

a written undertaking, which may be unsecured, by the director or officer or on the director's or officer's behalf to repay the amount paid if it shall ultimately be determined that the standard of conduct has not been met.

Our charter obligates us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding without requiring a preliminary determination of the director's or officer's ultimate entitlement to indemnification to:

any present or former director or officer who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or

any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, member, manager, trustee, employee or agent of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity.

Our charter also permits us, with the approval of our board of directors, to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.

Indemnification Agreements

We intend to enter into indemnification agreements with each of our directors and executive officers.

REIT Qualification

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interest to attempt to, or continue to, qualify as a REIT.

Opportunity Zone Fund Status

Our charter provides that our board of directors may decertify our status as an Opportunity Zone Fund, without approval of our stockholders, if it determines that it is no longer in our best interest to attempt to, or continue to, qualify as an Opportunity Zone Fund.

SHARES ELIGIBLE FOR FUTURE SALE

General

Upon the completion of this offering and the concurrent private placement, we expect to have 16,340,000 outstanding shares of our common stock (18,590,000 shares if the underwriters' option to purchase additional shares is exercised in full).

Of these shares, the 15,000,000 shares of our common stock sold in this offering (17,250,000 shares of our common stock if the underwriters' option to purchase additional shares is exercised in full) will be freely transferable without restriction or further registration under the Securities Act, subject to the restrictions on ownership and transfer of our stock set forth in our charter.

There is currently no public market for our common stock. Trading of our common stock on the NYSE is expected to commence following the pricing of this offering. No assurance can be given as to (i) the likelihood that an active market for common stock will develop, (ii) the liquidity of any such market, (iii) the ability of the stockholders to sell their shares or (iv) the prices that stockholders may obtain for any of their shares. No prediction can be made as to the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of our common stock, or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock. See "Risk Factors−Risks Related to Our Common Stock and this Offering."

For a description of certain restrictions on ownership and transfer of shares of our common stock held by certain of our stockholders, see "Description of Capital Stock−Restrictions on Ownership and Transfer."

Rule 144

After giving effect to this offering and the concurrent private placement, we expect that shares of our outstanding common stock (based on the mid-point of the initial public offering price range set forth on the front cover of this prospectus) will be "restricted" securities under the meaning of Rule 144 under the Securities Act, and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemption provided by Rule 144.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale and who has beneficially owned shares considered to be restricted securities under Rule 144 for at least six months would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned shares considered to be restricted securities under Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

An affiliate of ours who has beneficially owned shares of our common stock for at least six months would be entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the shares of our common stock then outstanding, which will equal approximately 163,400 shares immediately after this offering and the concurrent private placement (185,900 shares if the underwriters' option to purchase additional shares is exercised in full); or

- the average weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale and have filed all required reports during that time period. Such sales by affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144.

Lock-up Agreements

In addition to the limits placed on the sale of our common stock by operation of Rule 144 and other provisions of the Securities Act, we, our Manager and our directors, director nominees and executive officers have agreed, subject to certain exceptions, not to sell or otherwise dispose of any shares of our common stock or securities convertible into or exercisable or exchangeable for shares of our common stock from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Morgan Stanley & Co. LLC and B. Riley Securities, Inc. See "Underwriting."

Directed Share Program

At our request, the underwriters have reserved up to 5% of the shares of our common stock offered by this prospectus, for sale at the initial public offering price through a directed share program to certain individuals, including our directors, officers, employees of affiliates of our Manager and business associates and other parties related to us. For additional information, see the section titled "Underwriting−Directed Share Program."

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

This section summarizes the material U.S. federal income tax considerations that you, as a prospective holder of our common stock, may consider relevant in connection with the purchase, ownership and disposition of our common stock. Vinson & Elkins L.L.P. has acted as our counsel, has reviewed this summary, and is of the opinion that the discussion contained herein is accurate in all material respects. Because this section is a summary, it does not address all aspects of taxation that may be relevant to particular stockholders in light of their personal investment or tax circumstances, or to certain types of stockholders that are subject to special treatment under the U.S. federal income tax laws, such as:

- insurance companies;
- tax-exempt organizations (except to the limited extent discussed in "Taxation of Tax-Exempt Stockholders" below);
- financial institutions or broker-dealers;
- non-U.S. individuals and foreign corporations (except to the limited extent discussed in "Taxation of Non-U.S. Stockholders" below);
- U.S. expatriates;
- persons who mark-to-market our common stock;
- subchapter S corporations;
- U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar;
- RICs and REITs;
- entities treated as Opportunity Zone Funds;
- trusts and estates;
- holders who receive our common stock through the exercise of employee stock options or otherwise as compensation;

persons holding our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment;

persons subject to the alternative minimum tax provisions of the Code;

persons subject to special tax accounting rules as a result of their use of applicable financial statements within the meaning of Section 451(b)(3) of the Code; and

persons holding our common stock through a partnership or similar pass-through entity.

This summary assumes that stockholders hold our common stock as capital assets for U.S. federal income tax purposes, which generally means property held for investment.

The statements in this section are based on the Code, final, temporary and proposed Treasury regulations, the legislative history of the Code, current administrative interpretations and practices of the IRS and court decisions. The reference to IRS interpretations and practices includes the IRS practices and policies endorsed in private letter rulings, which are not binding on the IRS except with respect to the taxpayer that receives the ruling. In each case, these sources are relied upon as they exist on the date of this discussion. Future legislation, Treasury regulations, administrative interpretations and court decisions could change the current law or adversely affect existing interpretations of current law on which the information in this section is based. Any such change could apply retroactively. We have not received any rulings from the IRS concerning our qualification as an Opportunity Zone Fund or as a REIT. Accordingly, even if there is no change in the applicable law, no assurance can be provided that the statements made in the following discussion, which do not bind the IRS or the courts, will not be challenged by the IRS or will be sustained by a court if so challenged.

WE URGE YOU TO CONSULT YOUR TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK AND OF OUR ELECTION TO BE TAXED AS AN OPPORTUNITY ZONE FUND AND A REIT FOR U.S. FEDERAL INCOME TAX PURPOSES. SPECIFICALLY, WE URGE YOU TO CONSULT YOUR TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, DISPOSITION AND ELECTION AND REGARDING POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

Taxation of Our Company

We were formed on January 8, 2020 as a Maryland corporation. We intend to operate in conformity with the requirements to be treated as an Opportunity Zone Fund commencing with the month of the closing of this offering. Treatment of the Company as an Opportunity Zone Fund involves complying with technical and operational requirements that differ from and will be in addition to the requirements for the Company to be treated as a REIT. Final Treasury regulations under the Opportunity Zone program have only been recently issued with respect to certain aspects of the legislation, and the IRS has otherwise provided only limited guidance with respect to the Opportunity Zone program, therefore our ability to comply with the requirements to be treated as an Opportunity Zone Fund is subject to considerable uncertainty, and many aspects regarding Opportunity Zone Funds are unclear. Investors should carefully review the below section "Opportunity Zone Fund Considerations."

We also intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2020. We believe that, commencing with such taxable year, we will be organized and will operate in such a manner as to qualify for taxation as a REIT under the U.S. federal income tax laws, and we intend to continue to operate in such a manner, but no assurance can be given that we will operate in a manner so as to qualify or remain qualified as a REIT. This section discusses the laws governing the U.S. federal income tax treatment of a REIT and its stockholders. These laws are highly technical and complex.

Opportunity Zone Fund Considerations

In connection with this offering, we will receive an opinion from Vinson & Elkins L.L.P. that, commencing with the month of the closing of this offering, we will be organized in a manner that will allow us to qualify as an Opportunity Zone Fund under the U.S. federal income tax laws and our proposed method of operations will enable us to satisfy the requirements for qualification as an Opportunity Zone Fund under the U.S. federal income tax laws. Investors should be aware that Vinson & Elkins L.L.P.'s opinion is based upon customary assumptions, will be conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets and the conduct of our business, is not binding upon the IRS or any court and speaks as of the date issued. In addition, Vinson & Elkins L.L.P.'s opinion will be based on existing U.S. federal income tax law governing qualification as an Opportunity Zone Fund, which is subject to change either prospectively or retroactively. Moreover, our qualification an Opportunity Zone Fund depends upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal tax laws. Vinson & Elkins L.L.P. will not review our compliance with those tests on a continuing basis.

We may be subject to penalties if we do not meet the requirements for qualification as an Opportunity Zone Fund. If we do not satisfy the 90% Asset Test and our failure was not due to reasonable cause, we will be subject to a penalty for each month we do not meet the 90% Asset Test. For our 2020 taxable year, IRS guidance provides that any such failure will automatically be deemed to be due to reasonable cause and no penalty will apply. Any penalty is an amount calculated as the amount equal to (i) the excess of 90% of our aggregate assets, over the aggregate amount of Qualified Property held by us on the last day of the month, multiplied by (ii) the federal short-term rate (as determined by the IRS) plus 3%, and divided by (iii) 12. In addition, if our direct interest in our subsidiary partnership failed to qualify as an Opportunity Zone Partnership Interest, and we were not able to establish reasonable cause or qualify for a one-time cure, we generally would be subject to a penalty based on the value of our interest in our subsidiary partnership, as determined by financial statements or our cost, as applicable. The Opportunity Zones rules were recently enacted and final Treasury regulations have only recently been issued. There is no assurance that we will meet the requirements necessary to qualify as an Opportunity Zone Fund or that any stockholder will be able to realize any QOZ Tax Benefits as a result of an investment in us.

Opportunity Zone Funds in General

The Opportunity Zone legislation was enacted by Congress to incentivize long-term private sector investments in low-income communities. The 2017 Tax Act permitted governors of each of the 50 states to identify Opportunity Zones within their states during the first several months of 2018. Generally, the Opportunity Zones were to be based on low-income census tracts and adjacent property. Opportunity Zone designations by the governors were then subject to review and certification by the U.S. Treasury Department. The U.S. Department of the Treasury has certified over 8,760 individual census tracts across all 50 states, six territories, and the District of Columbia as Opportunity Zones.

The Opportunity Zone legislation offers three potential U.S. federal income tax benefits to investors who invest in Opportunity Zone Funds.

Temporary Deferral. First, an investor who makes a qualifying investment in an Opportunity Zone Fund may temporarily defer tax on eligible gains realized from a sale or exchange of property with an unrelated person until the earlier of disposition (or deemed disposition) of the interest in the Opportunity Zone Fund (unless the investor timely reinvests the amount of gain that such investor would otherwise be required to recognize in the original Opportunity Zone Fund or another Opportunity Zone Fund) or December 31, 2026, provided that there is no earlier "inclusion event" (generally an event that reduces the investor's interest in the Opportunity Zone Fund or a distribution by the Opportunity Zone Fund in excess of the investor's tax basis) that would result in recognition of all or a portion of the Deferred Gain Amount.

Partial exclusion of gain on relinquished property. Second, an investor who makes a qualifying investment in an Opportunity Zone Fund by December 31, 2021 and holds such investment for at least five years may permanently reduce by 10% the Deferred Gain Amount.

Exclusion of gain on interest in (and certain capital gain dividends from) an Opportunity Zone Fund. Third, if the investor holds its interest in the Opportunity Zone Fund for at least 10 years, the investor will generally be exempt from tax on any gain beyond the Deferred Gain Amount from disposition of its interest in the Opportunity Zone Fund. Investors who hold their interests in the Opportunity Zone Fund for at least 10 years may also be eligible to receive as tax-free certain capital gain dividends designated by an Opportunity Zone Fund REIT. These capital gain dividends may not exceed the Opportunity Zone Fund REIT's long-term gains on sales of Qualified Property.

In order to qualify for QOZ Tax Benefits, an investor must invest eligible gains from a sale or exchange of property with an unrelated party prior to January 1, 2027, into an Opportunity Zone Fund generally within 180 days after the sale or exchange of the property, provided that, if an investor's 180-day period was to expire on or after April 1, 2020 and before December 31, 2020, such investor has until December 31, 2020 to invest such gain. Eligible gains include capital gains, whether short-term or long-term, from sales of real estate and non-real estate investments, including stock, bonds and other publicly traded securities. Final Treasury regulations provide that Section 1231 gains are eligible gains on a gross basis, unreduced by Section 1231 losses. Only the gain or profit from the sale of property (and not the principal invested in the property) needs to be invested in an Opportunity Zone Fund, and any amounts invested in an Opportunity Zone Fund in excess of such gain do not qualify for any of the QOZ Tax Benefits.

Final Treasury regulations provide that a taxpayer may make an eligible investment by acquiring an eligible interest in an Opportunity Zone Fund from a person other than the Opportunity Zone Fund. Consequently, we believe purchasers of interests in an Opportunity Zone Fund in a secondary market purchase qualify for QOZ Tax Benefits, and thus both initial and subsequent purchasers of our common stock will be eligible for QOZ Tax Benefits. However, an initial investor who sells its interest in the Opportunity Zone Fund prior to the requisite holding periods may not realize all of the potential QOZ Tax Benefits.

Requirements for Qualification as an Opportunity Zone Fund

Under the Code, an Opportunity Zone Fund is any investment vehicle (1) which is organized as a corporation or a partnership for the purpose of investing in Qualified Property (other than another Opportunity Zone Fund) that holds at least 90% of its assets in Qualified Property and (2) which elects to be treated as an Opportunity Zone Fund (eligible funds can self-certify as Opportunity Zone Funds without any action by the IRS). The 90% Asset Test will generally be applied by calculating the average between the percentage of Qualified Property owned on the last day of the first six-month period of the taxable year and the percentage owned on the last day of the taxable year. Final Treasury regulations provide that for purposes of the 90% Asset Test, an Opportunity Zone Fund is not required to consider contributions received in the prior 6 months, as long as those assets are held as cash, cash equivalents, or debt instruments with terms of 18 months or less.

Final Treasury regulations also provide that for purposes of the 90% Asset Test, proceeds that the Opportunity Zone Fund receives from the return of capital or the sale or disposition of Qualified Property are treated as Qualified Property so long as: (i) the Opportunity Zone Fund reinvests the proceeds in other Qualified Property during the 12-month period beginning on the date of the distribution, sale or disposition and (ii) from the date of the distribution, sale or disposition until the date proceeds are reinvested in other Qualified Property, the proceeds are continuously held in cash, cash equivalents, or debt instruments with terms of 18 months or less. Relief is available for failure to meet this 12-month reinvestment deadline if such failure is due to a delay in governmental action, for which the application is complete. Provided such reinvestment requirements are satisfied, the sales or dispositions of assets by an Opportunity Zone Fund do not impact an investor's holding periods in their Opportunity Zone Fund investments or trigger the inclusion of the Deferred Gain Amount, but may give rise to taxable income to investors.

We intend to satisfy the 90% Asset Test by investing substantially all of the contributions we receive from stockholders in exchange for a controlling equity interest in our subsidiary partnership, and by having our subsidiary partnership invest substantially all of its assets into qualified Opportunity Zone Business Property. As more fully discussed below, we expect that our direct interest in our subsidiary partnership will be treated as Qualified Property, provided the interest satisfies the additional requirements that apply to an Opportunity Zone Partnership Interest. Our indirect interest in our subsidiary partnership held through Aspire TRS will not be treated as Qualified Property, nor will our interest in Aspire TRS be treated as Qualified Property; however, such interest will be *de minimis*. We intend to monitor our assets so as to ensure our compliance with the 90% Asset Test and the applicable tests for our direct interest in our subsidiary partnership to qualify as an Opportunity Zone Partnership Interest. There can be no assurance, however, that we will be able to satisfy such tests.

Qualified Property

Under the Code, Qualified Property means property which is:

(i) Opportunity Zone Stock;

(ii) Opportunity Zone Partnership Interests; or

(iii) Opportunity Zone Business Property.

Opportunity Zone Stock means any stock in a domestic corporation acquired after December 31, 2017 at its initial issuance solely in exchange for cash if such corporation is an Opportunity Zone Business as of the time such stock was issued (or, in the case of a new corporation, such corporation was being organized for purposes of being an Opportunity Zone Business) and during at least 90% of the Opportunity Zone Fund's holding period for such stock, such corporation qualified as an Opportunity Zone Business. The holding period is tested on a semi-annual basis, based on the cumulative amount of time the Opportunity Zone Fund has held such stock. The final Treasury regulations also contain a special rule allowing the Opportunity Zone Fund to measure compliance with the holding period rule on the June 30th testing date by looking to the holding period as if it ended at the end of the Opportunity Zone entity's prior taxable year.

Opportunity Zone Partnership Interest means any capital or profits interest in a domestic partnership acquired after December 31, 2017 from the partnership solely in exchange for cash if such partnership is an Opportunity Zone Business as of the time such interest was issued (or, in the case of a new partnership, such partnership was being organized for purposes of being an Opportunity Zone Business) and during at least 90% of the Opportunity Zone Fund's holding period for such interest, such partnership qualified as an Opportunity Zone Business.

Opportunity Zone Business Property is tangible property used in a trade or business (which, for purposes of the Opportunity Zone program, includes the ownership and operation, including leasing (other than merely leasing under a triple-net lease) of real property) of an Opportunity Zone Fund (or Opportunity Zone Business), if:

(i) the property was acquired by the Opportunity Zone Fund (or Opportunity Zone Business) by purchase from an unrelated party after December 31, 2017 or acquired under a lease entered into after December 31, 2017;

(ii) in the case of purchased property, either the original use of the property in the Opportunity Zone commences with the Opportunity Zone Fund (or Opportunity Zone Business) or the Opportunity Zone Fund (or Opportunity Zone Business) substantially improves the property; and

(iii) during at least 90% of the Opportunity Zone Fund's (or Opportunity Zone Business's) holding period of the property, at least 70% of the use of the property was in an Opportunity Zone.

Leased property does not have to satisfy requirement (ii) above, but the lease must be at a market rate, and additional requirements apply if the lease is with a related party. The final Treasury regulations provide that leases between unrelated parties are presumed to be market rate leases.

The "original use" of the property is considered to have commenced on the date it was first placed in service in the Opportunity Zone for purposes of depreciation or amortization (or, in the case of leased property, first used in a manner that would permit depreciation or amortization if owned), whether by the Opportunity Zone Fund (or Opportunity Zone Business) or another person. Under the final Treasury regulations, the original use of a previously used, but now vacant or unused, building or structure will be deemed to have commenced with the Opportunity Zone Fund (or Opportunity Zone Business) if the building or structure has been vacant or unused for at least the previous three calendar years and the Opportunity Zone Fund (or Opportunity Zone Business) first uses or places the building or structure in service in the Opportunity Zone. However, if the property was vacant at the time the Opportunity Zone was designated, it need only have been vacant for one calendar year.

A property is generally considered "substantially improved" if, during any 30-month period beginning after the property is acquired, the Opportunity Zone Fund's (or Opportunity Zone Business's) additions to the property's adjusted basis causes the adjusted basis to exceed double the adjusted basis of the property at the beginning of the period. IRS guidance has tolled the running of this 30-month period from April 1, 2020 through December 31, 2020, effectively giving Opportunity Zone Funds up to an additional six months to complete improvements. In the case of property that consists of land and a building, the additions to basis only need to exceed the adjusted basis in the building at the beginning of the 30-month period; that is, the basis of the land is not included for purposes of determining whether the property has been substantially improved. Final Treasury regulations provide that property is generally analyzed on an asset-by-asset basis for purposes of determining whether the property is substantially improved, but may be measured on an aggregate basis in certain circumstances. Specifically, the final Treasury regulations allow for a group of buildings to be treated as a single property for purposes of measuring substantial improvement if:

- each building in a building group is located entirely within the geographic borders of a parcel of land described in a single deed; or

- the buildings in a building group are located entirely within the geographic borders of contiguous parcels of land described in separate deeds and each building is operated as part of one or more trades or businesses that:

  - are operated exclusively by the Opportunity Zone Fund (or Opportunity Zone Business);

  - share facilities or significant centralized business elements, such as personnel, accounting, legal, manufacturing, purchasing, HR, or IT resources; and

  - are operated in coordination with, or reliance on, one or more of the trades or businesses.

The final Treasury regulations also allow for purchased tangible property (which would otherwise be original use property) to be treated as part of an asset's improvements for purposes of the substantial improvement test, provided that the original use property:

- is located and used in the same trade or business in the Opportunity Zone (or a contiguous Opportunity Zone) in which the non-original use asset is used; and

- improves the functionality of the non-original use asset in the same Opportunity Zone (or a contiguous Opportunity Zone).

The requirements for Opportunity Zone Stock and Opportunity Zone Partnership Interests are dependent on the corporation or partnership, respectively, being an Opportunity Zone Business. In order to be an Opportunity Zone Business, a corporation or partnership must meet the following requirements:

(i) at least 70% of the tangible property owned or leased by the entity consists of Opportunity Zone Business Property;

(ii) at least 50% of the entity's gross income is from the active conduct of the Opportunity Zone Business;

(iii) at least 40% the entity's intangible property (e.g., licenses and trademarks) must be used in the active conduct of the Opportunity Zone Business;

(iv) any "nonqualified financial property" (e.g., debt, stock, partnership interests, derivatives, annuities and other similar types of property) of the Opportunity Zone Business must be less than

5% of the average aggregate unadjusted basis of the property of the Opportunity Zone Business; and

(v) the entity does not operate or lease land in certain enumerated prohibited business categories (e.g., golf courses and racetracks) (for purposes of this requirement, the final Treasury regulations permit the leasing of property to such businesses so long as no more than 5% of the entity's property is leased to such businesses and no more than 5% of the entity's gross income is attributable to such businesses).

Our subsidiary partnership expects to take the position that cash reserved for investment will not be treated as nonqualified financial property. The final Treasury regulations permit an Opportunity Zone Business to hold reasonable amounts of working capital held in cash, cash equivalents or debt instruments with a term of 18 months or less, provided three tests of the Working Capital Safe Harbor are satisfied: (i) the Opportunity Zone Business designates in writing that such working capital is being held for the development of a trade or business in the Opportunity Zone, including for the acquisition, construction or substantial improvement of tangible property in an Opportunity Zone, (ii) the Opportunity Zone Business prepares a written schedule consistent with the ordinary start-up of a trade or business for expenditure of working capital and the Opportunity Zone business expends such working capital within 31 months of receipt, and (iii) the Opportunity Zone Business actually uses the working capital assets in a manner consistent with the written designation and written schedule. Exceeding the 31-month limitation will not violate the Working Capital Safe Harbor if the delay is attributable to waiting for governmental action on an application that is complete. In addition, the 31-month period may be extended for up to an additional 24 months if the related property is in a "federally declared disaster area." As a result of the nationwide declaration of a federally declared disaster area due to COVID-19, all Qualified Opportunity Zone Businesses holding working capital during any period from January 20, 2020 to December 31, 2020 may benefit from this extension. An Opportunity Zone Fund (or Opportunity Zone Business) may benefit from the Working Capital Safe Harbor in multiple instances; that is, it can be applied separately to each capital contribution made to the Opportunity Zone Business, provided that the total safe harbor period may not exceed 62 months, each application satisfies the Working Capital Safe Harbor, and there is a master plan for the use of the working capital. The 24-month extension for working capital held during any period from January 20, 2020 to December 31, 2020 also applies to this 62-month cumulative period. We intend to cause our subsidiary partnership to designate in writing permitted use for any cash held, to prepare written schedules for permitted use of such cash, and to expend such cash consistent with the written designations and written schedules. The final Treasury regulations provide that working capital that is to be spent on the development of a trade or business in an Opportunity Zone (including acquisition, construction, or improvement of Opportunity Zone Business Property) is treated as a qualifying asset for purposes of the 70% tangible property test. In addition, the final Treasury regulations provide that (i) income from working capital covered by the Working Capital Safe Harbor is qualifying income for purposes of the 50% gross income test and (ii) intangible property purchased or licensed with working capital covered by the Working Capital Safe Harbor will be considered to be used by the trade or business for purposes of the 40% intangible property test.

Related Party Arrangements

For purposes of the Opportunity Zone program, persons are considered to be related to each other through the application of complex attribution rules, which generally treat certain entities and individuals as related if there is a 20% beneficial ownership overlap between entities and the persons that own the entities. The Opportunity Zone program under the Code contain certain prohibitions on transactions with related parties. We intend to structure any related-party transactions in a manner that would not cause us to fail to qualify as an Opportunity Zone Fund.

Any transaction by and between one or more of the Manager, Avanath, MacFarlane, or their respective affiliates and us will contain terms as if the transaction were the result of arms' length negotiations with an unaffiliated third party and will require the approval of our independent directors.

Failure to Maintain Opportunity Zone Fund Qualification

If we do not satisfy the 90% Asset Test for a taxable year, we would be subject to a penalty for each month we do not meet the 90% Asset Test in such taxable year. For our 2020 taxable year, IRS guidance provides that any such failure will automatically be deemed to be due to reasonable cause and no penalty will apply. Any penalty is an amount calculated as the (i) the excess of the amount equal to 90% of the Opportunity Zone Fund's aggregate assets, over the aggregate amount of Qualified Property held by the Opportunity Zone Fund on the last day of the month, multiplied by (ii) the Federal short-term rate (as determined by the IRS) plus 3%, and divided by (iii) 12. No penalty would be imposed with respect to a failure to satisfy the 90% Asset Test if the Opportunity Zone Fund were able to show that the failure is due to reasonable cause, though there is limited guidance regarding what reasonable cause would entail.

If our direct interest in our subsidiary partnership failed to qualify as an Opportunity Zone Partnership Interest, and we were not able to establish reasonable cause, the penalty might be significantly greater than if we had invested in Qualified Property directly because the excess amount described in clause (i) above generally would be equal to the fair market value of our direct interest in our subsidiary partnership. The final Treasury regulations provide a one-time cure for an Opportunity Zone Fund that fails to meet the 90% Asset Test because of the failure of an Opportunity Zone entity to qualify as an Opportunity Zone Business. Specifically, the regulations provide a 6-month cure period pursuant to which an Opportunity Zone Fund may treat an Opportunity Zone entity as an Opportunity Zone Business even if it does not meet the requirements to be treated as an Opportunity Zone Business on a testing date, so long as the failure to qualify is cured within such 6-month period. The October 2018 proposed Treasury regulations announced an intention to publish additional guidance regarding Opportunity Zone Fund decertification. The final Treasury regulations include a voluntary self-decertification process but reserve on involuntary decertifications. However, the final Treasury regulations do provide an example under an anti-abuse rule that recharacterizes an entity as not being an Opportunity Zone Fund if it fails the 90% Asset Test in multiple years, which would effectively function as a decertification. The Treasury and the IRS are continuing to consider the circumstances under which involuntary decertification of an Opportunity Zone Fund would be warranted, and intend to propose future guidance regarding those circumstances.

The various requirements for us to be treated as an Opportunity Zone Fund and for our direct interest in our subsidiary partnership to be treated as an Opportunity Zone Partnership Interest are complex. Each investor, therefore, is urged to consult their tax advisor regarding any investment in our common stock, our intended approach for qualifying as an Opportunity Zone Fund, and the considerable uncertainty in this area.

The final Treasury regulations permit us to self-decertify as an Opportunity Zone Fund effective the month following the month we specify in the decertification. Such decertification would be an inclusion event for our stockholders, which could result in the recognition of all or a portion of their Deferred Gain Amount.

REIT Considerations

In connection with this offering, Vinson & Elkins L.L.P. will render an opinion that, commencing with our taxable year ending December 31, 2020, we will be organized in conformity with the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws, and our proposed method of operations will enable us to satisfy the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws for our taxable year ending December 31, 2020 and subsequent taxable years. Investors should be aware that Vinson & Elkins L.L.P.'s opinion will be based upon various customary assumptions relating to our organization and operation, will be conditioned upon certain representations and covenants made by our management as to factual matters, including representations regarding our organization, the nature of our assets and income and the conduct of our business operations. Vinson & Elkins L.L.P.'s opinion is not binding upon the IRS or any court and speaks as of the date issued. In addition, Vinson & Elkins L.L.P.'s opinion will be based on existing U.S. federal income tax law governing qualification as a REIT, which is subject to change either prospectively or retroactively.

Moreover, our qualification and taxation as a REIT will depend upon our ability to meet, on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal income tax laws. Those qualification tests involve the percentage of income that we earn from specified sources, the percentage of our assets that fall within specified categories, the diversity of ownership of our stock and the percentage of our earnings that we distribute. Vinson & Elkins L.L.P. will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements. While we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations and the possibility of future changes in our circumstances, no assurance can be given by tax counsel or by us that we will qualify as a REIT for any particular year. Vinson & Elkins L.L.P.'s opinion does not foreclose the possibility that we may have to use one or more of the REIT savings provisions described below, which could require us to pay an excise or penalty tax (which could be material) in order for us to maintain our REIT qualification. For a discussion of the tax consequences of our failure to qualify as a REIT, see "−Failure to Qualify."

If we qualify as a REIT, we generally will not be subject to U.S. federal income tax on the taxable income that we distribute to our stockholders. The benefit of that tax treatment is that it avoids the "double taxation," or taxation at both the corporate and stockholder levels, that generally applies to distributions by a corporation to its stockholders. However, even if we qualify as a REIT, we will be subject to U.S. federal tax in the following circumstances:

- We will pay U.S. federal income tax on any taxable income, including net capital gain, that we do not distribute to stockholders during, or within a specified time period after, the calendar year in which the income is earned.

- We will pay income tax at the highest U.S. federal corporate income tax rate on:

  - net income from the sale or other disposition of property acquired through foreclosure ("foreclosure property") that we hold primarily for sale to customers in the ordinary course of business, and

  - other non-qualifying income from foreclosure property.

- We will pay a 100% tax on our net income from sales or other dispositions of property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business.

If we fail to satisfy one or both of the 75% gross income test or the 95% gross income test, as described below under "−Gross Income Tests," and nonetheless continue to qualify as a REIT because we meet other requirements, we will pay a 100% tax on:

the gross income attributable to the greater of the amount by which we fail the 75% gross income test or the 95% gross income test, in either case, multiplied by

a fraction intended to reflect our profitability.

If, during a calendar year, we fail to distribute at least the sum of (1) 85% of our REIT ordinary income for the year, (2) 95% of our REIT capital gain net income for the year and (3) any undistributed taxable income required to be distributed from earlier periods, we will pay a 4% nondeductible excise tax on the excess of the required distribution over the amount we actually distributed.

We may elect to retain and pay income tax on our net long-term capital gain. In that case, a stockholder would be taxed on its proportionate share of our undistributed long-term capital gain (to the extent that we made a timely designation of such gain to the stockholders) and would receive a credit or refund for its proportionate share of the tax we paid.

We will be subject to a 100% excise tax on transactions with Aspire TRS and any other TRS we may form in the future that are not conducted on an arm's-length basis.

If we fail to satisfy any of the asset tests, other than a de minimis failure of the 5% asset test, the 10% vote or the 10% value test, as described below under "−Asset Tests," as long as the failure was due to reasonable cause and not to willful neglect, we file a schedule with the IRS describing each asset that caused such failure and we dispose of the assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify such failure, we will pay a tax equal to the greater of $50,000 or the highest U.S. federal corporate income tax rate (currently 21%) on the net income from the non-qualifying assets during the period in which we failed to satisfy the asset tests.

If we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and such failure is due to reasonable cause and not to willful neglect, we will be required to pay a penalty of $50,000 for each such failure.

If we acquire any asset from an entity treated as a C corporation (i.e., a corporation that generally is subject to full corporate-level tax) in a merger or other transaction in which we acquire a basis in the asset that is determined by reference either to such entity's basis in the asset or to another asset, we will pay tax at the highest applicable regular U.S. federal corporate income tax rate if we recognize gain on the sale or disposition of the asset during the five-year period after we acquire the asset provided no election is made for the transaction to be taxable on a current basis. The amount of gain on which we will pay tax is the lesser of:

the amount of gain that we recognize at the time of the sale or disposition, and

the amount of gain that we would have recognized if we had sold the asset at the time we acquired the asset.

We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet recordkeeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's stockholders, as described below in "−Recordkeeping Requirements."

The earnings of our lower-tier entities that are treated as C corporations, including Aspire TRS and any other TRS we may form in the future, will be subject to U.S. federal corporate income tax.

In addition, notwithstanding our qualification as a REIT, we may also have to pay certain state and local income taxes because not all states and localities treat REITs in the same manner that they are treated for U.S. federal income tax purposes. Moreover, as further described below, Aspire TRS and any other TRS we may form in the future will be subject to U.S. federal, state and local corporate income tax on its taxable income.

Requirements for Qualification

A REIT is a corporation, trust or association that meets each of the following requirements:

1. It is managed by one or more trustees or directors.

2. Its beneficial ownership is evidenced by transferable shares or by transferable certificates of beneficial interest.

3. It would be taxable as a domestic corporation, but for the REIT provisions of the U.S. federal income tax laws.

4. It is neither a financial institution nor an insurance company subject to special provisions of the U.S. federal income tax laws.

5. At least 100 persons are beneficial owners of its shares or ownership certificates.

6. Not more than 50% in value of its outstanding shares or ownership certificates is owned, directly or indirectly, by five or fewer individuals, which the Code defines to include certain entities, during the last half of any taxable year.

7. It elects to be a REIT, or has made such election for a previous taxable year, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT qualification.

8. It meets certain other qualification tests, described below, regarding the nature of its income and assets and the distribution of its income.

9. It uses a calendar year for U.S. federal income tax purposes and complies with the recordkeeping requirements of the U.S. federal income tax laws.

10. It has not been a party to a spin-off transaction that is tax-deferred under section 355 of the Code during the applicable period.

We must meet requirements 1 through 4, 8 and 9 during our entire taxable year and must meet requirement 5 during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Requirements 5 and 6 will apply to us beginning with our 2021 taxable year. If we comply with all the requirements for ascertaining the ownership of our outstanding stock in a taxable year and have no reason to know that we violated requirement 6, we will be deemed to have satisfied requirement 6 for that taxable year. For purposes of determining stock ownership under requirement 6, an "individual" generally includes a supplemental unemployment compensation benefits plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes. An "individual," however, generally does not include a trust that is a qualified employee pension or profit sharing trust under the U.S. federal income tax laws, and beneficiaries of such a trust will be treated as holding stock in proportion to their actuarial interests in the trust for purposes of requirement 6.

Our charter provides restrictions regarding the transfer and ownership of shares of our outstanding capital stock (see "Description of Capital Stock−Restrictions on Ownership and Transfer"). We believe that we will issue sufficient stock with sufficient diversity of ownership to satisfy requirements 5 and 6 above. The restrictions in our charter are intended (among other things) to assist us in continuing to satisfy requirements 5 and 6 above. These restrictions, however, may not ensure that we will, in all cases, be able to satisfy such stock ownership requirements. If we fail to satisfy these stock ownership requirements, we may fail to qualify as a REIT.

Effect of Subsidiary Entities

Qualified REIT Subsidiaries. A corporation that is a "qualified REIT subsidiary" is not treated as a corporation separate from its parent REIT. All assets, liabilities and items of income, deduction and credit of a "qualified REIT subsidiary" are treated as assets, liabilities and items of income, deduction and credit of the REIT. A "qualified REIT subsidiary" is a corporation, other than a TRS, all of the stock of which is owned by the REIT. Thus, in applying the requirements described herein, any "qualified REIT subsidiary" that we own will be ignored, and all assets, liabilities and items of income, deduction and credit of such subsidiary will be treated as our assets, liabilities and items of income, deduction and credit.

Other Disregarded Entities and Partnerships. An unincorporated domestic entity, such as a limited liability company that has a single owner for U.S. federal income tax purposes, generally is not treated as an entity separate from its owner for U.S. federal income tax purposes. An unincorporated domestic entity with two or more owners for U.S. federal income tax purposes is generally treated as a partnership for U.S. federal income tax purposes. In the case of a REIT that is a partner in a partnership that has other partners, the REIT is treated as owning its proportionate share of the assets of the partnership and as earning its allocable share of the gross income of the partnership for purposes of the applicable REIT qualification tests. Our proportionate share for purposes of the 10% vote or value test (see "−Asset Tests") will be based on our proportionate interest in the equity interests and certain debt securities issued by the partnership. For all of the other asset and income tests, our proportionate share will be based on our proportionate interest in the capital interests in the partnership. Our proportionate share of the assets, liabilities and items of income of any partnership, joint venture or limited liability company that is treated as a partnership for U.S. federal income tax purposes in which we acquire an equity interest, directly or indirectly, will be treated as our assets and gross income for purposes of applying the various REIT qualification requirements.

We intend to control our subsidiary partnership and any other partnerships or limited liability companies that we form or acquire interests in, and we intend to operate them in a manner consistent with the requirements for our qualification as a REIT. We may from time to time be a limited partner or non-managing member in some of our partnerships and limited liability companies. If a partnership or limited liability company in which we own an interest takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action which could cause us to fail a gross income or asset test and that we would not become aware of such action in time to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we could fail to qualify as a REIT unless we were able to qualify for a statutory REIT "savings" provisions, which could require us to pay a significant penalty tax to maintain our REIT qualification.

Taxable REIT Subsidiaries. A REIT may own up to 100% of the stock of one or more TRSs. A TRS is a fully taxable corporation that may earn income that would not be qualifying income if earned directly by the parent REIT. The subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the securities will automatically be treated as a TRS. We will not be treated as holding the assets of a TRS or as receiving any income that the TRS earns. Rather, the stock issued by a TRS to us will be an asset in our hands, and we will treat the distributions paid to us from such TRS, if any, as income to the extent of the TRS's earning and profits. This treatment may affect our compliance with the gross income and asset tests. Because we will not include the assets and gross income of TRSs in determining our compliance with the REIT requirements, we may use such entities to undertake activities, such as earning fee income that the REIT rules might otherwise preclude us from doing directly or through pass-through subsidiaries. Overall, no more than 20% of the value of a REIT's assets may consist of stock or securities of one or more TRSs.

Several provisions of the Code regarding the arrangements between a REIT and its TRSs ensure that a TRS will be subject to an appropriate level of U.S. federal income taxation. For example, a TRS is limited in its ability to deduct interest payments made to its parent REIT. In addition, we would be obligated to pay a 100% penalty tax on some payments that we receive from, or on certain expenses deducted by, a TRS if the IRS were to assert successfully that the economic arrangements between us and a TRS are not comparable to similar arrangements among unrelated parties. Any income earned by a TRS that is attributable to services provided to us, or on our behalf to any of our tenants, that is less than the amounts that would have been charged based upon arm's length negotiations, will also be subject to a 100% penalty tax.

Rent that we receive from a TRS will qualify as "rents from real property" as long as (1) at least 90% of the leased space in the property is leased to persons other than TRSs and related-party tenants and (2) the amount paid by the TRS to rent space at the property is substantially comparable to rents paid by other tenants of the property for comparable space, as described in further detail below under "−Gross Income Tests−Rents from Real Property." If we lease space to a TRS in the future, we will seek to comply with these requirements.

We initially will form one TRS, Aspire TRS, which will be the general partner of our subsidiary partnership. We may form additional TRSs in the future.

Gross Income Tests

We must satisfy two gross income tests annually to qualify as a REIT. First, at least 75% of our gross income for each taxable year must consist of defined types of income that we derive, directly or indirectly, from investments relating to real property or mortgages on real property or qualified temporary investment income. Qualifying income for purposes of the 75% gross income test generally includes:

- rents from real property;
- interest on debt secured by mortgages on real property or on interests in real property;
- dividends or other distributions on, and gain from the sale of, shares in other REITs;
- gain from the sale of real estate assets, other than
  - property held primarily for sale to customers in the ordinary course of business, and
  - debt instruments issued by a "publicly offered REIT", unless the debt instrument is secured by real property or an interest in real property;
- income derived from the operation, and gain from the sale, of foreclosure property;
- amounts (other than amounts the determination of which depends in whole or in part on the income or profits of any person) received or accrued as consideration for entering into agreements to make loans secured by mortgages on real property or interests in real property or to purchase or lease real property (including interests in real property and

interests in mortgages on real property); and

income derived from the temporary investment of new capital that is attributable to the issuance of our stock or a public offering of our debt with a maturity date of at least five years and that we receive during the one-year period beginning on the date on which we received such new capital.

Second, in general, at least 95% of our gross income for each taxable year must consist of income that is qualifying income for purposes of the 75% gross income test, other types of interest and dividends, gain from the sale or disposition of shares or securities, or any combination of these. Gross income from our sale of property that we hold primarily for sale to customers in the ordinary course of business is excluded from both the numerator and the denominator in both gross income tests. In addition, income and gain from "hedging transactions" that we enter into to hedge indebtedness incurred or to be incurred to acquire or carry real estate assets and that are clearly and timely identified as such will be excluded from both the numerator and the denominator for purposes of the 75% and 95% gross income tests. See "−Hedging Transactions." In addition, certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests. See "−Foreign Currency Gain." The following paragraphs discuss the specific application of the gross income tests to us.

Rents from Real Property. "Rents from real property" is qualifying income for both 75% and 95% gross income tests. Rents will qualify as "rents from real property" only if each of the following conditions is met:

First, the rent must not be based, in whole or in part, on the income or profits of any person, but may be based on a fixed percentage or percentages of receipts or sales.

Second, neither we nor a direct or indirect owner of 10% or more of our stock may own, actually or constructively, 10% or more of a tenant from whom we receive rent, other than a TRS.

Third, if the rent attributable to personal property leased in connection with a lease of real property is 15% or less of the total rent received under the lease, then the rent attributable to personal property will qualify as rents from real property. The allocation of rent between real and personal property is based on the relative fair market values of the real and personal property. However, if the 15% threshold is exceeded, the rent attributable to personal property will not qualify as rents from real property.

Fourth, we generally must not operate or manage our real property or furnish or render services to our tenants, other than through an "independent contractor" who is adequately compensated and from whom we do not derive revenue. However, we need not provide services through an "independent contractor," but instead may provide services directly to our tenants, if the services are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not considered to be provided for the tenants' convenience. In addition, we may provide a minimal amount of "non-customary" services to the tenants of a property, other than through an independent contractor, as long as our income from the services (valued at not less than 150% of our direct cost of performing such services) does not exceed 1% of our income from the related property. Furthermore, we may own up to 100% of the stock of a TRS which may provide customary and non-customary services to our tenants without tainting our rental income from the related properties.

If a portion of the rent that we receive from a property does not qualify as "rents from real property" because the rent attributable to personal property exceeds 15% of the total rent for a taxable year, the portion of the rent that is attributable to personal property will not be qualifying income for purposes of either the 75% or 95% gross income test. Thus, if such rent attributable to personal property, plus any other income that is non-qualifying income for purposes of the 95% gross income test, during a taxable year exceeds 5% of our gross income during the year, we would lose our REIT qualification unless we were able to qualify for a statutory REIT "savings" provision. See "−Failure to

Qualify." If, however, the rent from a particular property does not qualify as "rents from real property" because either (1) the rent is considered based on the income or profits of the related tenant, (2) the tenant either is a related party tenant or fails to qualify for the exceptions to the related party tenant rule for TRSs or (3) we furnish non-customary services to tenants of the property in excess of the 1% threshold, other than through a qualifying independent contractor or a TRS, none of the rent from that property would qualify as "rents from real property."

We do not anticipate leasing significant amounts of personal property pursuant to our leases. Moreover, we do not intend to perform any services other than customary ones for our tenants, unless such services are provided through independent contractors from whom we do not receive or derive income or a TRS. Accordingly, we anticipate that our leases will generally produce rent that qualifies as "rents from real property" for purposes of the 75% and 95% gross income tests.

In addition to the rent, the tenants may be required to pay certain additional charges. To the extent that such additional charges represent reimbursements of amounts that we are obligated to pay to third parties, such charges generally will qualify as "rents from real property." To the extent such additional charges represent penalties for nonpayment or late payment of such amounts, such charges should qualify as "rents from real property." However, to the extent that late charges do not qualify as "rents from real property," they instead will be treated as interest that qualifies for the 95% gross income test.

In addition, as described above, we may own up to 100% of the stock of one or more TRSs. Under an exception to the related-party tenant rule described above, rent that we receive from a TRS will qualify as "rents from real property" as long as (1) at least 90% of the leased space at the property is leased to persons other than TRSs and related-party tenants and (2) the amount paid by the TRS to rent space at the property is substantially comparable to rents paid by other tenants of the property for comparable space. The "substantially comparable" requirement must be satisfied when the lease is entered into, when it is extended, and when the lease is modified, if the modification increases the rent paid by the TRS. If the requirement that at least 90% of the leased space in the related property is rented to unrelated tenants is met when a lease is entered into, extended or modified, such requirement will continue to be met as long as there is no increase in the space leased to a TRS or related party tenant. Any increased rent attributable to a modification of a lease with a TRS in which we own directly or indirectly more than 50% of the voting power or value of the stock (a "controlled TRS") will not be treated as "rents from real property." If in the future we receive rent from a TRS, we will seek to comply with this exception.

Interest. The term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of such amount depends in whole or in part on the income or profits of any person. However, interest generally includes the following:

- an amount that is based on a fixed percentage or percentages of receipts or sales; and

- an amount that is based on the income or profits of a debtor, as long as the debtor derives substantially all of its income from the real property securing the debt by leasing substantially all of its interest in the property, and only to the extent that the amounts received by the debtor would be qualifying "rents from real property" if received directly by a REIT.

If a loan contains a provision that entitles a REIT to a percentage of the borrower's gain upon the sale of the real property securing the loan or a percentage of the appreciation in the property's value as of a specific date, income attributable to that loan provision will be treated as gain from the sale of the property securing the loan, which generally is qualifying income for purposes of both gross income tests.

Interest on debt secured by a mortgage on real property or on interests in real property generally is qualifying income for purposes of the 75% gross income test. Other than to the extent described below, if a loan is secured by real property and other property and the highest principal amount of a loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan as of the date the REIT agreed to originate or acquire the loan (or, if there has been a "significant modification" to the loan since its origination or acquisition by the REIT, then as of the date of that "significant modification"), a portion of the interest income from such loan will not be qualifying income for purposes of the 75% gross income test, but will be qualifying income for purposes of the 95% gross income test. The portion of the interest income that will not be qualifying income for purposes of the 75% gross income test will be equal to the interest income attributable to the portion of the principal amount of the loan that is not secured by real property, that is, the amount by which the loan exceeds the value of the real estate that is security for the loan. However, in the case of a loan that is secured by both real property and personal property, if the fair market value of such personal property does not exceed 15% of the total fair market value of all property securing the loan, then the personal property securing the loan will be treated as real property for purposes of determining the interest on such loan is qualifying income for purposes of the 75% gross income test.

Dividends. Our share of any dividends received from any corporation (including any TRS, but excluding any REIT) in which we own an equity interest will qualify for purposes of the 95% gross income test but not for purposes of the 75% gross income test. Our share of any dividends received from any other REIT in which we own an equity interest, if any, will be qualifying income for purposes of both gross income tests.

Prohibited Transactions. A REIT will incur a 100% tax on the net income (including foreign currency gain) derived from any sale or other disposition of property, other than foreclosure property, that the REIT holds primarily for sale to customers in the ordinary course of a trade or business. We believe that none of our properties will be held primarily for sale to customers and that a sale of any of our properties will not be in the ordinary course of our business. Whether a REIT holds a property "primarily for sale to customers in the ordinary course of a trade or business" depends, however, on the facts and circumstances in effect from time to time, including those related to a particular property. A safe harbor to the characterization of the sale of property that is a real estate asset by a REIT as a prohibited transaction and the 100% prohibited transaction tax is available if the following requirements are met:

the REIT has held the property for not less than two years;

the aggregate expenditures made by the REIT, or any partner of the REIT, during the two-year period preceding the date of the sale that are includable in the basis of the property do not exceed 30% of the net selling price of the property;

either (1) during the year in question, the REIT did not make more than seven sales of property other than foreclosure property or sales to which Section 1033 of the Code applies, (2) the aggregate adjusted bases of all such properties sold by the REIT during the year did not exceed 10% of the aggregate bases of all of the assets of the REIT at the beginning of the year, (3) the aggregate fair market value of all such properties sold by the REIT during the year did not exceed 10% of the aggregate fair market value of all of the assets of the REIT at the beginning of the year, (4) (i) the aggregate adjusted bases of all such property sold by the REIT during the year did not exceed 20% of the aggregate adjusted bases of all property of the REIT at the beginning of the year and (ii) the average annual percentage of properties sold by the REIT compared to all the REIT's properties (measured by adjusted bases) in the current and two prior years did not exceed 10% or (5) (i) the aggregate fair market value of all such property sold by the REIT during the year did not exceed 20% of the aggregate fair market value of all property of the REIT at the beginning of the year and (ii) the average annual percentage of properties sold by the REIT compared to all the REIT's properties (measured by fair market value) in the current and two prior years did not exceed 10%;

in the case of property not acquired through foreclosure or lease termination, the REIT has held the property for at least two years for the production of rental income; and

if the REIT has made more than seven sales of non-foreclosure property during the taxable year, substantially all of the marketing and development expenditures with respect to the property were made through an independent contractor from whom the REIT derives no income or a TRS.

We will attempt to comply with the terms of the safe-harbor provisions in the U.S. federal income tax laws prescribing when a property sale will not be characterized as a prohibited transaction. We cannot assure you, however, that we can comply with the safe-harbor provisions or that we will avoid owning property that may be characterized as property that we hold "primarily for sale to customers in the ordinary course of a trade or business." The 100% tax will not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be taxed to the TRS at regular U.S. federal corporate income tax rates.

Fee Income. Fee income generally will not be qualifying income for purposes of the 75% and 95% gross income tests. Any fees earned by a TRS will not be included for purposes of the gross income tests, but will be subject to U.S. federal corporate income tax, as described above. In addition, we will be subject to a 100% excise tax on any fees earned by a TRS for services provided to us if such fees were pursuant to an agreement determined by the IRS to be not on an arm's-length basis.

Foreclosure Property. We will be subject to tax at the maximum U.S. federal corporate income tax rate (currently 21%) on any income from foreclosure property, which includes certain foreign currency gains and related deductions, other than income that otherwise would be qualifying income for purposes of the 75% gross income test, less expenses directly connected with the production of that income. However, gross income from foreclosure property will qualify under the 75% and 95% gross income tests. Foreclosure property is any real property, including interests in real property, and any personal property incident to such real property:

that is acquired by a REIT as the result of the REIT having bid on such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default or when default was imminent on a lease of such property or on indebtedness that such property secured;

for which the related loan was acquired by the REIT at a time when the default was not imminent or anticipated; and

for which the REIT makes a proper election to treat the property as foreclosure property.

A REIT will not be considered to have foreclosed on a property where the REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor. Property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property, or longer if an extension is granted by the Secretary of the Treasury. However, this grace period terminates and foreclosure property ceases to be foreclosure property on the first day:

on which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test, or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify for purposes of the 75% gross income test;

on which any construction takes place on the property, other than completion of a building or any other improvement where more than 10% of the construction was completed before default became imminent; or

which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business which is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income or a TRS.

Hedging Transactions. From time to time, we or our subsidiary partnership may enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate swaps, caps and floors, options to purchase such items and futures and forward contracts.

Income and gain from "hedging transactions" will be excluded from gross income for purposes of both the 75% and 95% gross income tests provided we satisfy the indemnification requirements discussed below. A "hedging transaction" means either (1) any transaction entered into in the normal course of our trade or business primarily to manage the risk of interest rate, price changes or currency fluctuations with respect to borrowings made, or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, (2) any transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income test (or any property which generates such income or gain) and (3) any transaction entered into to "offset" transactions described in (1) or (2) if a portion of the hedged indebtedness is extinguished or the related property disposed of. We are required to clearly identify any such hedging transaction before the close of the day on which it was acquired, originated or entered into and to satisfy other identification requirements. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT.

Foreign Currency Gain. Certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests. "Real estate foreign exchange gain" will be excluded from gross income for purposes of the 75% and 95% gross income tests. Real estate foreign exchange gain generally includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 75% gross income test, foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations secured by mortgages on real property or an interest in real property and certain foreign currency gain attributable to certain "qualified business units" of a REIT. "Passive foreign exchange gain" will be excluded from gross income for purposes of the 95% gross income test. Passive foreign exchange gain generally includes real estate foreign exchange gain as described above and also includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 95% gross income test and foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations. These exclusions for real estate foreign exchange gain and passive foreign exchange gain do not apply to any certain foreign currency gain derived from dealing, or engaging in substantial and regular trading, in securities. Such gain is treated as non-qualifying income for purposes of both the 75% and 95% gross income tests.

Failure to Satisfy Gross Income Tests. If we fail to satisfy one or both of the gross income tests for any taxable year, we nevertheless may qualify as a REIT for that year if we qualify for relief under certain provisions of the U.S. federal income tax laws. Those relief provisions are generally available if:

our failure to meet those tests is due to reasonable cause and not to willful neglect; and

following such failure for any taxable year, we file a schedule of the sources of our income in accordance with Treasury regulations prescribed by the Secretary of the Treasury.

We cannot predict, however, whether in all circumstances we would qualify for the relief provisions. In addition, as discussed above in "−Taxation of Our Company," even if the relief provisions apply, we would incur a 100% tax on the gross income attributable to the greater of the amount by which we fail the 75% gross income test or the 95% gross income test multiplied, in either case, by a fraction intended to reflect our profitability.

Asset Tests

To qualify as a REIT, we also must satisfy the following asset tests at the end of each quarter of each taxable year. First, at least 75% of the value of our total assets must consist of:

- cash or cash items, including certain receivables and money market funds and, in certain circumstances, foreign currencies;
- government securities;
- interests in real property, including leaseholds, options to acquire real property and leaseholds and personal property, to the extent such personal property is leased in connection with real property and rents attributable to such personal property are treated as "rents from real property";
- interests in mortgage loans secured by real property;
- shares in other REITs and debt instruments issued by "publicly offered REITs"; and
- investments in shares or debt instruments during the one-year period following our receipt of new capital that we raise through equity offerings or public offerings of debt with at least a five-year term.

Second, of our investments not included in the 75% asset class, the value of our interest in any one issuer's securities may not exceed 5% of the value of our total assets (the "5% asset test").

Third, of our investments not included in the 75% asset class, we may not own more than 10% of the voting power of any one issuer's outstanding securities or 10% of the value of any one issuer's outstanding securities (the "10% vote test" and the "10% value test," respectively).

Fourth, no more than 20% of the value of our total assets may consist of the securities of one or more TRSs.

Fifth, no more than 25% of the value of our total assets may consist of the securities of TRSs, other non-TRS taxable subsidiaries, and other assets that are not qualifying assets for purposes of the 75% asset test (the "25% securities test").

Sixth, no more than 25% of the value of our total assets may consist of debt instruments issued by "publicly offered REITs" to the extent not secured by real property or interests in real property.

For purposes of the 5% asset test, the 10% vote and the 10% value test, the term "securities" does not include shares in another REIT, debt of "publicly offered REITs", equity or debt securities of a qualified REIT subsidiary or a TRS, mortgage loans that constitute real estate assets or equity interests in a partnership. The term "securities," however, generally includes debt securities issued by a partnership or another REIT (other than a "publicly offered REIT"), except that for purposes of the 10% value test, the term "securities" does not include:

- "Straight debt" securities, which is defined as a written unconditional promise to pay on demand or on a specified date a sum certain in money if (1) the debt is not convertible, directly or indirectly, into equity and (2) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion or similar factors. "Straight debt" securities do not include any securities issued by a partnership or a corporation in which we or any controlled TRS (i.e., a TRS in which we own directly or indirectly more than 50% of the voting power or value of the stock) hold non-"straight debt" securities that have an aggregate value of more than 1% of the

issuer's outstanding securities. However, "straight debt" securities include debt subject to the following contingencies:

a contingency relating to the time of payment of interest or principal, as long as either (1) there is no change to the effective yield of the debt obligation, other than a change to the annual yield that does not exceed the greater of 0.25% or 5% of the annual yield or (2) neither the aggregate issue price nor the aggregate face amount of the issuer's debt obligations held by us exceeds $1 million and no more than 12 months of unaccrued interest on the debt obligations can be required to be prepaid; and

a contingency relating to the time or amount of payment upon a default or prepayment of a debt obligation, as long as the contingency is consistent with customary commercial practice.

Any loan to an individual or an estate;

Any "Section 467 rental agreement," other than an agreement with a related party tenant;

Any obligation to pay "rents from real property";

Certain securities issued by governmental entities;

Any security issued by a REIT;

Any debt instrument issued by an entity treated as a partnership for U.S. federal income tax purposes in which we are a partner to the extent of our proportionate interest in the equity and debt securities of the partnership; and

Any debt instrument issued by an entity treated as a partnership for U.S. federal income tax purposes not described in the preceding bullet points if at least 75% of the partnership's gross income, excluding income from prohibited transactions, is qualifying income for purposes of the 75% gross income test described above in "−Gross Income Tests."

For purposes of the 10% value test, our proportionate share of the assets of a partnership is our proportionate interest in any securities issued by the partnership, without regard to the securities described in the last two bullet points above.

We will monitor the status of our assets for purposes of the various asset tests and will manage our portfolio in order to comply at all times with such tests. However, there is no assurance that we will not inadvertently fail to comply with such tests. If we fail to satisfy the asset tests at the end of a calendar quarter, we will not lose our REIT qualification if:

we satisfied the asset tests at the end of the preceding calendar quarter; and

the discrepancy between the value of our assets and the asset test requirements arose from changes in the market values of our assets and was not wholly or partly caused by the acquisition of one or more non-qualifying assets.

If we did not satisfy the condition described in the second item, above, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

If we violate the 5% asset test, the 10% vote test or the 10% value test described above at the end of any quarter of each taxable year, we will not lose our REIT qualification if (1) the failure is *de minimis* (up to the lesser of 1% of the value of our assets or $10 million) and (2) we dispose of assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify such failure. In the event of a failure of any of the asset tests (other than *de minimis* failures described in the preceding sentence), as long as the failure was due to reasonable cause and not to willful neglect, we will not lose our REIT qualification if we (1) dispose of assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify the failure, (2) we file a schedule with the IRS describing each asset that caused the failure and (3) pay a tax equal to the greater of $50,000 or 21% of the net income from the assets causing the failure during the period in which we failed to satisfy the asset tests.

We believe that the assets that we will hold will satisfy the foregoing asset test requirements. However, we will not obtain independent appraisals to support our conclusions as to the value of our assets. Moreover, the values of some assets may not be susceptible to a precise determination. As a result, there can be no assurance that the IRS will not contend that our ownership of assets violates one or more of the asset tests applicable to REITs.

Distribution Requirements

Each taxable year, we must distribute dividends, other than capital gain dividends and deemed distributions of retained capital gain, to our stockholders in an aggregate amount at least equal to:

the sum of:

90% of our "REIT taxable income," computed without regard to the dividends paid deduction and our net capital gain or loss; and

90% of our after-tax net income, if any, from foreclosure property; minus

the excess of the sum of specified items of non-cash income over 5% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain.

We must pay such distributions in the taxable year to which they relate, or in the following taxable year if either (1) we declare the distribution before we timely file our U.S. federal income tax return for the year, pay the distribution on or before the first regular dividend payment date after such declaration and elect in our tax return to have a specified dollar amount of such distribution treated as if paid during the prior year or (2) we declare the distribution in October, November or December of the taxable year, payable to stockholders of record on a specified day in any such month, and we actually pay the dividend before the end of January of the following year. The distributions under clause (1) are taxable to the stockholders in the year in which paid, and the distributions in clause (2) are treated as paid on December 31st of the prior taxable year to the extent of our earnings and profits. In both instances, these distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

Further, to the extent we are not a "publicly offered REIT," in order for our distributions to be counted as satisfying the annual distribution requirement for REITs and to provide us with the REIT-level tax deduction, such distributions must not be "preferential dividends." A dividend is not a preferential dividend if that distribution is (1) pro rata among all outstanding shares within a particular class and (2) in accordance with the preferences among different classes of shares as set forth in our organizational documents. However, the preferential dividend rule does not apply to "publicly offered REITs." We expect to qualify as a "publicly offered REIT" following this offering.

We will pay U.S. federal income tax on taxable income, including net capital gain, that we do not distribute to stockholders. Furthermore, if we fail to distribute during a calendar year, or by the end of January following the calendar year in the case of distributions with declaration and record dates falling in the last three months of the calendar year, at least the sum of:

85% of our REIT ordinary income for such year;

95% of our REIT capital gain income for such year; and

any undistributed taxable income (ordinary and capital gain) from all prior periods, we will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts we actually distribute.

We may elect to retain and pay income tax on the net long-term capital gain we receive in a taxable year. If we so elect, we will be treated as having distributed any such retained amount for purposes of the 4% nondeductible excise tax described above. We intend to make timely distributions sufficient to satisfy the annual distribution requirements and to avoid U.S. federal corporate income tax and the 4% nondeductible excise tax.

It is possible that, from time to time, we may experience timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of that income and deduction of such expenses in arriving at our REIT taxable income. For example, we may not deduct recognized capital losses from our "REIT taxable income." Further, we may be allocated a share of net capital gain attributable to the sale of depreciated property that exceeds our allocable share of cash attributable to that sale. Additionally, we generally will be required to recognize certain amounts as income no later than the time such amounts are reflected on certain financial statements.

A taxpayer's net interest expense deduction may be limited to 30% (adjusted, in the absence of an election otherwise, to 50% for non-partnership entities for their 2019 and 2020 taxable years and for partnerships for their 2020 taxable years under the CARES Act) of the sum of adjusted taxable income, business interest and certain other amounts. Adjusted taxable income does not include items of income or expense not allocable to a trade or business, business interest or expense, the deduction for qualified business income, net operating losses ("NOLs"), and for years prior to 2022, deductions for depreciation, amortization or depletion. Under the CARES Act, a taxpayer may elect to use its adjusted taxable income from its 2019 taxable year for purposes of calculating its limitation in its 2020 taxable year. Disallowed interest expense is carried forward indefinitely (subject to special rules for partnerships, including, under the CARES Act, the ability for a partner allocated disallowed interest expense with respect to a partnership's 2019 taxable year to deduct 50% of such allocated amount in the partner's 2020 taxable year). A "real property trade or business" may elect out of this interest limit so long as it uses a 40-year recovery period for nonresidential real property, a 30-year recovery period for residential real property and a 20-year recovery period for related improvements. For this purpose, a real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operating, management, leasing or brokerage trade or business. We believe this definition encompasses our business and thus will allow us the option of electing out of the limits on interest deductibility should we determine it is prudent to do so.

In addition, under the 2017 Tax Act, the NOL deduction is limited to 80% of taxable income (before the deduction), but this limitation has been lifted for taxable years beginning before January 1, 2021 by the CARES Act. The 2017 Tax Act also generally eliminated NOL carrybacks for individuals and non-REIT corporations (NOL carrybacks did not apply to REITs under prior law), but allows indefinite NOL carryforwards. The CARES Act modified this to allow for 5-year NOL carrybacks with respect to NOLs of individuals and non-REIT corporations arising in taxable years beginning after December 31, 2017 and before January 1, 2020, but did not modify the treatment of NOL carrybacks for REITs.

As a result of the foregoing, we may have less cash than is necessary to distribute taxable income sufficient to avoid U.S. federal corporate income tax and the excise tax imposed on certain undistributed income or even to meet the 90% distribution requirement. In such a situation, we may need to borrow funds or, if possible, pay taxable dividends of our stock or debt securities.

We may satisfy the 90% distribution test with taxable distributions of our stock or debt securities. The IRS issued Revenue Procedure 2017-45 authorizing elective cash/stock dividends to be made by "publicly offered REITs." Pursuant to Revenue Procedure 2017-45 the IRS will treat the distribution of stock pursuant to an elective cash/stock dividend as a distribution of property under Section 301 of the Code (i.e., a dividend), as long as at least 20% of the total dividend is available in cash and certain other parameters detailed in the Revenue Procedure are satisfied. We expect to qualify as a "publicly offered REIT" following this offering. Although we do not currently intend to pay dividends in our stock, if in the future we choose to pay dividends in our stock, our stockholders may be required to pay tax in excess of the cash that they receive.

Under certain circumstances, we may be able to correct a failure to meet the distribution requirement for a year by paying "deficiency dividends" to our stockholders in a later year. We may include such deficiency dividends in our deduction for dividends paid for the earlier year. Although we may be able to avoid income tax on amounts distributed as deficiency dividends, we will be required to pay interest to the IRS based upon the amount of any deduction we take for deficiency dividends.

Recordkeeping Requirements

We must maintain certain records in order to qualify as a REIT. In addition, to avoid a monetary penalty, we must request on an annual basis information from our stockholders designed to disclose the actual ownership of our outstanding stock. We intend to comply with these requirements.

Failure to Qualify

If we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, we could avoid disqualification if our failure is due to reasonable cause and not to willful neglect and we pay a penalty of $50,000 for each such failure. In addition, there are relief provisions for a failure of the gross income tests and asset tests, as described in "−Gross Income Tests" and "−Asset Tests."

If we fail to qualify as a REIT in any taxable year, and no relief provision applies, we would be subject to U.S. federal income tax on our taxable income at regular U.S. federal corporate income tax rates, plus potential penalties and/or interest. In calculating our taxable income in a year in which we fail to qualify as a REIT, we would not be able to deduct amounts paid out to stockholders. In fact, we would not be required to distribute any amounts to stockholders in that year. In such event, to the extent of our current and accumulated earnings and profits, distributions to stockholders generally would be taxable as ordinary dividend income. Subject to certain limitations of the U.S. federal income tax laws, corporate stockholders may be eligible for the dividends received deduction and non-corporate U.S. stockholders may be eligible for the reduced U.S. federal income tax rate of up to 20% on such dividends. Unless we qualified for relief under specific statutory provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. We cannot predict whether we would qualify for such statutory relief in all circumstances.

Taxation of Taxable U.S. Stockholders

As used herein, the term "U.S. stockholder" means a beneficial owner of our common stock that for U.S. federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any of its states or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- any trust if (1) a court is able to exercise primary supervision over the administration of such trust and one or more United States persons (as defined in Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a United States person.

If a partnership, entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our common stock, you should consult your tax advisor regarding the consequences of the ownership and disposition of our common stock by the partnership.

Opportunity Zone Fund Treatment for Electing Stockholders

There are several potential U.S. federal tax advantages that a stockholder may realize in connection with an investment in an Opportunity Zone Fund, which may be applicable to an investment in our common stock if we meet the requirements to be treated as an Opportunity Zone Fund and carry out our operations as planned. However, there can be no assurance that we will meet these requirements or that a stockholder would realize any tax advantages as a result of an investment in our common stock.

Opportunity Zone Funds offer stockholders a temporary deferral of Deferred Gain Amounts in certain circumstances. Specifically, in the case of gain from the sale or exchange of property with an unrelated person, a stockholder may elect under Section 1400Z-2 of the Code to exclude such Deferred Gain Amount from gross income to the extent of any amount invested by the stockholder in an Opportunity Zone Fund during the 180-day period beginning on the date of the sale or exchange, provided that, if an investor's 180-day period was to expire on or after April 1, 2020 and before December 31, 2020, such investor has until December 31, 2020 to invest such gain. This temporary deferral ends upon the earlier of the stockholder's disposition of its interest in the Opportunity Zone Fund or December 31, 2026. As a result, at the time of such disposition (or December 31, 2026, if earlier), and provided that we qualify as an Opportunity Zone Fund, a stockholder that properly elects to treat its investment in our common stock as an Opportunity Zone Fund investment will recognize gain in an amount equal to (x) the lesser of the stockholder's Deferred Gain Amount or the fair market value of the stockholder's interest in our common stock minus (y) the tax basis of the stockholder's interest in our common stock (adjusted as described below). Such stockholders that hold their shares until December 31, 2026, therefore, generally will need to utilize cash from sources other than our common stock to satisfy their tax obligations with respect to any Deferred Gain Amounts that are required to be recognized at that time. Immediately upon this tax event, the basis of the stockholder's interest in our common stock will be increased by the amount of gain recognized.

An investment in an Opportunity Zone Fund also allows a stockholder to permanently eliminate a portion of their Deferred Gain Amount if they hold the Opportunity Zone Fund interest for certain periods of time before January 1, 2027. Upon making an eligible investment in an Opportunity Zone Fund, a stockholder's initial tax basis of their qualified interest in the Opportunity Zone Fund is $0, reflecting the temporary deferral of gain described above. If the stockholder acquires its interest in the Opportunity Zone Fund by December 31, 2021 and holds this interest for at least five years, the stockholder's tax basis in the interest would be increased by 10% of the stockholder's Deferred Gain Amount. As a result, once the stockholder has held an Opportunity Zone Fund interest for five years, and provided that the stockholder made its investment by December 31, 2021, the stockholder's tax basis would equal 10% of the stockholder's original Deferred Gain Amount and the amount of gain the stockholder would recognize on December 31, 2026, or any earlier taxable disposition of the interest, would be no greater than 90% of the original Deferred Gain Amount.

In addition, if a stockholder timely invests gains recognized on or before December 31, 2026 and holds its interest in an Opportunity Zone Fund for 10 years or more, the stockholder may elect to have the tax basis of the interest be equal to the fair market value of the interest on the date that the interest is sold or exchanged. If a stockholder properly elected to treat its investment in our common stock as an Opportunity Zone Fund investment and makes this further election upon holding our common stock for 10 or more years, and provided we qualify as an Opportunity Zone Fund, then the stockholder would have no further gain and owe no tax in connection with the sale or exchange of our common stock. Stockholders who qualify for such basis increase will also be eligible to exclude from gross income certain capital gain dividends designated by an Opportunity Zone Fund REIT. This exclusion only applies to capital gain dividends that are attributable to long-term capital gains on a sale or exchange of Qualified Property realized by the Opportunity Zone Fund REIT, and may not include, for example, items such as depreciation recapture that may be recharacterized as ordinary income or gain attributable to sales of non-Qualified Property. As a result, even if a taxpayer holds a qualifying investment in an Opportunity Zone Fund REIT for at least ten years, no assurance can be given that such taxpayer would be able to make the election described above with respect to all types of capital gains that we may recognize. Note that, despite the federal tax benefits, state taxes may nevertheless apply.

Prior to an inclusion event, stockholders with eligible investments in us will generally be taxable on any distribution received from us that is in excess of our current or accumulated earnings and profits. In general, distributions in excess of our current or accumulated earnings and profits will not be taxable to a stockholder to the extent that they do not exceed the adjusted tax basis of the stockholder's common stock in respect of which the distributions were made, but rather will reduce the adjusted tax basis of those shares. To the extent that such distributions exceed the adjusted tax basis of a stockholder's common stock, they will be treated as gain from the disposition of the shares and thus will be included in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. Because a stockholder investing eligible gains in our common stock generally will initially have a tax basis in their common stock of $0 under the Opportunity Zone legislation prior to an inclusion event (and prior to any step up discussed above), the stockholder should expect that distributions in excess of our current or accumulated earnings and profits may result in the recognition of a portion of the stockholder's Deferred Gain Amount without any amount being treated as return of capital and may result in recognition of gain on a portion of post-investment appreciation on later disposition, even if our stock is held for more than 10 years. In such a case, a stockholder could reinvest the return of capital in shares of our common stock or in another Opportunity Zone Fund within 180 days to defer current recognition of gain, although such stockholder would have a new holding period with respect to the new interest, including for purposes of determining future QOZ Tax Benefits.

If a stockholder makes an investment in an Opportunity Zone Fund in an amount exceeding the stockholder's Deferred Gain Amount, the stockholder's investment is treated as two separate investments for purposes of the Opportunity Zone program, consisting of one investment to which the stockholder's election to treat the investment as an Opportunity Zone Fund applies, and a separate investment consisting of the other amounts invested to which the Opportunity Zone Fund election does not apply. Therefore, if a stockholder invests an amount in an Opportunity Zone Fund that exceeds the stockholder's Deferred Gain Amount, the stockholder would only be eligible for QOZ Tax Benefits to the extent of the stockholder's Deferred Gain Amount, and other amounts invested in our common stock would be treated in the same manner as if the investment were not made in an Opportunity Zone Fund. However, we do not expect to treat a stockholder's investment any differently to the extent that this "mixed funds" rule applies, and any adverse results we may have relating to meeting the requirements to be an Opportunity Zone Fund, such as the imposition of penalties, is expected to apply to a stockholder's investment generally regardless of the portion of a stockholder's investment to which the Opportunity Zone Fund election applies.

We intend to structure our operations such that our subsidiary partnership will generally hold our investments for at least 10 years following this offering of our common stock, subject to commercial, tax and other determinations that may result in the earlier sale or exchange of property. Investors are urged to consult with their tax advisors regarding all aspects of making a potential Opportunity Zone Fund investment in our common stock.

Distributions

As long as we qualify as a REIT, a taxable U.S. stockholder must generally take into account as ordinary income distributions made out of our current or accumulated earnings and profits that we do not designate as capital gain dividends or retained long-term capital gain. For purposes of determining whether a distribution is made out of our current or accumulated earnings and profits, our earnings and profits will be allocated first to our preferred stock dividends, if any, and then to our common stock dividends. Individuals, trusts and estates generally may deduct 20% of the "qualified REIT dividends" (i.e., REIT dividends other than capital gain dividends and portions of REIT dividends designated as "qualified dividend income," which in each case are already eligible for capital gain tax rates) they receive. The deduction for qualified REIT dividends is not subject to the wage and property basis limits that apply to other types of "qualified business income." However, to qualify for this deduction, the U.S. stockholder receiving such dividends must hold the dividend-paying REIT stock for at least 46 days (taking into account certain special holding period rules) of the 91-day period beginning 45 days before the stock becomes ex-dividend and cannot be under an obligation to make related payments with respect to a position in substantially similar or related property. The 20% deduction for qualified REIT dividends results in a maximum 29.6% effective U.S. federal income tax rate on REIT dividends for non-corporate taxpayers, not including the 3.8% Medicare tax, discussed below. Without further legislation, this deduction will sunset after 2025.

A U.S. stockholder will not qualify for the dividends received deduction generally available to corporations. Additionally, because we are not generally subject to U.S. federal income tax on the portion of our REIT taxable income distributed to our stockholders (See "−Taxation of Our Company" above), our dividends generally will not be eligible for the 20% U.S. federal income tax rate on "qualified dividend income" (generally, dividends paid by domestic C corporations and certain qualified foreign corporations to U.S. stockholders that are taxed at individual rates). As a result, our ordinary REIT dividends will be taxed at the higher tax rate applicable to ordinary income. The maximum income tax rate for qualified dividend income received by U.S. stockholders taxed at individual rates is currently 20%, plus the 3.8% Medicare tax on net investment income, if applicable. By contrast, the maximum U.S. federal income tax rates on ordinary REIT dividend income is currently 29.6%, plus the 3.8% Medicare tax on net investment income, if applicable.

However, the 20% U.S. federal income tax rate for qualified dividend income will apply to our ordinary REIT dividends, if any, that are (1) attributable to dividends received by us from non-REIT corporations, such as our TRS, and (2) attributable to income upon which we have paid U.S. federal corporate income tax (e.g., to the extent that we distribute less than 100% of our taxable income). In general, to qualify for the reduced tax rate on qualified dividend income, a stockholder must hold our common stock for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which our common stock becomes ex-dividend.

Individuals, trusts and estates whose income exceeds certain thresholds are also subject to an additional 3.8% Medicare tax on dividends received from us. U.S. stockholders are urged to consult their tax advisors regarding the implications of the additional Medicare tax resulting from an investment in our common stock.

A U.S. stockholder generally will recognize distributions that we designate as capital gain dividends as long-term capital gain without regard to how long the U.S. stockholder has held our common stock. We generally will designate our capital gain dividends as either 20% or 25% U.S. federal income tax rate distributions. See "−Capital Gains and Losses."

We may elect to retain and pay income tax on the net long-term capital gain that we recognize in a taxable year. In that case, to the extent that we designate such amount in a timely notice to such stockholder, a U.S. stockholder would be taxed on its proportionate share of our undistributed long-term capital gain. The U.S. stockholder would receive a credit for its proportionate share of the tax we paid. The U.S. stockholder would increase the basis in its common stock by the amount of its proportionate share of our undistributed long-term capital gain, minus its share of the tax we paid.

A U.S. stockholder will not incur tax on a distribution in excess of our current and accumulated earnings and profits if the distribution does not exceed the adjusted basis of the U.S. stockholder's common stock. Instead, the distribution will reduce the U.S. stockholder's adjusted basis in such stock.

If a U.S. stockholder receives a distribution in excess of both our current and accumulated earnings and profits and the U.S. stockholder's adjusted basis in his or her stock, the U.S. stockholder will recognize the distribution as long-term capital gain, or short-term capital gain if the stock has been held for one year or less, assuming the stock is a capital asset in the hands of the U.S. stockholder. In addition, if we declare a distribution in October, November or December of any year that is payable to a U.S. stockholder of record on a specified date in any such month, such distribution will be treated as both paid by us and received by the U.S. stockholder on December 31 of such year to the extent of our earnings and profits, provided that we actually pay the distribution during January of the following calendar year.

U.S. stockholders may not include in their individual income tax returns any of our net operating losses or capital losses. Instead, these losses are generally carried over by us for potential offset against our future income. Taxable distributions from us and gain from the disposition of our common stock will not be treated as passive activity income and, therefore, stockholders generally will not be able to apply any "passive activity losses," such as losses from certain types of limited partnerships in which the U.S. stockholder is a limited partner, against such income or gain. In addition, taxable distributions from us and gain from the disposition of our common stock generally will be treated as investment income for purposes of the investment interest limitations. We will notify U.S. stockholders after the close of our taxable year as to the portions of the distributions attributable to that year that constitute ordinary dividend income, qualified REIT dividends, capital gain distributions and return of capital.

The treatment of distributions made to stockholders that have elected to treat their investment in us as an Opportunity Zone Fund investment may be different than those discussed above and should be considered by such stockholders with their tax advisors.

Taxation of U.S. Stockholders on the Disposition of Common Stock

In general, except as discussed above with respect to stockholders who elect to treat their investment in us as an Opportunity Zone Fund investment, a U.S. stockholder who is not a dealer in securities must generally treat any gain or loss realized upon a taxable disposition of our common stock as long-term capital gain or loss if the U.S. stockholder has held our common stock for more than one year and otherwise as short-term capital gain or loss. In general, a U.S. stockholder will realize gain or loss in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received in such disposition and the U.S. stockholder's adjusted tax basis. A stockholder's adjusted tax basis generally will equal the U.S. stockholder's acquisition cost, increased by the excess of any net capital gains deemed distributed to the U.S. stockholder (discussed above) less tax deemed paid on such gains and reduced by any returns of capital. However, a U.S. stockholder must treat any loss upon a sale or exchange of common stock held by such stockholder for six months or less as a long-term capital loss to the extent of capital gain dividends and any other actual or deemed distributions from us that such U.S. stockholder treats as long-term capital gain. All or a portion of any loss that a U.S. stockholder realizes upon a taxable disposition of our common stock may be disallowed if the U.S. stockholder purchases substantially identical stock within 30 days before or after the disposition.

Capital Gains and Losses

A taxpayer generally must hold a capital asset for more than one year for gain or loss derived from its sale or exchange to be treated as long-term capital gain or loss. The highest marginal U.S. federal individual income tax rate currently is 37%. The maximum U.S. federal income tax rate on long-term capital gain applicable to U.S. taxpayers taxed at individual rates is 20%. The maximum U.S. federal income tax rate on long-term capital gain from the sale or exchange of "Section 1250 property," or depreciable real property, is 25%, which applies to the lesser of the total amount of the gain or the accumulated depreciation on the Section 1250 property.

Individuals, trusts and estates whose income exceeds certain thresholds are also subject to an additional 3.8% Medicare tax on gain from the sale of our common stock. U.S. stockholders are urged to consult their tax advisors regarding the implications of the additional Medicare tax resulting from an investment in our stock.

With respect to distributions that we designate as capital gain dividends and any retained capital gain that we are deemed to distribute, we generally may designate whether such a distribution is taxable at a 20% or 25% rate to our U.S. stockholders taxed at individual rates. Thus, the tax rate differential between capital gain and ordinary income for those taxpayers may be significant. In addition, the characterization of income as capital gain or ordinary income may affect the deductibility of capital losses. A non-corporate taxpayer may deduct capital losses not offset by capital gains against its ordinary income only up to a maximum annual amount of $3,000 ($1,500 for married individuals filing separate returns). A non-corporate taxpayer may carry forward unused capital losses indefinitely. A corporate taxpayer must pay tax on its net capital gain at ordinary U.S. federal corporate income tax rates. A corporate taxpayer may deduct capital losses only to the extent of capital gains, with unused losses being carried back three years and forward five years.

Taxation of Tax-Exempt Stockholders

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income ("UBTI"). Although many investments in real estate generate UBTI, the IRS has issued a ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute UBTI so long as the exempt employee pension trust does not otherwise use the shares of the REIT in an unrelated trade or business of the pension trust. Based on that ruling, amounts that we distribute to tax-exempt stockholders generally should not constitute UBTI. However, if a tax-exempt stockholder were to finance (or be deemed to finance) its acquisition of our common stock with debt, a portion of the income that it receives from us would constitute UBTI pursuant to the "debt-financed property" rules. Moreover, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans that are exempt from taxation under special provisions of the U.S. federal income tax laws are subject to different UBTI rules, which generally will require them to characterize distributions that they receive from us as UBTI. Finally, in certain circumstances, a qualified employee pension or profit sharing trust that owns more than 10% of our stock must treat a percentage of the dividends that it receives from us as UBTI. Such percentage is equal to the gross income we derive from an unrelated trade or business, determined as if we were a pension trust, divided by our total gross income for the year in which we pay the dividends. That rule applies to a pension trust holding more than 10% of our stock only if:

- the percentage of our dividends that the tax-exempt trust must treat as UBTI is at least 5%;
- we qualify as a REIT by reason of the modification of the rule requiring that no more than 50% of our stock be owned by five or fewer individuals that allows the beneficiaries of the pension trust to be treated as holding our stock in proportion to their actuarial interests in the pension trust; and
- either:
  - one pension trust owns more than 25% of the value of our stock; or
  - a group of pension trusts individually holding more than 10% of the value of our stock collectively owns more than 50% of the value of our stock.

Taxation of Non-U.S. Stockholders

This section is a summary of the rules governing the U.S. federal income taxation of non-U.S. stockholders. As used herein, the term "non-U.S. stockholder" means a beneficial owner of our common stock that is not a U.S. stockholder, a partnership (or entity treated as a partnership for U.S. federal income tax purposes) or a tax-exempt stockholder. The rules governing U.S. federal income taxation of non-U.S. stockholders are complex. **We urge non-U.S. stockholders to consult their tax advisors to determine the impact of U.S. federal, state and local income tax laws on the purchase, ownership and disposition of our common stock, including any reporting requirements.**

Distributions

A non-U.S. stockholder that receives a distribution that is not attributable to gain from our sale or exchange of a "United States real property interest" ("USRPI"), as defined below, and that we do not designate as a capital gain dividend or retained capital gain will recognize ordinary income to the extent that we pay such distribution out of our current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the distribution ordinarily will apply to such distribution unless an applicable tax treaty reduces or eliminates the tax.

However, if a distribution is treated as effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business, the non-U.S. stockholder generally will be subject to U.S. federal income tax on the distribution at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such distribution, and a non-U.S. stockholder that is a corporation also may be subject to a 30% branch profits tax with respect to that distribution. However, to the extent that a non-U.S. stockholder incurs income treated as effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business and is subject to U.S. federal income tax in the same manner as if the non-U.S. stockholder were a U.S. stockholder, the non-U.S. stockholder may be able to take advantage of the same advantages relating to an investment in an Opportunity Zone Fund described above in "Taxation of Taxable U.S. Stockholders−Opportunity Zone Fund Treatment for Electing Stockholders."

The branch profits tax described above may be reduced by an applicable tax treaty. We plan to withhold U.S. income tax at the rate of 30% on the gross amount of any such distribution paid to a non-U.S. stockholder unless either:

a lower treaty rate applies and the non-U.S. stockholder provides us with an IRS Form W-8BEN or W-8BEN-E, as applicable, evidencing eligibility for that reduced rate;

the non-U.S. stockholder provides us with an IRS Form W-8ECI claiming that the distribution is effectively connected with the conduct of a U.S. trade or business; or

the distribution is treated as attributable to a sale of a USRPI under the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") (discussed below).

A non-U.S. stockholder will not incur tax on a distribution in excess of our current and accumulated earnings and profits if the excess portion of such distribution does not exceed the adjusted basis of its common stock. Instead, the excess portion of such distribution will reduce the non-U.S. stockholder's adjusted basis in such stock. A non-U.S. stockholder will be subject to tax on a distribution that exceeds both our current and accumulated earnings and profits and the adjusted basis of its common stock, if the non-U.S. stockholder otherwise would be subject to tax on gain from the sale or disposition of its common stock, as described below. We must withhold 15% of any distribution that exceeds our current and accumulated earnings and profits. Consequently, although we intend to withhold at a rate of 30% on the entire amount of any distribution, to the extent that we do not do so, we will withhold at a rate of 15% on any portion of a distribution not subject to withholding at a rate of 30%. Because we generally cannot determine at the time we make a distribution whether the distribution will exceed our current and accumulated earnings and profits, we normally will withhold tax on the entire amount of any distribution at the same rate as we would withhold on a dividend. However, by filing a U.S. tax return, a non-U.S. stockholder may claim a refund of amounts that we withhold if we later determine that a distribution in fact exceeded our current and accumulated earnings and profits.

For any year in which we qualify as a REIT, a non-U.S. stockholder may incur tax on distributions that are attributable to gain from our sale or exchange of a USRPI under FIRPTA. A USRPI includes certain interests in real property and shares in corporations at least 50% of whose assets consist of interests in real property. Under FIRPTA, subject to the exceptions discussed below for (1) distributions on a class of stock that is regularly traded on an established securities market to a less-than-10% holder of such stock and (2) distributions to "qualified shareholders" and a "qualified foreign pension funds," a non-U.S. stockholder is taxed on distributions attributable to gain from sales of USRPIs as if such gain were effectively connected with a U.S. business of the non-U.S. stockholder. A non-U.S. stockholder thus would be taxed on such a distribution at the normal U.S. federal capital gains rates applicable to U.S. stockholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual. A corporate non-U.S. stockholder not entitled to treaty relief or exemption also may be subject to the 30% branch profits tax on such a distribution. Unless the exception described in the next paragraph applies, we must withhold 21% of any distribution that we could designate as a capital gain dividend. A non-U.S. stockholder may receive a credit against its tax liability for the amount we withhold.

However, if our common stock is regularly traded on an established securities market in the United States, capital gain distributions on our common stock that are attributable to our sale of a USRPI will be treated as ordinary dividends rather than as gain from the sale of a USRPI, as long as the non-U.S. stockholder did not own more than 10% of our common stock at any time during the one-year period preceding the distribution or the non-U.S. stockholder was treated as a "qualified shareholder" and "qualified foreign pension fund." In such a case, non-U.S. stockholders generally will be subject to withholding tax on such capital gain distributions in the same manner as they are subject to withholding tax on ordinary dividends. We anticipate that our common stock will be regularly traded on an established securities market in the United States immediately following this offering. If our common stock is not regularly traded on an established securities market in the United States, capital gain distributions that are attributable to our sale of USRPIs will be subject to tax under FIRPTA, as described above. In that case, we must withhold 21% of any distribution that we could designate as a capital gain dividend. A non-U.S. stockholder may receive a credit against its tax liability for the amount we withhold.

Moreover, if a non-U.S. stockholder disposes of our common stock during the 30-day period preceding a dividend payment, and such non-U.S. stockholder (or a person related to such non-U.S. stockholder) acquires or enters into a contract or option to acquire our common stock within 61 days of the first day of the 30-day period described above, and any portion of such dividend payment would, but for the disposition, be treated as a USRPI capital gain to such non-U.S. stockholder, then such non-U.S. stockholder will be treated as having USRPI capital gain in an amount that, but for the disposition, would have been treated as USRPI capital gain.

Qualified Shareholders. Subject to the exception discussed below, any distribution to a "qualified shareholder" who holds our common stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income tax as income effectively connected with a U.S. trade or business and thus will not be subject to FIRPTA withholding as described above. However, while a "qualified shareholder" will not be subject to FIRPTA withholding on our distributions, non-United States persons who hold interests in the "qualified shareholder" (other than interests solely as a creditor) and hold more than 10% of our common stock, either through the "qualified shareholder" or otherwise, will still be subject to FIRPTA withholding. REIT distributions received by a "qualified shareholder" that are exempt from FIRPTA withholding may still be subject to regular U.S. federal withholding tax.

A "qualified shareholder" is a foreign person that either (1) is eligible for the benefits of a comprehensive income tax treaty that includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such income tax treaty), or is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units that represents more than 50% of the value of all of the partnership's units and is regularly traded on the NYSE or NASDAQ markets, (2) is a "qualified collective investment vehicle" (as defined below) and (3) maintains records of the identity of each person who, at any time during the foreign person's taxable year, is the direct owner of 5% or more the class of interests or units (as applicable) described in (1), above.

A "qualified collective investment vehicle" is a foreign person that (1) would be eligible for a reduced rate of withholding under the comprehensive income tax treaty described above, even if such entity owns more than 10% of the stock of the REIT, (2) is publicly traded, is treated as a partnership under the Code, is a withholding foreign partnership and would be treated as "United States real property holding corporation" ("USRPHC") under FIRPTA if it were a domestic corporation or (3) is designated as such by the Secretary of the Treasury and is either (a) "fiscally transparent" within the meaning of Section 894 of the Code or (b) required to include dividends in its gross income, but is entitled to a deduction for distributions to its investors.

Qualified Foreign Pension Funds. Any distribution to a "qualified foreign pension fund" or an entity all of the interests of which are held by one or more "qualified foreign pension funds" who holds our common stock directly or indirectly (through one or more partnerships) generally will not be subject to U.S. federal income tax as income effectively connected with the conduct of a U.S. trade or business and thus will not be subject to FIRPTA withholding as described above. REIT distributions received by a "qualified foreign pension fund" that are exempt from FIRPTA withholding may still be subject to regular U.S. federal withholding tax.

A "qualified foreign pension fund" is any trust, corporation or other organization or arrangement (1) which is created or organized under the laws of a country other than the United States or a political subdivision thereof, (2) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (3) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, taking in account certain attribution rules, (4) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax or other governmental authorities in the country in which it is established or operates and (5) with respect to which, under the laws of the country in which it is established or operates, and subject to a de minimis exception, (a) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate or (b) taxation of any investment income of such organization or arrangement is deferred or such income is taxed a reduced rate.

FATCA. Under the Foreign Account Tax Compliance Act ("FATCA"), a U.S. withholding tax at a 30% rate will be imposed on dividends paid to certain non-U.S. stockholders if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. If payment of withholding taxes is required, non-U.S. stockholders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect to such dividends will be required to seek a refund from the IRS to obtain the benefit of such exemption or reduction. We will not pay any additional amounts in respect of any amounts withheld.

Dispositions

Subject to the discussion below regarding dispositions by "qualified shareholders" and "qualified foreign pension funds," non-U.S. stockholders could incur tax under FIRPTA with respect to gain realized upon a disposition of our common stock if we are a United States real property holding corporation during a specified testing period. If at least 50% of a REIT's assets are USRPIs, then the REIT will be a USRPHC. We anticipate that we will be a USRPHC based on our investment strategy.

However, even if we are a USRPHC, a non-U.S. stockholder generally would not incur tax under FIRPTA on gain from the sale of our common stock if we are a "domestically controlled qualified investment entity."

A "domestically controlled qualified investment entity" includes a REIT in which, at all times during a specified testing period, less than 50% in value of its shares are held directly or indirectly by non-U.S. stockholders. We cannot assure you that this test will be met.

If our common stock is regularly traded on an established securities market, an additional exception to the tax under FIRPTA will be available with respect to a non-U.S. stockholder's disposition of such stock, even if we do not qualify as a domestically controlled qualified investment entity at the time the non-U.S. stockholder sells such stock. Under this additional exception, the gain from such a sale by a non-U.S. stockholder will not be subject to tax under FIRPTA if (1) our common stock is treated as being regularly traded on an established securities market under applicable Treasury regulations and (2) the non-U.S. stockholder owned, actually or constructively, 10% or less of our common stock at all times during a specified testing period. As noted above, we anticipate that our common stock will be regularly traded on an established securities market immediately following this offering.

In addition, a sale of our common stock by a "qualified shareholder" or a "qualified foreign pension fund" who holds our common stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income tax under FIRPTA. However, while a "qualified shareholder" will not be subject to FIRPTA withholding on a sale of our common stock, non-United States persons who hold interests in the "qualified shareholder" (other than interests solely as a creditor) and hold more than 10% of our common stock, either through the "qualified shareholder" or otherwise, will still be subject to FIRPTA withholding.

If the gain on the sale of our common stock were taxed under FIRPTA, a non-U.S. stockholder would be taxed on that gain in the same manner as U.S. stockholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals. In addition, distributions that are subject to tax under FIRPTA also may be subject to a 30% branch profits tax when made to a non-U.S. stockholder treated as a corporation (under U.S. federal income tax principles) that is not otherwise entitled to treaty exemption. Finally, if we are not a domestically controlled qualified investment entity at the time our common stock is sold and the non-U.S. stockholder does not qualify for the exemptions described in the preceding paragraph, under FIRPTA the purchaser of our common stock also may be required to withhold 15% of the purchase price and remit this amount to the IRS on behalf of the selling non-U.S. stockholder.

With respect to individual non-U.S. stockholders, even if not subject to FIRPTA, capital gains recognized from the sale of our common stock will be taxable to such non-U.S. stockholder if he or she is a non-resident alien individual who is present in the United States for 183 days or more during the taxable year and some other conditions apply, in which case the non-resident alien individual may be subject to a U.S. federal income tax on his or her U.S. source capital gain.

Information Reporting Requirements and Withholding

We will report to our stockholders and to the IRS the amount of distributions we pay during each calendar year and the amount of tax we withhold, if any. Under the backup withholding rules, a stockholder may be subject to backup withholding at a rate of 24% with respect to distributions unless the stockholder:

is a corporation or qualifies for certain other exempt categories and, when required, demonstrates this fact; or

provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with the applicable requirements of the backup withholding rules.

A stockholder who does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability. In addition, we may be required to withhold a portion of capital gain distributions to any stockholders who fail to certify their non-foreign status to us.

Backup withholding will generally not apply to payments of dividends made by us or our paying agents, in their capacities as such, to a non-U.S. stockholder provided that the non-U.S. stockholder furnishes to us or our paying agent the required certification as to its non-U.S. status, such as providing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or certain other requirements are met. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a United States person that is not an exempt recipient. Payments of the proceeds from a disposition or a redemption effected outside the United States by a non-U.S. stockholder made by or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) generally will apply to such a payment if the broker has certain connections with the United States unless the broker has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established. Payment of the proceeds from a disposition by a non-U.S. stockholder of common stock made by or through the U.S. office of a broker is generally subject to information reporting and backup withholding unless the non-U.S. stockholder certifies under penalties of perjury that it is not a United States person and satisfies certain other requirements, or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the stockholder's U.S. federal income tax liability if certain required information is furnished to the IRS. Stockholders should consult their tax advisors regarding application of backup withholding to them and the availability of, and procedure for obtaining an exemption from, backup withholding.

Other Tax Consequences

Tax Aspects of Our Investments in Partnerships

The following discussion summarizes material U.S. federal income tax considerations applicable to our direct or indirect investments in our subsidiary partnership and any other partnerships or limited liability companies that we form or acquire interests in (each individually a "Partnership" and, collectively, the "Partnerships"). The discussion does not cover state or local tax laws or any U.S. federal tax laws other than income tax laws.

Classification as Partnerships. We will include in our income our distributive share of each Partnership's income and deduct our distributive share of each Partnership's losses only if such Partnership is classified for U.S. federal income tax purposes as a partnership (or an entity that is disregarded for U.S. federal income tax purposes if the entity is treated as having only one owner for U.S. federal income tax purposes) rather than as a corporation or an association taxable as a corporation. An unincorporated entity with at least two owners or members will be classified as a partnership, rather than as a corporation, for U.S. federal income tax purposes if it:

is treated as a partnership under the Treasury regulations relating to entity classification (the "check-the-box regulations"); and

is not a "publicly traded partnership."

Under the check-the-box regulations, an unincorporated entity with at least two owners or members may elect to be classified either as an association taxable as a corporation or as a partnership. If such an entity does not make an election, it will generally be treated as a partnership (or an entity that is disregarded for U.S. federal income tax purposes if the entity is treated as having only one owner or member for U.S. federal income tax purposes) for U.S. federal income tax purposes. Our subsidiary partnership intends to be classified as a partnership for U.S. federal income tax purposes and will not elect to be treated as an association taxable as corporations under the check-the-box regulations.

A publicly traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. A publicly traded partnership will not, however, be treated as a corporation for any taxable year if 90% or more of the partnership's gross income for such year consists of certain passive-type income, including real property rents, gains from the sale or other disposition of real property, interest and dividends (the "90% passive income exception"). Treasury regulations provide limited safe harbors from the definition of a publicly traded partnership. Pursuant to one of those safe harbors (the "private placement exclusion"), interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if (1) all interests in the partnership were issued in a transaction or transactions that were not required to be registered under the Securities Act and (2) the partnership does not have more than 100 partners at any time during the partnership's taxable year. In determining the number of partners in a partnership, a person owning an interest in a partnership, grantor trust or S corporation that owns an interest in the partnership is treated as a partner in such partnership only if (1) substantially all of the value of the owner's interest in the entity is attributable to the entity's direct or indirect interest in the partnership and (2) a principal purpose of the use of the entity is to permit the partnership to satisfy the 100-partner limitation. We expect that our subsidiary partnership and any other partnership in which we own an interest will qualify for the private placement exception.

We have not requested, and do not intend to request, a ruling from the IRS that our subsidiary partnership will be classified as a partnership for U.S. federal income tax purposes. If for any reason our subsidiary partnership were taxable as a corporation, rather than as a partnership, for U.S. federal income tax purposes, we likely would not be able to qualify as a REIT unless we qualified for certain relief provisions. See "−Gross Income Tests" and "−Asset Tests." In addition, any change in a Partnership's status for tax purposes might be treated as a taxable event, in which case we might incur tax liability without any related cash distribution. Further, items of income and deduction of such Partnership would not pass through to its partners, and its partners would be treated as stockholders for tax purposes. Consequently, such Partnership would be required to pay tax at U.S. federal corporate income tax rates on its net income, and distributions to its partners would constitute dividends that would not be deductible in computing such Partnership's taxable income.

Income Taxation of the Partnerships and their Partners

Partners, Not the Partnerships, Subject to Tax. A partnership is generally not a taxable entity for U.S. federal income tax purposes. Rather, we are required to take into account our allocable share of each Partnership's income, gains, losses, deductions and credits for any taxable year of such Partnership ending within or with our taxable year, without regard to whether we have received or will receive any distribution from such Partnership. However, as discussed below, the tax liability for adjustments to a partnership's tax returns made as a result of an audit by the IRS will be imposed on the partnership itself in certain circumstances absent an election to the contrary (if available).

Partnership Allocations. Although a partnership agreement generally will determine the allocation of income and losses among partners, such allocations will be disregarded for tax purposes if they do not comply with the provisions of the U.S. federal income tax laws governing partnership allocations. If an allocation is not recognized for U.S. federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Each Partnership's allocations of taxable income, gain and loss are intended to comply with the requirements of the U.S. federal income tax laws governing partnership allocations.

Tax Allocations with Respect to Partnership Properties. Income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated in a manner such that the contributing partner is charged with, or benefits from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution (the "704(c) Allocations"). The amount of the unrealized gain or unrealized loss ("built-in gain" or "built-in loss") is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution (a "book-tax difference"). Any property purchased for cash initially will have an adjusted tax basis equal to its fair market value, resulting in no book-tax difference. A book-tax difference generally is decreased on an annual basis as a result of depreciation deductions to the contributing partner for book purposes but not for tax purposes. The 704(c) Allocations are solely for U.S. federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. In the future, our subsidiary partnership may acquire property that may have a built-in gain or a built-in loss in exchange for partnerships interests, subject to our compliance with the Opportunity Zone program. Any such contributed property would not qualify as Qualified Property. Our subsidiary partnership will have a carryover, rather than a fair market value, adjusted tax basis in such contributed assets equal to the adjusted tax basis of the contributors in such assets, resulting in a book-tax difference. As a result of that book-tax difference, we will have a lower adjusted tax basis with respect to that portion of our subsidiary partnership's assets than we would have with respect to assets having a tax basis equal to fair market value at the time of acquisition. This could result in lower depreciation deductions with respect to the portion of our subsidiary partnership's assets attributable to such contributions.

The U.S. Treasury Department has issued Treasury regulations requiring partnerships to use a "reasonable method" for allocating items with respect to which there is a book-tax difference and outlining several reasonable allocation methods. Under certain available methods, the carryover basis of contributed properties in the hands of our subsidiary partnership (1) could cause us to be allocated lower amounts of depreciation deductions for tax purposes than would be allocated to us if all contributed properties were to have a tax basis equal to their fair market value at the time of the contribution and (2) in the event of a sale of such properties, could cause us to be allocated taxable gain in excess of the economic or book gain allocated to us as a result of such sale. An allocation described in (2) above might cause us to recognize taxable income in excess of cash proceeds in the event of a sale or other disposition of property, which may adversely affect our ability to comply with the REIT distribution requirements and may result in a greater portion of our distributions being taxed as dividends. We have not yet decided what method our subsidiary partnership will use to account for book-tax differences.

Sale of a Partnership's Property

Generally, any gain realized by a Partnership on the sale of property held by the Partnership for more than one year will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. Under Section 704(c) of the Code, any gain or loss recognized by a Partnership on the disposition of contributed properties will be allocated first to the partners of the Partnership who contributed such properties to the extent of their built-in gain or built-in loss on those properties for U.S. federal income tax purposes. The partners' built-in gain or built-in loss on such contributed properties will equal the difference between the partners' proportionate share of the book value of those properties and the partners' tax basis allocable to those properties at the time of the contribution as reduced for any decrease in the "book-tax difference." See "−Income Taxation of the Partnerships and their Partners−Tax Allocations with Respect to Partnership Properties." Any remaining gain or loss recognized by the Partnership on the disposition of the contributed properties, and any gain or loss recognized by the Partnership on the disposition of the other properties, will be allocated among the partners in accordance with their respective percentage interests in the Partnership.

Our share of any gain realized by a Partnership on the sale of any property held by the Partnership as inventory or other property held primarily for sale to customers in the ordinary course of the Partnership's trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income may have an adverse effect upon our ability to satisfy the income tests for REIT status. See "−REIT Considerations−Gross Income Tests." We do not presently intend to acquire or hold or to allow any Partnership to acquire or hold any property that represents inventory or other property held primarily for sale to customers in the ordinary course of our or such Partnership's trade or business. In addition, to the extent that a Partnership sells property prior to holding it for ten years, our stockholders will not be able to exclude from income any capital gain dividends received as a result of such sale.

Partnership Audit Rules

Under the Bipartisan Budget Act of 2015, any audit adjustments to items of income, gain, loss, deduction or credit of a partnership (and any partner's distributive share thereof) are now determined, and taxes, interest or penalties attributable thereto are assessed and collected, at the partnership level. Although it is not entirely clear how these new rules will be implemented, it is possible that they could result in partnerships in which we directly or indirectly invest being required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we, as a direct or indirect partner of those partnerships, could be required to bear the economic burden of those taxes, interest and penalties even though we, as a REIT, may not otherwise have been required to pay additional corporate-level taxes as a result of the related audit adjustment. The changes created by these new rules are sweeping and in many respects dependent on the promulgation of future Treasury regulations or other guidance by the U.S. Treasury Department. Investors are urged to consult their tax advisors with respect to these changes and their potential impact on their investment in our common stock.

Legislative or Other Actions Affecting REITs

The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U.S. federal income tax treatment of an investment in our common stock. The REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, which may result in statutory changes as well as revisions to Treasury regulations and interpretations. Additionally, several of the tax considerations described herein are currently under review and are subject to change. Prospective stockholders are urged to consult with their tax advisors regarding the effect of potential changes to the U.S. federal tax laws on an investment in our common stock.

State and Local Taxes

We and/or our stockholders may be subject to taxation by various states and localities, including those in which we or a stockholder transacts business, owns property or resides. The state and local tax treatment may differ from the U.S. federal income tax treatment described above. Consequently, prospective stockholders should consult their tax advisors regarding the effect of state and local tax laws upon an investment in our common stock.

Stockholders may be eligible for state or local tax benefits associated with investing in an Opportunity Zone Fund. Certain states automatically adopt changes to the Code, such as enactment of the Opportunity Zone legislation, while other states have expressly adopted provisions relating to Opportunity Zone Funds.

ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the acquisition and holding of our common stock by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other plans that are not subject to the foregoing but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws") and entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "Plan").

This summary is based on the provisions of ERISA and the Code (and related regulations and administrative and judicial interpretations) as of the date of this prospectus. This summary does not purport to be complete, and no assurance can be given that future legislation, court decisions, regulations, rulings or pronouncements will not significantly modify the requirements summarized below. Any of these changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release. This discussion is general in nature and is not intended to be all inclusive, nor should it be construed as investment or legal advice.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in our common stock with a portion of the assets of any Plan, a fiduciary should consider the Plan's particular circumstances and all of the facts and circumstances of the investment and determine whether the acquisition and holding of our common stock is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to the fiduciary's duties to the Plan, including, without limitation:

- whether the investment is prudent under Section 404(a)(1)(B) of ERISA and any other applicable Similar Laws;
- whether, in making the investment, the ERISA Plan will satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA and any other applicable Similar Laws;
- whether the investment is permitted under the terms of the applicable documents governing the Plan;
- whether the acquisition or holding of our common stock will constitute a "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Code (please see the discussion under "−Prohibited Transaction Issues" below); and
- whether the Plan will be considered to hold, as plan assets, (i) only our common stock or (ii) an undivided interest in our underlying assets (please see the discussion under "−Plan Asset Issues" below).

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and

the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of our common stock by an ERISA Plan with respect to which the issuer, the initial purchaser or a guarantor is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

Because of the foregoing, our common stock should not be acquired or held by any person investing "plan assets" of any Plan, unless such acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws.

Plan Asset Issues

Additionally, a fiduciary of a Plan should consider whether the Plan will, by investing in us, be deemed to own an undivided interest in our assets, with the result that we would become a fiduciary of the Plan and our operations would be subject to the regulatory restrictions of ERISA, including its prohibited transaction rules, as well as the prohibited transaction rules of the Code and any other applicable Similar Laws.

The Department of Labor (the "DOL") regulations provide guidance with respect to whether the assets of an entity in which ERISA Plans acquire equity interests would be deemed "plan assets" under some circumstances. Under these regulations, an entity's assets generally would not be considered to be "plan assets" if, among other things:

(a) the equity interests acquired by ERISA Plans are "publicly offered securities" (as defined in the DOL regulations)−i.e., the equity interests are part of a class of securities that is widely held by 100 or more investors independent of the issuer and each other, are freely transferable and are either registered under certain provisions of the federal securities laws or sold to the ERISA Plan as part of a public offering under certain conditions;

(b) the entity is an "operating company" (as defined in the DOL regulations)−i.e., it is primarily engaged in the production or sale of a product or service, other than the investment of capital, either directly or through a majority-owned subsidiary or subsidiaries; or

(c) there is no significant investment by "benefit plan investors" (as defined in the DOL regulations)−i.e., immediately after the most recent acquisition by an ERISA Plan of any equity interest in the entity, less than 25% of the total value of each class of equity interest (disregarding certain interests held by persons (other than benefit plan investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof) is held by ERISA Plans, IRAs and certain other Plans (but not including governmental plans, foreign plans and certain church plans), and entities whose underlying assets are deemed to include plan assets by reason of a Plan's investment in the entity.

Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering acquiring and/or holding our common stock on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the acquisition and holding of our common stock. Purchasers of our common stock have the exclusive responsibility for ensuring that their acquisition and holding of our common stock complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. The sale of our common stock to a Plan is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

UNDERWRITING

We have entered into an underwriting agreement with Morgan Stanley & Co. LLC, B. Riley Securities, Inc., Wells Fargo Securities, LLC and BMO Capital Markets Corp. as the representatives of the underwriters named below, with respect to the shares subject to this offering. Subject to the terms and conditions in the underwriting agreement, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the respective number of shares of our common stock set forth opposite its name in the table below:

Underwriters	Number of Shares
Morgan Stanley & Co. LLC	
B. Riley Securities, Inc.	
Wells Fargo Securities, LLC	
BMO Capital Markets Corp.	
KeyBanc Capital Markets Inc.	
Loop Capital Markets LLC	
Samuel A. Ramirez & Company, Inc.	
Siebert Williams Shank & Co., LLC	
Total	15,000,000

The underwriting agreement provides that the obligation of the underwriters to purchase all of the shares being offered to the public is subject to approval of legal matters by counsel and the satisfaction of other conditions. These conditions include, among others, the continued accuracy of representations and warranties made by us in the underwriting agreement, delivery of legal opinions and the absence of any material changes in our assets, business or prospects after the date of this prospectus. Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold pursuant to the underwriting agreement, other than those covered by the over-allotment option described below, if they purchase any of those shares. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

The underwriters propose to offer the shares directly to the public at the public offering price set forth on the cover page of this prospectus and to selected dealers, who may include the underwriters, at the public offering price less a selling concession not in excess of $ per share. The underwriters may allow, and the selected dealers may reallow, a concession not in excess of $ per share to brokers and dealers. After the completion of the offering, the underwriters may change the offering price and other selling terms.

The underwriters do not expect to sell more than % of the shares in the aggregate to accounts over which they exercise discretionary authority.

Pursuant to the underwriting agreement, we and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

Over-allotment Option

We have granted the underwriters an over-allotment option. This option, which is exercisable for up to 30 days after the date of this prospectus, permits the underwriters to purchase up to additional shares from us, to cover over-allotments, if any. If the underwriters exercise all or part of this option, each underwriter will be obligated to purchase its proportionate number of shares covered by the option at the public offering price that appears on the cover page of this prospectus, less the underwriting discount.

Commissions and Expenses

The following table provides information regarding the amount of the underwriting discount to be paid to the underwriters by us. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

		Total	
	Per Share	Without Over-allotment	With Over-allotment
Underwriting discount paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $4.9 million. We will pay the filing fees and up to $50,000 of the expenses (including the reasonable fees and disbursements of counsel to the underwriters) related to obtaining the required approval of certain terms of this offering from FINRA.

We have granted B. Riley Securities, Inc. a right of first refusal for 18 months following the completion of this offering to act as book runner in connection with any public or private offering of our equity or equity-linked securities.

Lock-Up Agreements

We, our Manager and our directors, director nominees and executive officers and Avanath and MacFarlane have agreed not to sell or transfer any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock for 180 days after the date of this prospectus, without the prior written consent of Morgan Stanley & Co. LLC and B. Riley Securities, Inc. Specifically, we and these other persons have agreed not to directly or indirectly:

offer, pledge, sell or contract to sell our common stock;

sell any option or contract to purchase our common stock;

purchase any option or contract to sell our common stock;

grant any option for the sale of our common stock;

dispose of or transfer (or enter into any transaction or device which is designed or could be expected to, result in the disposition by any person at any time in the future of) our common stock;

file any registration statement with respect to our common stock; or

enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of our common stock, whether any such swap or transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise.

This lock-up provision applies to our common stock and to securities convertible into or exchangeable or exercisable for our common stock. It also applies to common stock owned now or acquired later by the person.

The foregoing restrictions do not apply to: (A) with respect to the company, (1) the sale of shares of our common stock to the underwriters in this offering, (2) the sales of shares of our common stock in the concurrent private placement, and (3) the issuance of limited partnership interests in our subsidiary partnership in connection with this offering and the concurrent private placement as described in this prospectus, and (B) with respect to our Manager and our directors, director nominees and executive officers and

Avanath and MacFarlane, (1) transactions relating to shares of our common stock or other securities acquired in open market transactions after the completion of this offering, *provided* that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made in connection with subsequent sales of our common stock or other securities acquired in such open market transactions, (2) transfers of shares of our common stock or any security convertible into our common stock as a bona fide gift, (3) distributions of shares of our common stock or any security convertible into our common stock to limited partners or stockholders of the transferor; *provided* that in the case of any transfer or distribution pursuant to clause (B)(2) or (B)(3), (i) Morgan Stanley & Co. LLC and B. Riley Securities, Inc. receive a signed lock-up agreement for the balance of the lock-up period from each donee or distributee, as the case may be, (ii) such transfer or distribution shall not involve a disposition for value, and (iii) no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of shares of our common stock, shall be required or shall be voluntarily made during the 180-day restricted period, (4) facilitating the establishment of a trading plan on behalf of a stockholder, officer or director of the company pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of our common stock, *provided* that (i) such plan does not provide for the transfer of our common stock during the 180-day restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of such stockholder, officer or director or the company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of our common stock may be made under such plan during the 180-day restricted period, or (5) with respect to Messrs. Carter, Sakumoto and Williams only, pledges of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock for loans used to fund the purchase of such shares of our common stock or securities convertible into or exercisable or exchangeable for shares of our common stock.

Morgan Stanley & Co. LLC and B. Riley Securities, Inc. in their sole discretion, may release, or authorize us to release, as the case may be, the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

Stabilization

Until the distribution of the securities offered by this prospectus is completed, rules of the SEC may limit the ability of the underwriters to bid for and to purchase our common stock. As an exception to these rules, the underwriters may engage in transactions effected in accordance with Regulation M under the Exchange Act that are intended to stabilize, maintain or otherwise affect the price of our common stock. The underwriters may engage in over-allotment sales, syndicate covering transactions, stabilizing transactions and penalty bids in accordance with Regulation M.

Stabilizing transactions permit bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, so long as stabilizing bids do not exceed a specified maximum.

Over-allotment involves sales by the underwriters of securities in excess of the number of securities the underwriters are obligated to purchase, which creates a short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares of common stock overallotted by the underwriters is not greater than the number of shares of common stock that they may purchase in the over-allotment option. In a naked short position, the number of shares of common stock involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option or purchasing shares of our common stock in the open market.

Covering transactions involve the purchase of securities in the open market after the distribution has been completed in order to cover short positions. In determining the source of securities to close out the short position, the underwriters will consider, among other things, the price of securities available for purchase in the open market as compared to the price at which they may purchase securities through the over-allotment option. If the underwriters sell more shares of common stock than could be covered by the over-allotment option, creating a naked short position, the position can only be closed out by buying securities in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the securities in the open market after pricing that could adversely affect investors who purchase in this offering.

Penalty bids permit the underwriters to reclaim a selling concession from a selected dealer when the securities originally sold by the selected dealer are purchased in a stabilizing or syndicate covering transaction.

These stabilizing transactions, covering transactions and penalty bids may have the effect of raising or maintaining the market price of our securities or preventing or retarding a decline in the market price of our securities.

Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the prices of our securities. These transactions may occur on any trading market. If any of these transactions are commenced, they may be discontinued without notice at any time.

Electronic Distribution

This prospectus may be made available in electronic format on Internet sites or through other online services maintained by the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. Other than this prospectus in electronic format, any information on the underwriters' or their affiliates' websites and any information contained in any other website maintained by the underwriters or any affiliate of the underwriters is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Listing; Pricing of the Offering

We have applied to list our common stock on the NYSE under the symbol "ASPI." In order to meet the requirements for listing on that exchange, the underwriters will undertake to sell a minimum number of shares of our common stock to a minimum number of beneficial owners as required by that exchange.

Immediately prior to this offering, there was no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives of the underwriters of this offering. Among the factors that were considered in determining the initial public offering price were our future prospects and those of our industry in general, our revenues, results of operations and certain other financial and operating information in recent periods, and the market prices of securities and certain financial and operating information of companies engaged in activities similar to ours.

Other Relationships

Concurrently with or shortly after the completion of this offering, we expect to enter into a senior secured revolving credit facility with a group of lenders, for whom Wells Fargo Bank, National Association, an affiliate of Wells Fargo Securities, LLC, will act as administrative agent, and which may include affiliates of certain of the other underwriters. In addition, we anticipate that Wells Fargo Securities, LLC and BMO Capital Markets Corp. will act as joint lead arrangers and joint bookrunners. Affiliates of the underwriters who participate in the revolving credit facility may receive certain financing fees in connection with the revolving credit facility in addition to the underwriting discounts payable to the underwriters in connection with this offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations−Liquidity and Capital Resources Following the Completion of This Offering and the Formation Transactions−Our Anticipated Revolving Credit Facility."

In connection with the concurrent private placement, Morgan Stanley & Co. LLC and B. Riley Securities, Inc. will be paid a fee equal to 2% of the gross proceeds of the concurrent private placement (excluding the $6.7 million of gross proceeds that we will receive from members of our senior management team, affiliates of our Manager and investors in our Manager in the concurrent private placement).

Some of the underwriters and their affiliates have engaged and may in the future engage in investment banking and other commercial dealings in the ordinary course of business with us and/or our affiliates. They have received and may in the future receive customary fees and commissions for these transactions.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Directed Share Program

At our request, the underwriters have reserved up to 5% of the shares of our common stock offered by this prospectus, for sale at the initial public offering price through a directed share program to certain individuals, including our directors, officers, employees of affiliates of our Manager and business associates and other parties related to us. The sales will be made at our direction by Morgan Stanley & Co. LLC and its affiliates through a directed share program. The number of shares of our common stock available for sale to the general public in this offering will be reduced to the extent that these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of our common stock offered by this prospectus. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the shares reserved for the directed share program.

Selling Restrictions

Notice to Canadian Residents (Alberta, British Columbia, Manitoba, Ontario and Québec Only)

This document constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Common Stock described herein (the "Securities"). No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Securities and any representation to the contrary is an offence.

Canadian investors are advised that this document has been prepared in reliance on section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"). Pursuant to section 3A.3 of

NI 33-105, this document is exempt from the requirement that the issuer and the underwriters in the offering provide Canadian investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as may otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the Securities in Canada are being made on a private placement basis only and are exempt from the requirement that the issuer prepare and file a prospectus under applicable Canadian securities laws. Any resale of Securities acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Securities outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases the Securities will be deemed to have represented to the issuer, the underwriters and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Securities and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Securities or with respect to the eligibility of the Securities for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Personal Information

We and the representatives hereby notify prospective Canadian purchasers that: (a) we may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number, email address, if provided, and the number and type of securities purchased, the total purchase price paid for such securities, the date of the purchase and specific details of the prospectus exemption relied upon under applicable securities laws to complete such purchase) ("personal information"), which Form 45-106F1 may be required to be filed by us under NI 45-106, (b) such personal information may be delivered to the securities regulatory authority or regulator in accordance with NI 45-106, (c) such personal information is being collected indirectly by the securities regulatory authority or regulator under the authority granted to it under the securities legislation of the applicable legislation, (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of the applicable jurisdiction, and (e) the purchaser may contact the applicable securities regulatory authority or regulator by way of the contact information provided in Schedule 2 to Form 45-106F1. Prospective Canadian purchasers that purchase securities in this offering will be deemed to have authorized the indirect collection of the personal information by each applicable securities regulatory authority or regulator, and to have acknowledged and consented to such information being disclosed to the Canadian securities regulatory authority or regulator, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Language of Documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Economic Area

In relation to each Member State of the European Economic Area (each a "Member State"), no shares have been offered or will be offered to the public in that Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

In relation to each Member State which has implemented the AIFMD, this prospectus may only be distributed and common stock may only be offered or placed in a Member State to the extent that

(a) the shares are permitted to be marketed to professional investors in the relevant Member State in accordance with the AIFMD (as implemented into the local law or regulation of the relevant Member State); or (b) this prospectus may otherwise be lawfully distributed in that Member State (including on a preliminary basis pending making any required regulatory filings, or in response to a request made at the initiative of the investor).

The above selling restriction is in addition to any other selling restrictions set out below.

Notice to Prospective Investors in the United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with the issue or sale of the shares in circumstances in which Section 21(1) of FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in the Netherlands

The shares of our common stock offered hereby may not, directly or indirectly, be offered or acquired in the Netherlands and this prospectus supplement may not be circulated in the Netherlands, as part of an initial distribution or any time thereafter, other than to individuals or (legal) entities who or which qualify as qualified investors within the meaning of Article 1:1 of the Financial Supervision Act (Wet op het financieel toezicht) as amended from time to time.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in Australia

This prospectus:

does not constitute a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "Corporations Act");

has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document for the purposes of the Corporations Act; and

may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, available under section 708 of the Corporations Act ("Exempt Investors").

Common stock may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy common stock may be issued, and no draft or definitive prospectus, advertisement or other offering material relating to any common stock may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the common stock, you represent and warrant to us that you are an Exempt Investor.

As any offer of common stock under this prospectus will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the common stock you undertake to us that you will not, for a period of 12 months from the date of issue of the common stock, offer, transfer, assign or otherwise alienate such common stock to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Notice to Prospective Investors in Hong Kong

The common stock may not be offered or sold in Hong Kong by means of any prospectus other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the prospectus being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares of common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of common stock may not be circulated or distributed, nor may the shares of common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares of common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of common stock pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notice to Prospective Investors in the Dubai International Financial Centre ("DIFC")

This prospectus relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of shares offered should conduct their own due diligence on the common stock. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

In relation to its use in the DIFC, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the shares may not be offered or sold directly or indirectly to the public in the DIFC.

LEGAL MATTERS

Certain legal matters relating to this offering will be passed upon for us by Vinson & Elkins L.L.P. In addition, the description of U.S. federal income tax consequences contained in the section of the prospectus entitled "Material U.S. Federal Income Tax Considerations" is based on the opinion Vinson & Elkins L.L.P. Certain matters of Maryland law will be passed upon for us by Venable LLP. Clifford Chance US LLP will act as counsel to the underwriters.

EXPERTS

The combined financial statements as of and for the years ended December 31, 2019 and 2018 of Aspire Real Estate Investors Predecessor I included in this Prospectus have been audited by Novogradac & Company LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The combined financial statements as of and for the years ended December 31, 2019 and 2018 of Aspire Real Estate Investors Predecessor II included in this Prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statement as of September 30, 2020 of Aspire Real Estate Investors, Inc. and Subsidiaries included in this Prospectus has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statement is included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-11, including exhibits filed with the registration statement of which this prospectus is a part, under the Securities Act, with respect to the shares of our common stock to be sold in this offering. This prospectus does not contain all of the information set forth in the registration statement and exhibits to the registration statement. For further information with respect to us and the shares of our common stock to be sold in this offering, reference is made to the registration statement, including the exhibits to the registration statement. Our SEC filings, including our registration statement, are also available to you, free of charge, on the SEC's website at *www.sec.gov*.

Upon the completion of this offering, we will be subject to the information and periodic reporting requirements of the Exchange Act applicable to a company with securities registered pursuant to Section 12 of the Exchange Act. In accordance therewith, we will file periodic reports, proxy statements and other information with the SEC. All documents filed with the SEC are available at the website of the SEC referred to above. We maintain a website at *www.aspirereit.com*. You may access our reports, proxy statements and other information free of charge at this website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not incorporated by reference in and is not a part of this prospectus.

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ASPIRE REAL ESTATE INVESTORS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

As used in these unaudited pro forma condensed combined financial statements, unless the context otherwise requires, "we," "us," and "our company" means Aspire Real Estate Investors, Inc., a Maryland corporation, and its consolidated subsidiaries upon consummation of the Offering and the Formation Transactions, in each case as described and defined below.

The following unaudited pro forma condensed combined financial statements have been derived by applying pro forma adjustments to the historical financial statements of our company, our predecessors and the acquisition of land parcels.

In determining our predecessors, we considered a number of factors including (but not limited to) (1) the order in which the entities are acquired, (2) the size of the entities, (3) the fair value of the entities, and (4) the ongoing management structure. As described below, both predecessors will be acquired in connection with the formation transactions. Additionally, Aspire Real Estate Investors Predecessor I and Aspire Real Estate Investors Predecessor II, combined, represent a major portion of the Initial Portfolio (as defined below). Based on the timing and significance of assets acquired, we believe both Aspire Real Estate Investors Predecessor I and Aspire Real Estate Investors Predecessor II are predecessors to Aspire Real Estate Investors, Inc. and provide the financial information that is most meaningful to investors.

Upon completion of the Offering and the Formation Transactions, we will (i) acquire the nine multifamily projects comprising our initial portfolio (the "Initial Portfolio") from Aspire Real Estate Investors Predecessor I and Aspire Real Estate Investors Predecessor II through our subsidiary partnership, and (ii) enter into a management agreement (the "management agreement") between us and Aspire REIT Manager, LLC, a Delaware limited liability company (the "Manager").

We will issue and sell 16,340,000 shares of our common stock in this offering and the concurrent private placement and an additional approximately 2,250,000 shares of our common stock if the underwriters exercise their option to purchase additional shares of our common stock in full (the "Offering"). We estimate that the net proceeds to us from the Offering and the Concurrent Private Placement described below will be approximately $300.4 million, or approximately $342.3 million if the underwriters exercise in full their option to purchase additional shares, after deducting underwriting discounts and other estimated expenses. These unaudited pro forma condensed combined financial statements assume no exercise by the underwriters of their option to purchase additional shares.

Prior to or in connection with the Offering, we will engage in certain formation transactions (the "Formation Transactions") as a result of which we will acquire the Initial Portfolio through our subsidiary partnership, become externally managed by the Manager pursuant to the management agreement and be able to qualify as a qualified opportunity fund for U.S. federal income tax purposes pursuant to the Tax Cuts and Jobs Act of 2017 commencing with the month of the closing of the Offering and as a real estate investment trust for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2020. In connection with the Formation Transactions, the following transactions have occurred or will occur prior to, concurrently with, or as soon as practicable after, the completion of the Offering:

Aspire Real Estate Investors, Inc. was formed as a Maryland corporation on January 8, 2020.

On January 8, 2020, we issued and sold 100 shares of our common stock to Daryl J. Carter, our President and Chief Executive Officer, for a purchase price of $1,000. Such shares will be repurchased by us at the closing of this offering for $1,000.

On August 26, 2020, we formed Aspire Real Estate TRS, LLC, a Delaware limited liability company ("Aspire TRS"), which is the general partner of our subsidiary partnership. Aspire TRS elected to be treated as a taxable REIT subsidiary of ours, effective as of August 26, 2020.

Concurrently with the closing of the Offering, we will sell shares of our common stock to members of our senior management team, affiliates of our Manager, investors in our Manager and certain Avanath-managed funds and certain other accredited investors at the initial public offering price per share, for an aggregate investment equal to $26.7 million (the "Concurrent Private Placement"), and members of our senior management team will purchase a 1.0% limited partnership interest in our subsidiary partnership, at a price per unit equal to the initial public offering price per share, for an aggregate investment of $3.3 million.

We will sell 15,000,000 shares of our common stock in the Offering (or 17,250,000 shares if the underwriters exercise their option to purchase additional shares of common stock in full).

We will enter into the management agreement with the Manager.

Our subsidiary partnership will enter into property management agreements with Aspire Communities, Inc., a California corporation.

We will contribute, directly and indirectly through Aspire TRS, the net proceeds from the Offering and the Concurrent Private Placement to our subsidiary partnership in exchange for interests therein.

Our subsidiary partnership will issue 2,500 long-term incentive plan units to certain key members of our Manager.

Our subsidiary partnership will acquire the Initial Portfolio by cash purchase.

The unaudited pro forma condensed combined financial statements as of September 30, 2020 and for the nine months ended September 30, 2020 and for the year ended December 31, 2019 are presented as if the Offering and the Formation Transactions had all occurred on September 30, 2020 for the unaudited pro forma condensed combined balance sheet and on January 1, 2019 for the unaudited pro forma condensed combined statement of operations.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical financial statements of Aspire Real Estate Investors Predecessor I and Aspire Real Estate Investors Predecessor II, including the notes thereto, and other financial information and analysis, including the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented elsewhere in this prospectus. The unaudited pro forma condensed combined financial statements (i) are based on available information and assumptions that we deem reasonable; (ii) are presented for informational purposes only; (iii) do not purport to represent our financial position or results of operations or cash flows that would actually have occurred assuming completion of the Offering and the Formation Transactions had all occurred on September 30, 2020 for the unaudited pro forma condensed combined balance sheet or on January 1, 2019 for the unaudited pro forma condensed combined statement of operations; and (iv) do not purport to be indicative of our future results of operations or our financial position.

Aspire Real Estate Investors, Inc.

Unaudited Pro Forma Condensed Combined Balance Sheet

As of September 30, 2020

(Dollars in thousands)

	Aspire Real Estate Investors Inc.	Predecessor I	Predecessor II	Acquisition of Predecessors	Formation Transactions	Proceeds from Offering	Pro Forma
	(A)	(B)	(C)		(G)	(F)	
ASSETS:							
Real estate investments, net	$ –	$ 39,533	$ 102,065	$ 110,818(D)	$ 393		$252,809
Cash and cash equivalents	1	946	1,252	(261,505)(D)	(393)	303,700	44,001
Restricted cash	–	815	2,802	–			3,617
Accounts receivable	–	67	342	–			409
Other assets	–	193	277	6,479(D)			6,949
Total Assets	$ 1	$ 41,554	$ 106,738	$ (144,208)	–	303,700	322,485
LIABILITIES AND EQUITY:							
Liabilities:							
Mortgage notes payable, net	$ –	$ 24,823	$ 64,304	$ (89,127)(E)			$ –
Accounts payable and accrued expenses	–	700	1,299				1,999
Security deposits, prepaid rent and other liabilities	–	341	740				1,081
Due to related parties	–	138	866				1,004
Total liabilities	–	26,002	67,209	(89,127)	–	–	4,084
Equity:							
Equity	–	15,552	39,529	(55,081)(D)			–
Common stock par value $0.01 per share		–	–			163	163
Additional paid-in capital	1					300,237	300,238
Noncontrolling interest						3,300	3,300
Total equity	1	15,552	39,529	(55,081)	–	303,700	303,701
Total liabilities and equity	$ 1	$ 41,554	$ 106,738	$ (144,208)	–	$303,700	$307,785

(A) Aspire Real Estate Investors, Inc. was incorporated in the state of Maryland on January 8, 2020. The historical balance sheet data is as of September 30, 2020 and is derived from the audited balance sheet included elsewhere in this prospectus. Since its formation on January 8, 2020, Aspire Real Estate Investors, Inc. has had no operating activity other than the issuance of 100 shares of its common stock, par value $0.01 per share, to Daryl J. Carter, our President and Chief Executive Officer for an aggregate of $1,000.

(B) Represents the historical balance sheet data as of September 30, 2020 for Aspire Real Estate Investors Predecessor I, which is derived from the combined financial statements for the predecessor included elsewhere in this prospectus.

Aspire Real Estate Investors, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet (Continued)
As of September 30, 2020
(Dollars in thousands)

(C) Represents the historical balance sheet data as of September 30, 2020 for Aspire Real Estate Investors Predecessor II, which is derived from the combined financial statements for the predecessor included elsewhere in this prospectus.

(D) Represents the acquisition of the interest in the affiliated partnerships and limited liability companies of Aspire Real Estate Investors Predecessor I which holds the ownership interests in Wellington Woods, Coopers Crossing and Country Wood for a purchase price of approximately $82.5 million plus closing costs and Aspire Real Estate Investors Predecessor II which holds the ownership interests in Academy at Waterford Lakes, Oak Village, Arbors at Cary, Woodside and Seaport for a total purchase price of approximately $176.4 million plus closing costs.The purchase price and closing costs for the acquisition of the initial portfolio will be made with net proceeds form the sale of our shares. ASC 805, as an asset aquisition, was used to allocate the purchase price to tangible and identified intangible assets and liabilities according to their fair relative values. The amounts allocated to land, building, land and building improvements, tenant improvements and in-place lease are as follows:

	Predecessor I	Predecessor II	Total
Real estate investments, net			
Land	$ 10,746	$ 56,364	$ 67,110
Building	61,811	106,507	168,318
Land and building improvements	6,678	7,207	13,885
Furniture, fixtures and equipment	1,129	1,974	3,103
Total real estate investments, net	80,364	172,052	252,416
Other Assets			
In-place leases	2,136	4,343	6,479
Total other assets	$ 2,136	$ 4,343	$ 6,479

The amounts allocated to building, land and building improvements, and tenant improvements is depreciated over estimated useful lives as follows:

Buildings	27 - 40 years
Land and building improvements	10 - 27.5 years
Furniture, fixtures and equipment	3 - 5 years

The adjustment for real estate investments, net is as follows:

Predecessor I historical Real estate investments, net	$ (39,533)
Predecessor II historical Real estate investments, net	(102,065)
Predecessor I pro forma Real estate investments, net	80,364
Predecessor II pro forma Real estate investments, net	172,052
Total adjustment	$ 110,818

Aspire Real Estate Investors, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet (Continued)
As of September 30, 2020
(Dollars in thousands)

The adjustment for cash represents the purchase price of $82.5 million for Predecessor I, $176.4 million for Predecessor II and working capital adjustments for both Predecessors, as follows:

Predecessor I pro forma real estate investments, net	$	80,364
Predecessor II pro forma real estate investments, net		172,052
Predecessor I pro forma in place leases		2,136
Predecessor II pro forma in place leases		4,343
Predecessor I historical cash and other assets		2,021
Predecessor II historical cash and other assets		4,673
Predecessor I historical other liabilities		(1,179)
Predecessor II historical other liabilities		(2,905)
Total adjustment	$	261,505

The adjustment for in other assets is as follows:

Predecessor I historical in place leases	$	–
Predecessor II historical in place leases		–
Predecessor I pro forma in place leases		2,136
Predecessor II pro forma in place leases		4,343
Total adjustment	$	6,479

The adjustment for the acquisition of Predecessor I and Predecessor II equity is as follows:

Predecessor I historical equity	$	(15,552)
Predecessor II historical equity		(39,529)
Total adjustment	$	(55,081)

(E) Represents the payment of Mortgage notes payable, net for Predecessor I and Predecessor II with cash proceeds upon completion of the transaction.

The adjustment for mortgage notes payable is as follows:

Predecessor I historical mortage notes payable, net	$	(24,823)
Predecessor II historical mortage notes payable, net		(64,304)
Total adjustment	$	(89,127)

(F) Reflects the sale of shares of our common stock in this offering. Specific incremental costs directly attributable to this offering are recorded against the gross proceeds of this offering and concurrent private placements directly in equity issued. Such costs are comprised of underwriting discount, accounting fees, legal fees, other professional fees and other one time costs incurred in connection with the offering.

Proceeds from offering	$	300,000
Proceeds from concurrent private placements		20,000
Proceeds from co-sponsor placements		6,700
Proceeds from 1% LP interest		3,300
Gross proceeds from offering and concurrent private placements		330,000

Underwriting discount, commissions and offering costs	(26,300)
Net proceeds from offering	$ 303,700

(G) To reflect the acquisition of North End Landings parcels for a total purchase price of approximately $0.4 million, plus closing costs. The pro forma adjustments also assume the acquisition was purchased on an all-cash basis with proceeds received from the offering. The remaining parcels will be purchased after the initial public offering which will total to $1.5 million.

Aspire Real Estate Investors, Inc.

Unaudited Pro Forma Condensed Combined Statements of Operations

(Dollars in Thousands)

	Aspire Real Estate Investors, Inc.	Predecessor I	Predecessor II	Acquisition of Predecessors	Formation Transactions	Proceeds from Offering	Pro Forma As Adjusted
	(AA)	(BB)	(CC)				
For the Nine Months Ended September 30, 2020							
Rental revenue	$ –	$ 5,556	$ 11,134				$ 16,690
Other income	–	270	414				684
Total revenues	–	5,826	11,548				17,374
Expenses:							
General and administrative	–	285	502				787
Depreciation and amortization expense	–	1,509	3,078	1,129(DD)			5,716
Property operating and maintenance	–	1,815	3,796				5,611
Real estate taxes and insurance	–	779	1,505	956(EE)			3,240
Management Fee	–	287	616		29(FF)		932
Total expenses	–	4,675	9,497	2,085	29		16,286
Interest income	–	–	4				4
Interest expense	–	(810)	(1,988)	2,798(GG)			–
Asset management fee	–	–	–		(3,472)(HH)		(3,472)
Net income (loss)	$ –	$ 341	$ 67	713	(3,501)		(2,380)
Net income (loss) attributable to noncontrolling interests:							24
Net income (loss) attributable to common shareholders							$ (2,356)

Weighted average shares outstanding–basic							16,340,000(II)
Basic and dilutive net loss per share							$ (0.14)
For the Year Ended December 31, 2019							
Revenues:							
Rental revenue	$ –	$ 6,961	$ 14,367				$ 21,328
Other income	–	449	848				1,297
Total revenues	–	7,410	15,215				22,625
Expenses:							
General and administrative	–	391	796				1,187
Depreciation and amortization expense	–	2,165	4,186	7,749(DD)			14,100
Property operating and maintenance	–	2,474	5,188				7,662
Real estate taxes and insurance	–	998	1,876	1,326(EE)			4,200
Management Fee	–	377	810		28(FF)		1,215
Total expenses	–	6,405	12,856	9,075	28		28,364
Interest income	–	–	8				8
Interest expense	–	(1,119)	(2,660)	3,779(GG)			–
Asset management fee	–	–	–		(4,629)(HH)		(4,629)
Net income (loss)	$ –	$ (114)	$ (293)	(5,296)	(4,657)		(10,360)
Net income (loss) attributable to noncontrolling interests							104
Net income (loss) attributable to common shareholders							$ (10,256)
Weighted average shares outstanding–basic							16,340,000(II)
Basic and dilutive net loss per share							$ (0.63)

(AA) Aspire Real Estate Investors, Inc. was incorporated in the state of Maryland on January 8, 2020. The historical balance sheet data is as of September 30, 2020 and is derived from the audited balance sheet included elsewhere in this prospectus. Since its formation on January 8, 2020, Aspire Real Estate Investors, Inc. has had no operating activity other than the issuance of 100 shares

Aspire Real Estate Investors, Inc.
Unaudited Pro Forma Condensed Combined Statements of Operations (Continued)
(Dollars in Thousands)

of its common stock, par value $0.01 per share, to Daryl J. Carter, our President and Chief Executive Officer, for an aggregate of $1,000.

(BB) Represents the historical results of operations of Aspire Real Estate Investors Predecessor I for the nine months ended September 30, 2020 and for the year ended December 31, 2019 which are derived from the unaudited and audited financial statements included elsewhere in this prospectus.

(CC) Represents the historical results of operations of Aspire Real Estate Investors Predecessor II for the nine months ended September 30, 2020 and for the year ended December 31, 2019 which are derived from the unaudited and audited financial statements included elsewhere in this prospectus.

(DD) Represents the acquisition of the interest in the affiliated partnerships and limited liability companies of Aspire Real Estate Investors Predecessor I and Aspire Real Estate Investors Predecessor II which hold the ownership interests in Academy at Waterford Lakes, Oak Village, Arbors at Cary, Woodside, Wellington Woods, Coopers Crossing and Country Wood with net proceeds from the sale of our shares. The purchase method of accounting was used to allocate the purchase price to tangible and identified intangible assets and liabilities according to their fair values. Due to the difference in basis, depreciation and amortization will increase based on the amounts allocated to building, land and building improvements, tenant improvements and in-place leases effective January 1, 2019 and depreciated over estimated useful lives as follows:

Buildings	27 - 40 years
Land and building improvements	10 - 27.5 years
Furniture, fixtures, and equipment	3 - 5 years
In-place leases	1 year

(EE) Represents the adjustment to real estate tax based on the acquisition of Predecessors.

(FF) Represents the adjustment to management fee from 5.0% of gross monthly receipts collected from operations of property to 5.5% of gross monthly receipts from operations of property for Predecessor I to represent the fee structure in place upon consummation of the transaction mentioned elsewhere in this prospectus.

(GG) Represents the adjustment to interest expense to reflect no correlated debt interest encumbering the property.

(HH) Represents the adjustment to management fees to reflect the new management fee structure in place for Aspire Real Estate Investors, Inc. of 1.5% of total equity per annum, as described elsewhere in this prospectus.

(II) Aspire Real Estate Investors, Inc. has 16.3 million of pro forma weighted average shares outstanding as if the transaction occurred on January 1, 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder of Aspire Real Estate Investors, Inc.

Opinion on the Financial Statement

We have audited the accompanying consolidated balance sheet of Aspire Real Estate Investors, Inc. and Subsidiaries (the "Company") as of September 30, 2020, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of September 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit of the financial statement provides a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP
Costa Mesa, California
October 30, 2020
We have served as the Company's auditor since 2020.

Aspire Real Estate Investors, Inc. and Subsidiaries
Consolidated Balance Sheet
September 30, 2020
(Amounts in thousands, except share and per share data)

ASSETS	
Cash	$1
Total Assets	$1
LIABILITIES AND STOCKHOLDER'S EQUITY	
Stockholder's equity:	
Common stock, $.01 par value, 100,000,000 shares authorized; 100 shares issued and outstanding	$−
Additional paid-in capital	1
Total stockholder's equity	$1

See accompanying notes to the balance sheet.

Aspire Real Estate Investors, Inc. and Subsidiaries
Notes to Consolidated Balance Sheet
September 30, 2020

1. Organization and Description of Business

Aspire Real Estate Investors, Inc. ("the Company") was incorporated in the state of Maryland on January 8, 2020. Concurrent with the consummation of an initial public offering (the "Offering") of the common stock of the Company, which is expected to be completed in 2020, together with the partners and members of the affiliated partnerships and limited liability companies of Aspire Real Estate Investors Predecessor I and Aspire Real Estate Investors Predecessor II (the "Predecessors") and other parties which hold direct or indirect ownership interests in Academy at Waterford Lakes, Oak Village, Arbors at Cary, Woodside, Seaport, Country Wood, Coopers Crossing and Wellington Woods (collectively "the Properties") will engage in certain formation transactions (the "Formation Transactions"). The Formation Transactions are designed to (i) continue the operations of the Predecessors, (ii) provide capital for future acquisitions, (iii) fund certain development costs at the Company's Properties, and (iv) establish a capital reserve for general corporate purposes.

The operations of the Predecessors and Properties will be carried on primarily through the Company. The Company will be externally managed.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as contained within the Financial Accounting Standards Board Accounting Standards Codification (ASC).

Statements of operations, equity and cash flow have not been prepared as no other material substantive transactions have taken place aside from initial capitalization.

Principles of Consolidation: the consolidated balance sheet includes the accounts of the Company, its wholly owned subsidiaries, and other entities in which the Company has a controlling financial interest. All intercompany transactions have been eliminated in consolidation.

Offering Costs: in connection with the initial public offering ("IPO"), affiliates of the Company have incurred or will incur legal, accounting and related costs, which will be reimbursed by the Company upon consummation of the IPO. Such costs will be deferred and will be recorded as a reduction of proceeds of the IPO or as an offset to equity issued, or expensed if the IPO is not consummated. As of September 30, 2020, our affiliates have incurred offering costs of approximately $3.6 million.

Organizational Costs: organizational costs are expensed as incurred. Such costs are comprised of the legal and professional fees associated with the Company.

In preparing the financial statement, the Company has evaluated the potential occurrence of subsequent events through October 30, 2020, the date which the financial statement was issued.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Manager of Aspire Real Estate Investors Predecessor I

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of Aspire Real Estate Investors Predecessor I (the "Company") as of December 31, 2019 and 2018, the related combined statements of loss and comprehensive loss, changes in equity, and cash flows, for the years then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ NOVOGRADAC & COMPANY LLP

San Francisco, California

May 13, 2020

We have served as the Company's auditor since 2020.

Aspire Real Estate Investors Predecessor I
Combined Balance Sheets

	(Dollars in thousands, except per share amounts)	
	As of December 31, 2019	As of December 31, 2018
Assets		
Real estate investments, net	$ 40,586	$ 41,537
Cash and cash equivalents	511	666
Restricted cash	1,568	1,288
Accounts receivable	22	8
Other assets	77	65
Total assets	$ 42,764	$ 43,564
Liabilities and Equity		
Mortgage notes payable, net	$ 25,460	$ 25,948
Accounts payable and accrued expenses	659	642
Security deposits, prepaid rent and other liabilities	340	384
Due to related parties	75	29
Total liabilities	26,534	27,003
Commitments and contingencies (Note 5)		
Equity	16,230	16,561
Total liabilities and equity	$ 42,764	$ 43,564

See accompanying notes to the combined financial statements.

Aspire Real Estate Investors Predecessor I
Combined Statements of Loss and Comprehensive Loss

	(Dollars in thousands)	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Revenue		
Rental revenue	$ 6,961	$ 6,524
Other revenue	449	459
Total revenue	7,410	6,983
Operating Expenses		
General and administrative	391	418
Depreciation	2,165	2,097
Property operating and maintenance	2,474	2,564
Real estate taxes and insurance	998	875
Management fee	377	419
Total operating expenses	6,405	6,373
Other Income and (Expenses)		
Interest expense	(1,119)	(1,142)
Total other income (and expenses)	(1,119)	(1,142)
Net loss and comprehensive loss	$ (114)	$ (532)

See accompanying notes to the combined financial statements.

Aspire Real Estate Investors Predecessor I
Combined Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018
(Amounts in thousands)

	Equity
Balance, January 1, 2018	$ 14,650
Contributions	2,591
Distributions	(148)
Net loss and comprehensive loss	(532)
Balance, December 31, 2018	**$ 16,561**
Contributions	200
Distributions	(417)
Net loss and comprehensive loss	(114)
Balance, December 31, 2019	**$ 16,230**

See accompanying notes to the combined financial statements.

Aspire Real Estate Investors Predecessor I
Combined Statements of Changes in Cash Flows

	(Dollars in thousands)	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Operating activities		
Net loss	$ (114)	$ (532)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Interest expense–debt issuance costs	46	47
Depreciation	2,165	2,097
Changes in operating assets and liabilities:		
Accounts receivable	(14)	18
Accounts payable, accrued expenses and other liabilities	(27)	(631)
Other assets	(12)	(23)
Due to related parties	46	1
Net cash provided by operating activities	2,090	977
Investing activities		
Capital expenditures	(1,214)	(2,597)
Net cash used in investing activities	(1,214)	(2,597)
Financing activities		
Equity contributions	200	2,591
Equity distributions	(417)	(148)
Payments of note payable	(534)	(512)
Net cash (used in) provided by financing activities	(751)	1,931
Net increase in cash, cash equivalents, and restricted cash	125	311
Cash, cash equivalents, and restricted cash at beginning of year	1,954	1,643
Cash, cash equivalents, and restricted cash at end of year	$ 2,079	1,954
Supplemental disclosure of cash flow information		
Cash paid for interest on mortgage debt	$ 1,075	$ 1,097

The following reconciles cash, cash equivalents, and restricted cash to the total of the same amounts shown above:

Cash, cash equivalents, and restricted cash at end of year		
Cash and cash equivalents	$ 511	$ 666
Restricted cash	1,568	1,288
Total cash, cash equivalents, and restricted cash as shown above	$ 2,079	$ 1,954

See accompanying notes to the combined financial statements.

Aspire Real Estate Investors Predecessor I
Notes to Combined Financial Statements
December 31, 2019 and 2018
(Amounts in thousands)

1. Organization and Summary of Significant Accounting Policies

Formation

Aspire Real Estate Investors Predecessor I (the "Company"), is not a legal entity, but rather a combination of real estate entities and operations. It is comprised of three operating partnerships which own a single property each (the "Partnerships"): Avanath Wellington, LLC, a Delaware limited liability company, Avanath Cooper's Crossing, LLC, a Delaware limited liability company and Avanath Naperville, LLC, a Delaware limited liability company. The properties owned by the Partnerships are Wellington Woods, Coopers Crossing and Country Wood, respectively. The Company's purpose is to own and operate low income housing.

Concurrent with the consummation of the initial public offering (the "Offering") of common stock, which is anticipated to be completed in 2020, Aspire Real Estate Investors, Inc. will acquire Wellington Woods, Coopers Crossing and Country Wood from Avanath Affordable Housing I, LLC, a private investment fund that is managed by Avanath Capital Management, LLC (the "Manager"). Factors, such as, the extent of historical operations and the relative size of the acquisition, resulted in the Company becoming the predecessor of Aspire Real Estate Investors, Inc. Aspire Real Estate Investors, Inc. intends to account for the acquisition of these properties using asset acquisition accounting.

Basis of Accounting

The combined financial statements include the financial position and results of operations of the Company. These financial statements have been combined as Avanath Wellington, LLC, Avanath Cooper's Crossing, LLC and Avanath Naperville, LLC are under common ownership and control of Avanath Affordable Housing I, LLC.

The combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as contained within the Financial Accounting Standards Board Accounting Standards Codification (ASC).

All intercompany transactions have been eliminated in combination.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3 to the combined financial statements, each of the Company's mortgage notes are due to mature in 2020. Management believes the Company's ability to continue as a going concern is dependent on extending the maturity date of the mortgage note and/or obtaining alternative financing in 2020. Based on the current loan-to-value ratio, the Company plans to either extend or refinance its existing mortgage loan or enter into a new leveraged financing arrangement which would extend the maturity date beyond 12 months from the issuance date of the financial statements. Management is currently in the process of requesting extensions from respective lenders and is receiving proposals from lenders for refinancing prior to the maturity dates of the respective mortgage notes in 2020. Upon consummation of the Offering, all mortgage notes will be paid in full. However, if the Offering is not consummated, management will continue the process of obtaining extensions on all mortgage notes, and believes it will achieve these extensions based on strong loan to value ratios and relationships with the Company's lenders.

1. Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the Company's combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the revenues and expenses for the year then ended.

Cash and Cash Equivalents

The Company considers all highly liquid investments that are readily convertible to cash, with original maturity dates of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. There are no restrictions on the use of the Company's cash and cash equivalents as of December 31, 2019 and 2018.

Restricted Cash

Restricted cash is comprised of lender impound reserve accounts for property tax, mortgage insurance, operating reserve, and replacement reserves, as well as reserve accounts used for refunding tenant security deposits.

Concentration of Credit Risk

The Company's cash balance from time to time may exceed federally insured limits. The Company mitigates this risk by depositing funds with major financial institutions. The Company monitors its cash balances in its operating accounts and adjusts its cash balances as appropriate. However, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, the Company has experienced no loss or lack of access to cash in its operating accounts.

Real Estate Purchase Accounting

The Company's real estate acquisitions are generally classified as asset acquisitions for which the Company records identifiable assets acquired, liabilities assumed and any associated noncontrolling interests at cost on a relative fair value basis. In addition, for such asset acquisitions, no goodwill is recognized and third party transaction costs are capitalized. All assets acquired and liabilities assumed in an asset acquisition are measured at their relative fair values. Acquisition costs are capitalized. Intangible assets include the value of in-place leases, tax abatement, above/below market leases and above/below market debt. In-place leases represent the estimated value of the net cash flows of the in-place leases to be realized, as compared to the net cash flows that would have occurred had the property been vacant at the time of acquisition and subject to lease up. Acquired in-place lease values are amortized to expense over the average remaining non-cancelable terms of the respective in-place leases. Due to property tax abatements, a property is worth more as restricted than it would be as a market-rate property. This difference is valued as an intangible asset to be amortized over the remaining life of the extended compliance period. Above/below market debt represents the difference between the assumed loan on a project during acquisition and the current market rate. Above/below

1. Organization and Summary of Significant Accounting Policies (Continued)

market debt is amortized over the remaining term of the assumed loan. Above/below market leases are valued based on rent restrictions and market rates. The above/below market leases are amortized to revenue over the average remaining non-cancelable terms of the respective in-place leases.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities require the Company to make significant assumptions to estimate market lease rates, property-operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property will be held for investment. The use of inappropriate assumptions would result in an incorrect valuation of the Company's acquired tangible assets, identifiable intangibles and assumed liabilities, which would impact the amount of the Company's net income. The Company did not acquire any asset in 2019 or 2018.

Real Estate Projects

Real estate projects that are operating properties are depreciated over estimated useful lives as follows:

Buildings	27 - 40 years
Land and building improvements	10 - 27.5 years
Furniture, fixtures, and equipment	3 - 5 years

Operating expenses that are not related to the development and construction of the real estate investments are expensed as incurred. Repairs, maintenance, and tenant turnover costs are expensed as incurred and significant replacements and improvements are capitalized. Repairs, maintenance and tenant turnover costs include all costs that do not extend the useful life of the real estate property. The Company considers the period of future benefit of an asset to determine its appropriate useful life.

The Company monitors events or changes in circumstances that indicate that the carrying amount of the asset may not be recoverable. When indicators of potential impairment suggest that the carrying value of a real estate project may not be recoverable, the Company will assess the recoverability by estimating whether the Company will recover the carrying value of the real estate project through its undiscounted future net cash flows and eventual disposition. If, based on this analysis, the Company does not believe that it will be able to recover the carrying value of the real estate project, the Company would record an impairment loss to the extent the carrying value exceeds the estimated fair value of the real estate project. The Company did not record any impairment loss on the real estate projects during the years ended December 31, 2019 or 2018.

Rental Revenues

The Company leases apartment units under operating leases with terms generally of one year or less. Due to the short-term nature of the leases, the Company recognizes rental revenue, net of concessions, as it becomes due over the term of the lease, when collectability is reasonably assured, in accordance with ASC 840, *Leases*. Also, included in rental revenues are other revenue which include fees for late payments, cleaning, damages, laundry facilities, and other charges, which are primarily

1. Organization and Summary of Significant Accounting Policies (Continued)

recognized at a point-in-time. These fees are charged to our residents monthly and recognized as revenue when the performance obligation is satisfied.

Income Taxes

ASC Topic 740, *Income Taxes* (ASC 740), addresses how uncertain tax positions should be recognized, measured, presented, and disclosed in the combined financial statements. The guidance requires the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. As of December 31, 2019 and 2018, management of the Company has determined it has no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future returns.

The underlying partnerships which compromise the Company are flow through entities for taxation purposes, and therefore, no taxes are assessed at the partnership level.

Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Diversification of Risk

The investments of the Company are concentrated in the low-income tax credit multifamily real estate sector. Accordingly, the real estate investments of the Company may be subject to more rapid changes in value than would be if the Company was to maintain a wide diversification among investments or industry sectors. Furthermore, even within the real estate sector, the real estate investments may be relatively concentrated in terms of geography and type of investment. There are no concentrations of credit risk to the Company.

Fair Value Measurements

The Company applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

1. Organization and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

As of December 31, 2019 and 2018, the carrying amount of the Company's accounts receivable, accounts payable, and accrued liabilities approximate their fair value due to their short-term maturities. The fair value of mortgage notes payable are based on current market rates available to the Company for similar instruments over similar maturities. The fair value of the Company's mortgage notes payable as of December 31, 2019 and 2018 approximates $25,550 and $25,891, respectively, compared to carrying value of $25,478 and $26,012, respectively. The fair value for mortgage notes payable is calculated utilizing standardized pricing models in which significant inputs or value drivers are observable in active markets (Level 2 measurements).

Accounts Receivable

Management considers receivables to be fully collectible. The Company evaluates the liquidity and creditworthiness of its tenants, and considers industry and economic conditions, individual and portfolio property performance, credit enhancements, liquidity and other factors. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

Reportable Segments

The Company operates in a single reportable segment which includes the ownership and management of multifamily apartment communities. Each of the Company's operating properties is considered a separate operating segment as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. The Company does not distinguish or group our combined operations based on geography, size or type. Our multifamily apartment communities have similar long-term economic characteristics and provide similar products and services to our residents. Further, all material operations are within the United States and each multifamily apartment community ranges from 17% to 53% of combined revenues. As a result, our operating properties are aggregated into a single reportable segment. Our multifamily apartment communities generate rental revenue and other income through the leasing of apartment homes, which comprised approximately 99% of our total property revenues and total non-property income for the years ended December 31, 2019 and 2018.

Recent Accounting Pronouncements

In November 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update "ASU" 2016-18 (Topic 230): "*Restricted Cash*". This requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts described as restricted cash or cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. On January 1, 2018, the Company has early adopted this ASU and this is reflected in the Statement of Cash Flows in the Combined Financial Statements.

In February 2016, the FASB issued ASU 2016-02, *"Leases."* ASU 2016-02 supersedes the current accounting for leases. The new lease standard retains three distinct types of leases which are similar to existing guidance for lessors: operating, sales type, and financing, and aligns many of the underlying

Aspire Real Estate Investors Predecessor I
Notes to Combined Financial Statements (Continued)
December 31, 2019 and 2018
(Amounts in thousands)

1. Organization and Summary of Significant Accounting Policies (Continued)

lessor model principles with those in the new revenue standard. For lessees, the new lease standard retains two distinct types of leases, finance and operating; and (i) requires lessees to record a right of use asset and a related liability for the rights and obligations associated with a lease, regardless of lease classification, and recognize lease expense in a manner similar to current accounting and (ii) eliminates most real estate specific lease provisions. The Company will adopt this standard on January 1, 2021 and is still evaluating the impact of this ASU.

In May 2014, the FASB issued ASU 2014-09 (Topic 606): "*Revenue from Contracts with Customers*." ASU 2014-09 prescribes a single, common revenue standard to replace most existing revenue recognition guidance in GAAP, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. Several ASUs intended to promote a more consistent interpretation and application of the principles outlined in the standard have been issued since the issuance of ASU 2014-09 which modify certain sections of the new revenue recognition standard. The Company adopted ASU 2014-09 and all related amendments effective January 1, 2019 using the modified retrospective with cumulative effect transition method. This method requires the cumulative effect of initially applying the new revenue standard as an adjustment, if any, to the opening balance of retained earnings. The Company's adoption of ASU 2014-09 and its related amendments did not have a material impact upon the Company's combined financial statements as the majority of its revenues are derived from real estate lease contracts which are scoped out of ASU 2014-09.

2. Real Estate Investments, Net

Real estate investments, net as of December 31, 2019 consist of the following:

Property Name	Acquisition Date	Land	Buildings and Improvements	Gross Real Estate	Accumulated Depreciation	Real Estate Investments, Net
Wellington Woods	7/1/2013	$ 2,097	$ 29,633	$ 31,730	$ (7,567)	$ 24,163
Coopers Crossing	7/30/2013	647	5,822	6,469	(1,549)	4,920
Country Wood	2/14/2013	1,550	13,701	15,251	(3,748)	11,503
Total		$ 4,294	$ 49,156	$ 53,450	$ (12,864)	$ 40,586

For the year ended December 31, 2019, the Company recorded $2,165 of depreciation expense, which is included in depreciation expense in the accompanying combined statements of net loss and comprehensive loss.

Aspire Real Estate Investors Predecessor I
Notes to Combined Financial Statements (Continued)
December 31, 2019 and 2018
(Amounts in thousands)

2. Real Estate Investments, Net (Continued)

Real estate investments, net as of December 31, 2018 consist of the following:

Property Name	Acquisition Date	Land	Buildings and Improvements	Gross Real Estate	Accumulated Depreciation	Real Estate Investments, Net
Wellington Woods	7/1/2013	$ 2,097	$ 29,305	$ 31,402	$ (6,287)	$ 25,115
Coopers Crossing	7/30/2013	647	5,442	6,089	(1,283)	4,806
Country Wood	2/14/2013	1,550	13,195	14,745	(3,129)	11,616
Total		$ 4,294	$ 47,942	$ 52,236	$ (10,699)	$ 41,537

For the year ended December 31, 2018, the Company recorded $2,097 of depreciation expense, which is included in depreciation expense in the accompanying combined statements of net loss and comprehensive loss.

3. Mortgage Notes Payable, Net

The Company's mortgage notes payable balance consists of the following as of December 31, 2019 and 2018:

	Principal Outstanding Balance December 31				
Property	2019	2018	Interest Rate	Maturity Date	Loan Terms(1)
Wellington Woods	$ 15,679	$ 16,001	4.2%	7/2020	P&I, PP
Coopers Crossing	3,436	3,501	4.6%	8/2020	P&I, PP
Country Wood	6,363	6,510	3.7%	7/2020	P&I, PP
Total Mortgage Notes Payable	25,478	26,012			
Unamortized debt issuance costs	(18)	(64)			
Mortgage Notes Payable, Net	$ 25,460	$ 25,948			

(1) Loan Terms:

P&I = Principal and interest

PP = Prepayment penalties applicable to loan

Mortgage notes payable are secured by the underlying property for each respective mortgage note payable outstanding.

For the years ended December 31, 2019 and 2018, the Company incurred $1,119 and $1,142 of interest expense, respectively. Included in interest expense for the years ended December 31, 2019 and 2018 was $46 and $47 of amortization of deferred financing costs, respectively.

As of December 31, 2019 and 2018, the Company recorded interest payable of $90 and $92, which is included in accounts payable and accrued liabilities in the accompanying combined balance sheets.

Aspire Real Estate Investors Predecessor I
Notes to Combined Financial Statements (Continued)
December 31, 2019 and 2018
(Amounts in thousands)

3. Mortgage Notes Payable, Net (Continued)

Principal payments on mortgage notes payable are due as follows:

2020	$	25,478
2021		–
2022		–
2023		–
2024		–
Thereafter		–
Total	**$**	**25,478**

4. Related Party Transactions

Avanath Realty, Inc. ("Realty"), an affiliate of the Manager, is the property manager of Wellington Woods, Coopers Crossing and Country Wood as of December 31, 2019 and 2018. For the year ended December 31, 2018 Realty earned an annual management fee of 6% of total cash receipts. For the year ended December 31, 2019 and thereafter Realty earns an annual management fee of 5% of total cash receipts.

For the year ended December 31, 2018, the Company incurred $419 of management fees of which $394 and $25 was earned by Realty and a third-party property management company, respectively, which is included in management fees in the accompanying combined statements of net loss and comprehensive loss. As of December 31, 2018 $28 of management fees were payable to Realty, which is included in accounts payable and accrued expenses in the accompanying combined balance sheets.

For the year ended December 31, 2019, the Company incurred $377 of management fees, which were all earned by Realty. As of December 31, 2019, $24 of management fees were payable to Realty, which is included in accounts payable and accrued expenses in the accompanying combined balance sheets.

CA Capital Operations, LLC and Realty, which are affiliates of the Manager, advanced funds to the Company for various operating costs. The outstanding balance does not bear interest and there are no stated repayment terms. As of December 31, 2019 and 2018, $75 and $29 were due to affiliates, respectively, which is included in due to related parties in the accompanying combined balance sheets.

The Company shares various general and administrative and employee costs with affiliates of the Company on the basis of direct usage, including IT, payroll and postage. The expenses allocated to the Company by affiliates of the Company were $974 and $754 for the years ended December 31, 2019 and 2018, respectively, and is included in general and administrative expense in the combined statements of net loss and comprehensive loss.

5. Commitments and Contingencies

The Company's commitments and contingencies include the usual obligations incurred in the normal course of business, none of which is expected to have a material effect on the Company's combined balance sheets, statements of net loss and comprehensive loss or cash flows.

5. Commitments and Contingencies (Continued)

The Company's real estate projects will be leased to tenants under operating leases for which the terms range between six to twelve months. The Company retains substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Generally, upon the execution of a lease, the Company requires security deposits from tenants in the form of a cash deposit.

The Company is subject to various legal proceedings and claims arising in the ordinary course of business. The Company cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. The Company believes that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on our financial the Company's financial condition, results of operations or cash flows.

Amounts required as security deposits vary depending upon the terms of the respective leases and the creditworthiness of the tenant, but generally are not significant amounts. Therefore, exposure to credit risk exists to the extent that a receivable from a tenant exceeds the amount of its security deposit.

6. Subsequent Events

Subsequent events have been evaluated through May 13, 2020, which is the date the combined financial statements were available to be issued.

On January 8, 2020 Aspire Real Estate Investors, Inc. was formed and incorporated in the State of Maryland.

Subsequent to December 31, 2019, there was a global outbreak of a new strain of coronavirus, COVID-19. The global and domestic response to the COVID-19 outbreak continues to rapidly evolve. Thus far, certain responses to the COVID-19 outbreak have included mandates from federal, state and/or local authorities to mitigate the spread of the virus have adversely impacted tenants which occupy the properties of the Company and has contributed to significant volatility in financial markets. The COVID-19 outbreak and associated responses could result in a material impact to the Company's future results of operations, cash flows and financial condition. At this time, the Company is unable to estimate the impact of this event on its operations, cash flows and financial condition.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Manager of Aspire Real Estate Investors Predecessor II

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of Aspire Real Estate Investors Predecessor II (the "Company") as of December 31, 2019 and 2018, the related combined statements of loss and comprehensive loss, changes in equity, and cash flows, for the years ended December 31, 2019 and 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years ended December 31, 2019 and 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audits of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP
Costa Mesa, California
May 13, 2020
We have served as the Company's auditor since 2020.

Aspire Real Estate Investors Predecessor II
Combined Balance Sheets

	(Dollars in thousands, except per share amounts)	
	As of December 31, 2019	As of December 31, 2018
Assets		
Real estate investments, net	$ 104,498	$ 107,710
Cash and cash equivalents	1,834	1,489
Restricted cash	2,075	1,938
Accounts receivable	135	293
Other assets	126	114
Total assets	$ 108,668	$ 111,544
Liabilities and equity		
Mortgage notes payable, net	$ 65,316	$ 66,592
Accounts payable and accrued expenses	732	921
Security deposits, prepaid rent and other liabilities	804	774
Due to related parties	165	71
Total liabilities	67,017	68,358
Commitments and contingencies (Note 5)		
Equity	41,651	43,186
Total liabilities and equity	$ 108,668	$ 111,544

See accompanying notes to the combined financial statements.

Aspire Real Estate Investors Predecessor II
Combined Statements of Loss and Comprehensive Loss

	(Dollars in thousands)	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Revenue		
Rental revenue	$ 14,367	$ 14,008
Other revenue	848	696
Total revenue	15,215	14,704
Operating Expenses		
General and administrative	796	777
Depreciation and amortization	4,186	4,220
Property operating and maintenance	5,188	4,723
Real estate taxes and insurance	1,876	1,967
Management fee	810	866
Total operating expenses	12,856	12,553
Other Income and (Expenses)		
Interest income	8	3
Interest expense	(2,660)	(2,709)
Total other income (and expenses)	(2,652)	(2,706)
Net loss and comprehensive loss	$ (293)	$ (555)

See accompanying notes to the combined financial statements.

Aspire Real Estate Investors Predecessor II
Combined Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018
(Amounts in thousands)

		Equity
Balance, January 1, 2018	**$**	**44,459**
Contributions		256
Distributions		(974)
Net loss and comprehensive loss		(555)
Balance, December 31, 2018	**$**	**43,186**
Contributions		150
Distributions		(1,392)
Net loss and comprehensive loss		(293)
Balance, December 31, 2019	**$**	**41,651**

See accompanying notes to the combined financial statements.

Aspire Real Estate Investors Predecessor II
Combined Statements of Cash Flows

	(Dollars in thousands)	
Operating activities	**For the Year Ended December 31, 2019**	**For the Year Ended December 31, 2018**
Net loss	$ (293)	$ (555)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Interest expense–debt issuance costs	86	90
Interest expense–debt premium	(24)	(30)
Depreciation and amortization	4,186	4,220
Changes in operating assets and liabilities:		
Accounts receivable	158	(174)
Accounts payable, accrued expenses and other liabilities	(159)	264
Other assets	(12)	2
Due to related parties	94	7
Net cash provided by operating activities	4,036	3,824
Investing activities		
Capital expenditures	(974)	(2,386)
Financing activities		
Equity contributions	150	256
Equity distributions	(1,392)	(974)
Payments of note payable	(1,338)	(1,112)
Net cash used in financing activities	(2,580)	(1,830)
Net increase/(decrease) in cash, cash equivalents, and restricted cash	482	(392)
Cash, cash equivalents, and restricted cash at beginning of year	3,427	3,819
Cash, cash equivalents, and restricted cash at end of year	$ 3,909	3,427
Supplemental disclosure of cash flow information		
Cash paid for interest on mortgage debt	$ 2,602	2,654

The following reconciles cash, cash equivalents, and restricted cash to the total of the same amounts shown above:

Cash, cash equivalents, and restricted cash at end of year		
Cash and cash equivalents	$ 1,834	$ 1,489
Restricted cash	2,075	1,938
Total cash, cash equivalents, and restricted cash as shown above	$ 3,909	$ 3,427

See accompanying notes to the combined financial statements.

Aspire Real Estate Investors Predecessor II
Notes to Combined Financial Statements
December 31, 2019 and 2018
(Amounts in thousands)

1. Organization and Summary of Significant Accounting Policies

Formation

Aspire Real Estate Investors Predecessor II (the "Company"), is not a legal entity, but rather a combination of real estate entities and operations. It is comprised of five operating partnerships which own a single property each (the "Partnerships"): Rouse Road Partners, LTD, a Florida limited partnership, Avanath Geneva, LLC, a Delaware limited liability company, Avanath Woodside, LLC, a Delaware limited liability company, Avanath Seaport, LLC, a Delaware limited liability company, and Oak Village Preservation, L.P., a California limited partnership. The properties owned by the Partnerships are Academy at Waterford Lakes ("Waterford"), Arbors, Woodside, Seaport and Oak Village, respectively. The Company's purpose is to own and operate low income housing.

Concurrent with the consummation of the initial public offering (the "Offering") of common stock, which is anticipated to be completed in 2020, Aspire Real Estate Investors, Inc. will acquire Waterford, Arbors, Woodside, Seaport, and Oak Village from Avanath Affordable Housing II, LLC, a private investment fund that is managed by Avanath Capital Management, LLC (the "Manager"). Factors, such as, the extent of historical operations and the relative size of the acquisition, resulted in the Company becoming the predecessor of Aspire Real Estate Investors, Inc. Aspire Real Estate Investors, Inc. intends to account for the acquisition of these properties using asset acquisition accounting.

Basis of Accounting

The combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as contained within the Financial Accounting Standards Board Accounting Standards Codification (ASC).

The combined financial statements include the financial position and results of operations of the Company. These financial statements have been combined as Rouse Road Partners, LTD, Avanath Geneva, LLC, Avanath Woodside, LLC, Avanath Seaport, LLC and Oak Village Preservation, L.P. are under common ownership and control of Avanath Affordable Housing II, LLC.

All material intercompany transactions have been eliminated in combination.

Use of Estimates

The preparation of the Company's combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the revenues and expenses for the year then ended.

Cash and Cash Equivalents

The Company considers all highly liquid investments that are readily convertible to cash, with original maturity dates of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. There are no restrictions on the use of the Company's cash and cash equivalents as of December 31, 2019 and 2018.

1. Organization and Summary of Significant Accounting Policies (Continued)

Restricted Cash

Restricted cash is comprised of lender impound reserve accounts for property tax, mortgage insurance, operating reserve, and replacement reserves, as well as reserve accounts used for refunding tenant security deposits.

Concentration of Credit Risk

The Company's cash balance from time to time may exceed federally insured limits. The Company mitigates this risk by depositing funds with major financial institutions. The Company monitors its cash balances in its operating accounts and adjusts its cash balances as appropriate. However, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, the Company has experienced no loss or lack of access to cash in its operating accounts.

Real Estate Purchase Accounting

The Company's real estate acquisitions are generally classified as asset acquisitions for which the Company records identifiable assets acquired, liabilities assumed and any associated noncontrolling interests at cost on a relative fair value basis. In addition, for such asset acquisitions, no goodwill is recognized, third party transaction costs are capitalized. All assets acquired and liabilities assumed in an asset acquisition are measured at their relative fair values. Acquisition costs are capitalized. Intangible assets include the value of in-place leases, tax abatement, above/below market leases and above/below market debt. In-place leases represent the estimated value of the net cash flows of the in-place leases to be realized, as compared to the net cash flows that would have occurred had the property been vacant at the time of acquisition and subject to lease up. Acquired in-place lease values are amortized to expense over the average remaining non-cancelable terms of the respective in-place leases. Due to property tax abatements, a property is worth more as restricted than it would be as a market-rate property. This difference is valued as an intangible asset to be amortized over the remaining life of the extended compliance period. Above/below market debt represents the difference between the assumed loan on a project during acquisition and the current market rate. Above/below market debt is amortized over the remaining term of the assumed loan. Above/below market leases are valued based on rent restrictions and market rates. The above/below market leases are amortized to revenue over the average remaining non-cancelable terms of the respective in-place leases.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities require the Company to make significant assumptions to estimate market lease rates, property-operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property will be held for investment. The use of inappropriate assumptions would result in an incorrect valuation of the Company's acquired tangible assets, identifiable intangibles and assumed liabilities, which would impact the amount of the Company's net income. The Company did not acquire any asset in 2019 or 2018.

Aspire Real Estate Investors Predecessor II
Notes to Combined Financial Statements (Continued)
December 31, 2019 and 2018
(Amounts in thousands)

1. Organization and Summary of Significant Accounting Policies (Continued)

Real Estate Projects

Real estate projects that are operating properties are depreciated over estimated useful lives as follows:

Buildings	27 - 40 years
Land and building improvements	10 - 27.5 years
Furniture, fixtures, and equipment	3 - 5 years

Operating expenses that are not related to the development and construction of the real estate investments are expensed as incurred. Repairs, maintenance, and tenant turnover costs are expensed as incurred and significant replacements and improvements are capitalized. Repairs, maintenance and tenant turnover costs include all costs that do not extend the useful life of the real estate property. The Company considers the period of future benefit of an asset to determine its appropriate useful life.

The Company monitors events or changes in circumstances that indicate that the carrying amount of the asset may not be recoverable. When indicators of potential impairment suggest that the carrying value of a real estate project may not be recoverable, the Company will assess the recoverability by estimating whether the Company will recover the carrying value of the real estate project through its undiscounted future net cash flows and eventual disposition. If, based on this analysis, the Company does not believe that it will be able to recover the carrying value of the real estate project, the Company would record an impairment loss to the extent the carrying value exceeds the estimated fair value of the real estate project. The Company did not record any impairment loss on the real estate projects during the years ended December 31, 2019 or 2018.

Rental Revenues

The Company leases apartment units under operating leases with terms generally of one year or less. Due to the short-term nature of the leases, the Company recognizes rental revenue, net of concessions, as it becomes due over the term of the lease, when collectability is reasonably assured, in accordance with ASC 840, *Leases*. Also, included in rental revenues are other revenue which include fees for late payments, cleaning, damages, laundry facilities, and other charges, which are primarily recognized at a point-in-time. These fees are charged to our residents monthly and recognized as revenue when the performance obligation is satisfied.

Income Taxes

ASC Topic 740, *Income Taxes* (ASC 740), addresses how uncertain tax positions should be recognized, measured, presented, and disclosed in the combined financial statements. The guidance requires the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. As of December 31, 2019 and 2018, management of the Company has determined it has no tax liability

1. Organization and Summary of Significant Accounting Policies (Continued)

resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future returns.

The underlying partnerships which comprise the Company are flow through entities for taxation purposes, and therefore, no taxes are assessed at the partnership level.

Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Diversification of Risk

The investments of the Company are concentrated in the low-income tax credit multifamily real estate sector. Accordingly, the real estate investments of the Company may be subject to more rapid changes in value than would be if the Company was to maintain a wide diversification among investments or industry sectors. Furthermore, even within the real estate sector, the real estate investments may be relatively concentrated in terms of geography and type of investment. There are no concentrations of credit risk to the Company.

Fair Value Measurements

The Company applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

Fair Value of Financial Instruments

As of December 31, 2019 and 2018, the carrying amount of the Company's accounts receivable, accounts payable, and accrued liabilities approximate their fair value due to their short-term maturities. The fair value of mortgage notes payable are based on current market rates available to the Company for similar instruments over similar maturities. The fair value of the Company's mortgage notes payable as of December 31, 2019 and 2018 approximates $66,284 and $65,776, respectively, compared to carrying value of $65,316 and $66,592, respectively. The fair value for mortgage notes payable is calculated utilizing standardized pricing models in which significant inputs or value drivers are observable in active markets (Level 2 measurements).

Aspire Real Estate Investors Predecessor II
Notes to Combined Financial Statements (Continued)
December 31, 2019 and 2018
(Amounts in thousands)

1. Organization and Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Management considers receivables to be fully collectible. The Company evaluates the liquidity and creditworthiness of its tenants, and considers industry and economic conditions, individual and portfolio property performance, credit enhancements, liquidity and other factors. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

Reportable Segments

The Company operates in a single reportable segment which includes the ownership and management of multifamily apartment communities. Each of the Company's operating properties is considered a separate operating segment as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. The Company does not distinguish or group our combined operations based on geography, size or type. Our multifamily apartment communities have similar long-term economic characteristics and provide similar products and services to our residents. Further, all material operations are within the United States and each multifamily apartment community ranges from 12% to 46% of combined revenues. As a result, our operating properties are aggregated into a single reportable segment. Our multifamily apartment communities generate rental revenue and other income through the leasing of apartment homes, which comprised approximately 99% of our total property revenues and total non-property income for the years ended December 31, 2019 and 2018.

Recent Accounting Pronouncements

In November 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update "ASU" 2016-18 (Topic 230): "*Restricted Cash*". This requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts described as restricted cash or cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. On January 1, 2018, the Company has early adopted this ASU and this is reflected in the Statement of Cash Flows in the Combined Financial Statements.

In February 2016, the FASB issued ASU 2016-02, *"Leases."* ASU 2016-02 supersedes the current accounting for leases. The new lease standard retains three distinct types of leases which are similar to existing guidance for lessors: operating, sales type, and financing, and aligns many of the underlying lessor model principles with those in the new revenue standard. For lessees, the new lease standard retains two distinct types of leases, finance and operating; and (i) requires lessees to record a right of use asset and a related liability for the rights and obligations associated with a lease, regardless of lease classification, and recognize lease expense in a manner similar to current accounting and (ii) eliminates most real estate specific lease provisions. The Company will adopt this standard on January 1, 2021 and is still evaluating the impact of this ASU.

In May 2014, the FASB issued ASU 2014-09 (Topic 606): "*Revenue from Contracts with Customers*." ASU 2014-09 prescribes a single, common revenue standard to replace most existing revenue recognition guidance in GAAP, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are

Aspire Real Estate Investors Predecessor II
Notes to Combined Financial Statements (Continued)
December 31, 2019 and 2018
(Amounts in thousands)

1. Organization and Summary of Significant Accounting Policies (Continued)

satisfied. Several ASUs intended to promote a more consistent interpretation and application of the principles outlined in the standard have been issued since the issuance of ASU 2014-09 which modify certain sections of the new revenue recognition standard. The Company adopted ASU 2014-09 and all related amendments effective January 1, 2019 using the modified retrospective with cumulative effect transition method. This method requires the cumulative effect of initially applying the new revenue standard as an adjustment, if any, to the opening balance of retained earnings. The Company's adoption of ASU 2014-09 and its related amendments did not have a material impact upon the Company's combined financial statements as the majority of its revenues are derived from real estate lease contracts which are scoped out of ASU 2014-09.

2. Real Estate Investments, Net

Real estate investments, net as of December 31, 2019 consist of the following:

Property Name	Acquisition Date	Land	Buildings and Improvements	Gross Real Estate	Accumulated Depreciation	Real Estate Investments, Net
Woodside	12/17/2014	$ 5,415	$ 8,259	$ 13,674	$ (2,152)	$ 11,522
Waterford	1/7/2014	1,202	15,984	17,186	(3,366)	13,820
Arbors	2/27/2015	2,949	17,305	20,254	(3,787)	16,467
Seaport	7/31/2015	14,958	43,793	58,751	(7,811)	50,940
Oak Village	2/29/2016	4,427	8,628	13,055	(1,306)	11,749
Total		$ 28,951	$ 93,969	$ 122,920	$ (18,422)	$ 104,498

For the year ended December 31, 2019, the Company recorded $4,185 of depreciation expense, which is included in depreciation and amortization expense in the accompanying combined statements of net loss and comprehensive loss.

Real estate investments, net as of December 31, 2018 consist of the following:

Property Name	Acquisition Date	Land	Buildings and Improvements	Gross Real Estate	Accumulated Depreciation	Real Estate Investments, Net
Woodside	12/17/2014	$ 5,415	$ 8,199	$ 13,614	$ (1,764)	$ 11,850
Waterford	1/7/2014	1,202	15,725	16,927	(2,643)	14,284
Arbors	2/27/2015	2,949	17,125	20,074	(2,912)	17,162
Seaport	7/31/2015	14,958	43,500	58,457	(5,969)	52,488
Oak Village	2/29/2016	4,427	8,448	12,876	(950)	11,926
Total		$ 28,951	$ 92,997	$ 121,948	$ (14,238)	$ 107,710

For the year ended December 31, 2018, the Company recorded $4,216 of depreciation expense, which is included in depreciation and amortization expense in the accompanying combined statements of net loss and comprehensive loss.

Aspire Real Estate Investors Predecessor II
Notes to Combined Financial Statements (Continued)
December 31, 2019 and 2018
(Amounts in thousands)

3. Mortgage Notes Payable, Net

The Company's mortgage notes payable balance consists of the following as of December 31, 2019 and 2018:

	Principal Outstanding Balance December 31				
Property	**2019**	**2018**	**Interest Rate**	**Maturity Date**	**Loan Terms(1)**
Woodside	$ 8,212	$ 8,373	3.7%	1/2022	I, PP
Waterford	9,958	10,122	3.3%	2/2022	I, PP
Arbors	10,400	10,400	3.1%	3/2022	I, PP
Seaport	31,660	32,490	4.1%	3/2022	I, PP
Oak Village	5,067	5,251	5.5%	6/2036	I, PP
Total Mortgage Notes Payable	65,297	66,636			
Unamortized premium	411	435			
Unamortized debt issuance costs	(392)	(479)			
Mortgage Notes Payable, Net	$ 65,316	$ 66,592			

(1) Loan Terms:

P&I = Principal and interest

PP = Prepayment penalties applicable to loan

Mortgage notes payable are secured by the underlying property for each respective mortgage note payable outstanding.

For the years ended December 31, 2019 and 2018, the Company incurred $2,660 and $2,709 of interest expense, respectively. Included in interest expense for the years ended December 31, 2019 and 2018 was $86 and $90 of amortization of deferred financing costs, respectively, and $24 and $30 of amortization of debt premium, respectively.

As of December 31, 2019 and 2018, the Company recorded interest payable of $218 and $223, which is included in accounts payable and accrued liabilities in the accompanying combined balance sheets.

Principal payments on mortgage notes payable are due as follows:

2020	$	1,422
2021		1,488
2022		57,937
2023		229
2024		242
Thereafter		3,979
Total	**$**	**65,297**

4. Related Party Transactions

Avanath Realty, Inc. ("Realty"), an affiliate of the Manager, is the property manager of Arbors at Cary, Oak Village, Waterford, Seaport, and Woodside as of December 31, 2018. For the year ended December 31, 2018 Realty earned an annual management fee of 6% of total cash receipts. For the year ended December 31, 2019 and thereafter Realty earns an annual management fee of 5.5% of total cash receipts.

For the year ended December 31, 2018, the Company incurred $866 of management fees of which $830 and $35 was earned by Realty and a third-party property management company, respectively, is included in management fees on the accompanying combined statements of net loss and comprehensive loss. No management fees were payable to Realty at December 31, 2018.

For the year ended December 31, 2019, the Company incurred $810 of management fees, which were all earned by Realty. As of December 31, 2019 $99 of management fees were payable to Realty, which is included in accounts payable and accrued expenses on the accompanying combined balance sheets.

CA Capital Operations, LLC and Realty, which are affiliates of the Manager, advanced funds to the Company for various operating costs. The outstanding balance does not bear interest and is payable upon demand. As of December 31, 2019 and 2018, $165 and $71 were due to affiliates, respectively, which is included in due to related parties in the accompanying combined balance sheets.

The Company shares various general and administrative and employee costs with affiliates of the Company on the basis of direct usage, including IT, payroll and postage. The expenses allocated to the Company by affiliates of the Company were $1,698 and $1,290 as of December 31, 2019 and 2018, respectively, and are included in general and administrative expense in the Combined Statements of net loss and comprehensive loss.

5. Commitments and Contingencies

The Company's commitments and contingencies include the usual obligations incurred in the normal course of business, none of which is expected to have a material effect on the Company's combined balance sheets, statements of net loss and comprehensive loss or cash flows.

The Company's real estate projects will be leased to tenants under operating leases for which the terms range between six to twelve months. The Company retains substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Generally, upon the execution of a lease, the Company requires security deposits from tenants in the form of a cash deposit.

The Company is subject to various legal proceedings and claims arising in the ordinary course of business. The Company cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. The Company believes that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on our financial the Company's financial condition, results of operations or cash flows.

Amounts required as security deposits vary depending upon the terms of the respective leases and the creditworthiness of the tenant, but generally are not significant amounts. Therefore, exposure to

5. Commitments and Contingencies (Continued)

credit risk exists to the extent that a receivable from a tenant exceeds the amount of its security deposit.

6. Subsequent Events

Subsequent events have been evaluated through May 13, 2020, which is the date the combined financial statements were available to be issued.

On January 8, 2020 Aspire Real Estate Investors, Inc. was formed and incorporated in the State of Maryland.

Subsequent to December 31, 2019, there was a global outbreak of a new strain of coronavirus, COVID-19. The global and domestic response to the COVID-19 outbreak continues to rapidly evolve. Thus far, certain responses to the COVID-19 outbreak have included mandates from federal, state and/or local authorities to mitigate the spread of the virus have adversely impacted tenants which occupy the properties of the Company and has contributed to significant volatility in financial markets. The COVID-19 outbreak and associated responses could result in a material impact to the Company's future results of operations, cash flows and financial condition. At this time, the Company is unable to estimate the impact of this event on its operations, cash flows and financial condition.

Aspire Real Estate Investors Predecessor I
Condensed Combined Balance Sheets
(Unaudited)
(Amounts in thousands)

	September 30, 2020	December 31, 2019
Assets		
Real estate investments, net	$ 39,533	$ 40,586
Cash and cash equivalents	946	511
Restricted cash	815	1,568
Accounts receivable	67	22
Other assets	193	77
Total assets	$ 41,554	$ 42,764
Liabilities and equity		
Mortgage notes payable, net	$ 24,823	$ 25,460
Accounts payable and accrued expenses	700	659
Security deposits, prepaid rent and other liabilities	341	340
Due to related parties	138	75
Total liabilities	26,002	26,534
Commitments and contingencies (Note 5)		
Equity	15,552	16,230
Total liabilities and equity	$ 41,554	$ 42,764

See accompanying notes to the condensed combined financial statements.

Aspire Real Estate Investors Predecessor I
Condensed Combined Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)
(amounts in thousands)

	Nine Months Ended September 30,	
	2020	2019
Revenue		
Rental revenue	$ 5,556	$ 5,144
Other revenue	270	343
Total revenue	5,826	5,487
Operating Expenses		
General and administrative	285	287
Depreciation	1,509	1,640
Property operating and maintenance	1,815	1,828
Real estate taxes and insurance	779	727
Management fee	287	282
Total operating expenses	4,675	4,764
Other Expense		
Interest expense	(810)	(839)
Total other expense	(810)	(839)
Net income (loss) and comprehensive income (loss)	$ 341	$ (116)

See accompanying notes to the condensed combined financial statements.

Aspire Real Estate Investors Predecessor I
Condensed Combined Statements of Changes in Equity
(Unaudited)
(Amounts in thousands)

	Equity
Balance, December 31, 2018	$ 16,561
Contributions	200
Distributions	(231)
Net loss and comprehensive loss	(116)
Balance, September 30, 2019	**$ 16,414**

	Equity
Balance, December 31, 2019	$ 16,230
Distributions	(1,019)
Net income and comprehensive income	341
Balance, September 30, 2020	**$ 15,552**

See accompanying notes to the condensed combined financial statements.

Aspire Real Estate Investors Predecessor I
Condensed Combined Statements of Changes in Cash Flows
(Unaudited)
(Amounts in thousands)

	Nine Months Ended September 30,	
	2020	**2019**
Operating activities		
Net income (loss)	$ 341	$ (116)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Debt issuance costs amortization	22	34
Depreciation	1,509	1,640
Changes in operating assets and liabilities:		
Accounts receivable	(45)	(29)
Accounts payable, accrued expenses, and other liabilities	42	103
Other assets	(116)	(90)
Due to related parties	63	31
Net cash provided by operating activities	1,816	1,573
Investing activities–		
Capital expenditures	(456)	(1,030)
Financing activities		
Equity contributions	–	200
Equity distributions	(1,019)	(231)
Payments of debt issuance costs	(290)	–
Payments of mortgage note payable	(369)	(398)
Net cash used in financing activities	(1,678)	(429)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(318)	114
Cash, cash equivalents, and restricted cash at beginning of period	2,079	1,954
Cash, cash equivalents, and restricted cash at end of period	$ 1,761	$ 2,068
Supplemental disclosure of cash flow information		
Cash paid for interest on mortgage notes payable	$ 793	$ 809
The following reconciles cash, cash equivalents, and restricted cash to the total of the same amounts shown above:		
Cash, cash equivalents, and restricted cash at end of year		
Cash and cash eqivalents	$ 946	$ 459
Restricted cash	815	1,609
Total cash, cash equivalents, and restricted cash as shown above	$ 1,761	$ 2,068

See accompanying notes to the condensed combined financial statements.

Aspire Real Estate Investors Predecessor I
Notes to Condensed Combined Financial Statements
September 30, 2020 and 2019
(Unaudited)
(Amounts in thousands)

1. Organization and Summary of Significant Accounting Policies

Formation

Aspire Real Estate Investors Predecessor I (the "Company"), is not a legal entity, but rather a combination of real estate entities and operations. It is comprised of three operating partnerships which own a single property each (the "Partnerships"): Avanath Wellington, LLC, a Delaware limited liability company, Avanath Cooper's Crossing, LLC, a Delaware limited liability company and Avanath Naperville, LLC, a Delaware limited liability company. The properties owned by the Partnerships are Wellington Woods, Coopers Crossing and Country Wood, respectively. The Company's purpose is to own and operate low income housing.

Concurrent with the consummation of the initial public offering (the "Offering") of common stock, which is anticipated to be completed in 2020, Aspire Real Estate Investors, Inc. will acquire Wellington Woods, Coopers Crossing and Country Wood from Avanath Affordable Housing I, LLC, a private investment fund that is managed by Avanath Capital Management, LLC (the "Manager"). Factors, such as, the extent of historical operations and the relative size of the acquisition, resulted in the Company becoming one of the predecessor entities of Aspire Real Estate Investors, Inc., which intends to account for the acquisition of these properties using asset acquisition accounting.

Basis of Accounting

The condensed combined financial statements include the financial position and results of operations of the Company. These financial statements have been combined as Avanath Wellington, LLC, Avanath Cooper's Crossing, LLC and Avanath Naperville, LLC are under common ownership and control of Avanath Affordable Housing I, LLC.

The condensed combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as contained within the Financial Accounting Standards Board Accounting Standards Codification (ASC). In our opinion, these financial statements include all normal and recurring adjustments necessary for a fair presentation.

All intercompany transactions have been eliminated in combination.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3 to the condensed combined financial statements, each of the Company's mortgage notes are due within 12 months from the date the interim financial statements are available to be issued. Management believes the Company's ability to continue as a going concern is dependent on extending the maturity date of the mortgage notes and/or obtaining alternative financing in 2021. Based on the current loan-to-value ratio, the Company plans to either extend or refinance its existing mortgage loans or enter into a new leveraged financing arrangement which would extend the maturity date beyond 12 months from the issuance date of the financial statements. Upon consummation of the Offering, all mortgage notes will be paid in full. However, if the Offering is not consummated, management will continue the process of obtaining extensions on all mortgage notes, and believes it will achieve these extensions based on strong loan to value ratios and relationships with the Company's lenders.

1. Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the Company's condensed combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the revenues and expenses for the period then ended.

Cash and Cash Equivalents

The Company considers all highly liquid investments that are readily convertible to cash, with original maturity dates of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. There are no restrictions on the use of the Company's cash and cash equivalents as of September 30, 2020 and December 31, 2019.

Restricted Cash

Restricted cash is comprised of lender impound reserve accounts for property tax, mortgage insurance, operating reserve, and replacement reserves, as well as reserve accounts used for refunding tenant security deposits.

Concentration of Credit Risk

The Company's cash balance from time to time may exceed federally insured limits. The Company mitigates this risk by depositing funds with major financial institutions. The Company monitors its cash balances in its operating accounts and adjusts its cash balances as appropriate. However, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, the Company has experienced no loss or lack of access to cash in its operating accounts.

Real Estate Purchase Accounting

The Company's real estate acquisitions are generally classified as asset acquisitions for which the Company records identifiable assets acquired, liabilities assumed and any associated noncontrolling interests at cost on a relative fair value basis. In addition, for such asset acquisitions, no goodwill is recognized and third party transaction costs are capitalized. All assets acquired and liabilities assumed in an asset acquisition are measured at their relative fair values. Acquisition costs are capitalized. Intangible assets include the value of in-place leases, tax abatement, above/below market leases and above/below market debt. In-place leases represent the estimated value of the net cash flows of the in-place leases to be realized, as compared to the net cash flows that would have occurred had the property been vacant at the time of acquisition and subject to lease up. Acquired in-place lease values are amortized to expense over the average remaining non-cancelable terms of the respective in-place leases. Due to property tax abatements, a property is worth more as restricted than it would be as a market-rate property. This difference is valued as an intangible asset to be amortized over the remaining life of the extended compliance period. Above/below market debt represents the difference

1. Organization and Summary of Significant Accounting Policies (Continued)

between the assumed loan on a project during acquisition and the current market rate. Above/below market debt is amortized over the remaining term of the assumed loan. Above/below market leases are valued based on rent restrictions and market rates. The above/below market leases are amortized to revenue over the average remaining non-cancelable terms of the respective in-place leases.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities require the Company to make significant assumptions to estimate market lease rates, property-operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property will be held for investment. The use of inappropriate assumptions would result in an incorrect valuation of the Company's acquired tangible assets, identifiable intangibles and assumed liabilities, which would impact the amount of the Company's net income. The Company did not acquire any asset during the nine months ended September 30, 2020 or 2019.

Real Estate Projects

Real estate projects that are operating properties are depreciated over estimated useful lives as follows:

Buildings	27 - 40 years
Land and building improvements	10 - 27.5 years
Furniture, fixtures, and equipment	3 - 5 years

Operating expenses that are not related to the development and construction of the real estate investments are expensed as incurred. Repairs, maintenance, and tenant turnover costs are expensed as incurred and significant replacements and improvements are capitalized. Repairs, maintenance and tenant turnover costs include all costs that do not extend the useful life of the real estate property. The Company considers the period of future benefit of an asset to determine its appropriate useful life.

The Company monitors events or changes in circumstances that indicate that the carrying amount of the asset may not be recoverable. When indicators of potential impairment suggest that the carrying value of a real estate project may not be recoverable, the Company will assess the recoverability by estimating whether the Company will recover the carrying value of the real estate project through its undiscounted future net cash flows and eventual disposition. If, based on this analysis, the Company does not believe that it will be able to recover the carrying value of the real estate project, the Company would record an impairment loss to the extent the carrying value exceeds the estimated fair value of the real estate project. The Company did not record any impairment loss on the real estate projects during the during the nine months ended September 30, 2020 and 2019.

Rental Revenues

The Company leases apartment units under operating leases with terms generally of one year or less. Due to the short-term nature of the leases, the Company recognizes rental revenue, net of concessions, as it becomes due over the term of the lease, when collectability is reasonably assured, in

1. Organization and Summary of Significant Accounting Policies (Continued)

accordance with ASC 840, *Leases*. Also, included in rental revenues are other revenue which include fees for late payments, cleaning, damages, laundry facilities, and other charges, which are primarily recognized at a point-in-time. These fees are charged to our residents monthly and recognized as revenue when the performance obligation is satisfied.

Income Taxes

ASC Topic 740, *Income Taxes* (ASC 740), addresses how uncertain tax positions should be recognized, measured, presented, and disclosed in the condensed combined financial statements. The guidance requires the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. As of September 30, 2020, and December 31, 2019, management of the Company has determined it has no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future returns.

The underlying partnerships which comprise the Company are flow through entities for taxation purposes, and therefore, no taxes are assessed at the partnership level.

Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Diversification of Risk

The investments of the Company are concentrated in the low-income tax credit multifamily real estate sector. Accordingly, the real estate investments of the Company may be subject to more rapid changes in value than would be if the Company was to maintain a wide diversification among investments or industry sectors. Furthermore, even within the real estate sector, the real estate investments may be relatively concentrated in terms of geography and type of investment. There are no concentrations of credit risk to the Company.

Fair Value Measurements

The Company applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income

1. Organization and Summary of Significant Accounting Policies (Continued)

approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

As of September 30, 2020 and December 31, 2019, the carrying amount of the Company's accounts receivable, accounts payable, and accrued expenses, security deposits, prepaid rent and other liabilities approximate their fair value due to their short-term maturities. The fair value of mortgage notes payable are based on current market rates available to the Company for similar instruments over similar maturities. The fair value of the Company's mortgage notes payable as of September 30, 2020 and December 31, 2019 approximates $25,189 and $25,550, respectively, compared to carrying value of $24,823 and $25,460, respectively. The fair value for mortgage notes payable is calculated utilizing standardized pricing models in which significant inputs or value drivers are observable in active markets (Level 2 measurements).

Accounts Receivable

Management considers receivables to be fully collectible. The Company evaluates the liquidity and creditworthiness of its tenants, and considers industry and economic conditions, individual and portfolio property performance, credit enhancements, liquidity and other factors. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

Reportable Segments

The Company operates in a single reportable segment which includes the ownership and management of multifamily apartment communities. Each of the Company's operating properties is considered a separate operating segment as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. The Company does not distinguish or group its combined operations based on geography, size or type. The Company's multifamily apartment communities have similar long-term economic characteristics and provide similar products and services to our residents. Further, all material operations are within the United States and each multifamily apartment community ranges from 16% to 54% of combined revenues. As a result, our operating properties are aggregated into a single reportable segment. The Company's multifamily communities generate rental revenue and other income through the leasing of apartment homes, which comprised approximately 99% of its total property revenues and total non-property income for the nine months ended September 30, 2020 and 2019.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *"Leases."* ASU 2016-02 supersedes the current accounting for leases. The new lease standard retains three distinct types of leases which are similar to existing guidance for lessors: operating, sales type, and financing, and aligns many of the underlying lessor model principles with those in the new revenue standard. For lessees, the new lease standard retains two distinct types of leases, finance and operating; and (i) requires lessees to record a right of use asset

Aspire Real Estate Investors Predecessor I
Notes to Condensed Combined Financial Statements (Continued)
September 30, 2020 and 2019
(Unaudited)
(Amounts in thousands)

1. Organization and Summary of Significant Accounting Policies (Continued)

and a related liability for the rights and obligations associated with a lease, regardless of lease classification, and recognize lease expense in a manner similar to current accounting and (ii) eliminates most real estate specific lease provisions. The Company will adopt this standard on January 1, 2022 and is still evaluating the impact of this ASU.

COVID-19

On March 11, 2020, the World Health Organization characterized a new strain of corona virus, COVID-19, as a pandemic. The global and domestic response to the COVID-19 outbreak continues to rapidly evolve. Thus far, certain responses to the COVID-19 outbreak have included mandates from federal, state and/or local authorities to mitigate the spread of the virus have adversely impacted tenants which occupy the properties of the Company and has contributed to significant volatility in financial markets. The COVID-19 outbreak and associated responses could result in a material impact to the Company's future results of operations, cash flows and financial condition.

As of the issuance date the Company has not had any material change in respect to collections of contractual rent from tenants due to the COVID-19 pandemic.

2. Real Estate Investments, Net

Real estate investments, net as of September 30, 2020 consist of the following:

Property Name	Acquisition Date	Land	Buildings and Improvements	Gross Real Estate	Accumulated Depreciation	Real Estate Investments, Net
Wellington Woods	7/1/2013	$ 2,097	$ 29,835	$ 31,932	$ (8,499)	$ 23,433
Coopers Crossing	7/30/2013	647	5,947	6,594	(1,714)	4,880
Country Wood	2/14/2013	1,550	13,830	15,380	(4,160)	11,220
Total		$ 4,294	$ 49,612	$ 53,906	$ (14,373)	$ 39,553

For the nine months ended September 30, 2020, the Company recorded $1,509 of depreciation and amortization expense, which is included in depreciation expense in the accompanying condensed combined statements of net income (loss) and comprehensive income (loss).

Real estate investments, net as of December 31, 2019 consist of the following:

Property Name	Acquisition Date	Land	Buildings and Improvements	Gross Real Estate	Accumulated Depreciation	Real Estate Investments, Net
Wellington Woods	7/1/2013	$ 2,097	$ 29,633	$ 31,730	$ (7,567)	$ 24,163
Coopers Crossing	7/30/2013	647	5,822	6,469	(1,549)	4,920
Country Wood	2/14/2013	1,550	13,701	15,251	(3,748)	11,503
Total		$ 4,294	$ 49,156	$ 53,450	$ (12,864)	$ 40,586

2. Real Estate Investments, Net (Continued)

For the nine months ended September 30, 2019, the Company recorded $1,640 of depreciation and amortization expense, which is included in depreciation expense in the accompanying condensed combined statements of net income (loss) and comprehensive income (loss).

3. Mortgage Notes Payable, Net

The Company's mortgage notes payable balance consists of the following as of September 30, 2020 and December 31, 2019:

	Principal Oustanding Balance				
Property	September 30 2020	December 31 2019	Interest Rate	Maturity Date	Loan Terms(1)
Wellington Woods	$ 15,458	$ 15,679	Libor + 2%	9/2021	I, PP
Coopers Crossing	3,400	3,436	Libor + 3%	8/2021	I, PP
Country Wood	6,251	6,363	Libor + 2%	7/2021	I, PP
Total Mortgage Notes Payable	25,109	25,478			
Unamortized debt issuance costs	(286)	(18)			
Mortgage Notes Payable, Net	$ 24,823	$ 25,460			

(1) Loan Terms:
I = Interest only payments
PP = Prepayment penalties applicable to loan

Mortgage notes payable are secured by the underlying property for each respective mortgage note payable outstanding.

For the nine months ended September 30, 2020 and 2019, the Company incurred $810 and $839 of interest expense, respectively. Included in interest expense for the nine months ended September 30, 2020 and 2019 was $22 and $34 of amortization of debt issuance costs, respectively.

As of September 30, 2020 and December 31, 2019, the Company recorded interest payable of $57 and $90, respectively, which is included in accounts payable and accrued expenses in the accompanying condensed combined balance sheets.

4. Related Party Transactions

Avanath Realty, Inc. ("Realty"), an affiliate of the Manager, is the property manager of Wellington Woods, Coopers Crossing and Country Wood. Realty earns an annual management fee of 5% of total cash receipts.

For the nine months ended September 30, 2020 and 2019, the Company incurred $287 and $282 of management fees, respectively, which were all earned by Realty.

4. Related Party Transactions (Continued)

CA Capital Operations, LLC and Realty, which are affiliates of the Manager, advanced funds to the Company for various operating costs. The outstanding balance does not bear interest and the balance is payable upon demand. As of September 30, 2020 and December 31, 2019, $138 and $75 were due to affiliates, respectively, which is included in due to related parties in the accompanying condensed combined balance sheets.

The Company shares various general and administrative and employee costs with affiliates of the Company on the basis of direct usage, including IT, payroll and postage. The expenses allocated to the Company by affiliates of the Company were $684 and $727 for the nine months ended September 30, 2020 and 2019, respectively, and is included in general and administrative expense and property operating and maintenance expense in the condensed combined statements of net income (loss) and comprehensive income (loss).

5. Commitments and Contingencies

The Company's commitments and contingencies include the usual obligations incurred in the normal course of business, none of which has a material effect on the Company's condensed combined balance sheets, statements of net income (loss) and comprehensive income (loss) or cash flows.

The Company's real estate projects will be leased to tenants under operating leases for which the terms range between six to twelve months. The Company retains substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Generally, upon the execution of a lease, the Company requires security deposits from tenants in the form of a cash deposit.

The Company is subject to various legal proceedings and claims arising in the ordinary course of business. The Company cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. The Company believes that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on our financial the Company's financial condition, results of operations or cash flows.

Amounts required as security deposits vary depending upon the terms of the respective leases and the creditworthiness of the tenant, but generally are not significant amounts. Therefore, exposure to credit risk exists to the extent that a receivable from a tenant exceeds the amount of its security deposit.

6. Subsequent Events

Subsequent events have been evaluated through October 30, 2020, which is the date the condensed combined financial statements were available to be issued.

Aspire Real Estate Investors Predecessor II
Condensed Combined Balance Sheets
(Unaudited)
(Amounts in thousands)

	September 30, 2020	December 31, 2019
Assets		
Real estate investments, net	$ 102,065	$ 104,498
Cash and cash equivalents	1,252	1,834
Restricted cash	2,802	2,075
Accounts receivable, net	342	135
Other assets	277	126
Total assets	$ 106,738	$ 108,668
Liabilities and equity		
Mortgage notes payable, net	$ 64,304	$ 65,316
Accounts payable and accrued expenses	1,299	732
Security deposits, prepaid rent and other liabilities	740	804
Due to related parties	866	165
Total liabilities	67,209	67,017
Commitments and contingencies (Note 5)		
Equity	39,529	41,651
Total liabilities and equity	$ 106,738	$ 108,668

See accompanying notes to the condensed combined financial statements.

Aspire Real Estate Investors Predecessor II
Condensed Combined Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)
(amounts in thousands)

	Nine Months Ended September 30,	
	2020	**2019**
Revenue		
Rental revenue	$ 11,134	$ 10,726
Other revenue	414	694
Total revenue	11,548	11,420
Operating Expenses		
General and administrative	502	609
Depreciation and amortization	3,078	3,146
Property operating and maintenance	3,796	3,839
Real estate taxes and insurance	1,505	1,379
Management fee	616	610
Total operating expenses	9,497	9,583
Other Income and (Expenses)		
Interest income	4	5
Interest expense	(1,988)	(1,995)
Total other income and (expenses)	(1,984)	(1,990)
Net income (loss) and comprehensive income (loss)	$ 67	$ (153)

See accompanying notes to the condensed combined financial statements.

Aspire Real Estate Investors Predecessor II
Condensed Combined Statements of Changes in Equity
(Unaudited)
(Amounts in thousands)

	Equity
Balance, December 31, 2018	$ 43,186
Contributions	150
Distributions	(745)
Net loss and comprehensive loss	(153)
Balance, September 30, 2019	**$ 42,438**

	Equity
Balance, December 31, 2019	$ 41,651
Distributions	(2,189)
Net income and comprehensive income	67
Balance, September 30, 2020	**$ 39,529**

See accompanying notes to the condensed combined financial statements.

Aspire Real Estate Investors Predecessor II
Condensed Combined Statements of Cash Flows
(Unaudited)
(Amounts in thousands)

	Nine Months Ended September 30,	
	2020	2019
Operating activities		
Net income (loss)	$ 67	$ (153)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Debt issuance costs amortization	64	64
Debt premium amortization	(18)	(18)
Depreciation and amortization	3,078	3,146
Bad debt expense	58	–
Changes in operating assets and liabilities:		
Accounts receivable	(265)	199
Accounts payable, accrued expenses, and other liabilities	503	288
Other assets	(151)	(117)
Due to related parties	701	80
Net cash provided by operating activities	4,037	3,489
Investing activities–		
Capital expenditures	(645)	(784)
Financing activities		
Equity contributions	–	150
Equity distributions	(2,189)	(745)
Payments of mortgage note payable	(1,058)	(989)
Net cash used in financing activities	(3,247)	(1,584)
Net (decrease) increase in cash, cash equivalents, and restricted cash	145	1,121
Cash, cash equivalents, and restricted cash at beginning of period	3,909	3,427
Cash, cash equivalents, and restricted cash at end of period	$ 4,054	$ 4,548
Supplemental disclosure of cash flow information		
Cash paid for interest on mortgage note payable	$ 1,922	$ 1,959
The following reconciles cash, cash equivalents, and restricted cash to the total of the same amounts shown above:		
Cash, cash equivalents, and restricted cash at end of period		
Cash and cash eqivalents	$ 1,252	$ 1,849
Restricted cash	2,802	2,699
Total cash, cash equivalents, and restricted cash as shown above	$ 4,054	$ 4,548

See accompanying notes to the condensed combined financial statements.

Aspire Real Estate Investors Predecessor II
Notes to Condensed Combined Financial Statements
September 30, 2020 and 2019
(Unaudited)
(Amounts in thousands)

1. Organization and Summary of Significant Accounting Policies

Formation

Aspire Real Estate Investors Predecessor II (the "Company"), is not a legal entity, but rather a combination of real estate entities and operations. It is comprised of five operating partnerships which own a single property each (the "Partnerships"): Rouse Road Partners, LTD, a Florida limited partnership, Avanath Geneva, LLC, a Delaware limited liability company, Avanath Woodside, LLC, a Delaware limited liability company, Avanath Seaport, LLC, a Delaware limited liability company, and Oak Village Preservation, L.P., a California limited partnership. The properties owned by the Partnerships are Academy at Waterford Lakes ("Waterford"), Arbors, Woodside, Seaport and Oak Village, respectively. The Company's purpose is to own and operate low income housing.

Concurrent with the consummation of the initial public offering (the "Offering") of common stock, which is anticipated to be completed in 2020, Aspire Real Estate Investors, Inc. will acquire Waterford, Arbors, Woodside, Seaport, and Oak Village from Avanath Affordable Housing II, LLC, a private investment fund that is managed by Avanath Capital Management, LLC (the "Manager"). Factors, such as, the extent of historical operations and the relative size of the acquisition, resulted in the Company becoming one of the predecessor of Aspire Real Estate Investors, Inc., which intends to account for the acquisition of these properties using asset acquisition accounting.

Basis of Accounting

The condensed combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as contained within the Financial Accounting Standards Board Accounting Standards Codification (ASC). In our opinion, these financial statements include all normal and recurring adjustments necessary for a fair presentation.

The condensed combined financial statements include the financial position and results of operations of the Company. These financial statements have been combined as Rouse Road Partners, LTD, Avanath Geneva, LLC, Avanath Woodside, LLC, Avanath Seaport, LLC and Oak Village Preservation, L.P. are under common ownership and control of Avanath Affordable Housing II, LLC.

In our opinion, these financial statements include all normal and recurring adjustments necessary for a fair presentation.

All intercompany transactions have been eliminated in combination.

Use of Estimates

The preparation of the Company's condensed combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the revenues and expenses for the period then ended.

1. Organization and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Company considers all highly liquid investments that are readily convertible to cash, with original maturity dates of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. There are no restrictions on the use of the Company's cash and cash equivalents as of September 30, 2020 and December 31, 2019.

Restricted Cash

Restricted cash is comprised of lender impound reserve accounts for property tax, mortgage insurance, operating reserve, and replacement reserves, as well as reserve accounts used for refunding tenant security deposits.

Concentration of Credit Risk

The Company's cash balance from time to time may exceed federally insured limits. The Company mitigates this risk by depositing funds with major financial institutions. The Company monitors its cash balances in its operating accounts and adjusts its cash balances as appropriate. However, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, the Company has experienced no loss or lack of access to cash in its operating accounts.

Real Estate Purchase Accounting

The Company's real estate acquisitions are generally classified as asset acquisitions for which the Company records identifiable assets acquired, liabilities assumed and any associated noncontrolling interests at cost on a relative fair value basis. In addition, for such asset acquisitions, no goodwill is recognized and third party transaction costs are capitalized. All assets acquired and liabilities assumed in an asset acquisition are measured at their relative fair values. Acquisition costs are capitalized. Intangible assets include the value of in-place leases, tax abatement, above/below market leases and above/below market debt. In-place leases represent the estimated value of the net cash flows of the in-place leases to be realized, as compared to the net cash flows that would have occurred had the property been vacant at the time of acquisition and subject to lease up. Acquired in-place lease values are amortized to expense over the average remaining non-cancelable terms of the respective in-place leases. Due to property tax abatements, a property is worth more as restricted than it would be as a market-rate property. This difference is valued as an intangible asset to be amortized over the remaining life of the extended compliance period. Above/below market debt represents the difference between the assumed loan on a project during acquisition and the current market rate. Above/below market debt is amortized over the remaining term of the assumed loan. Above/below market leases are valued based on rent restrictions and market rates. The above/below market leases are amortized to revenue over the average remaining non-cancelable terms of the respective in-place leases.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities require the Company to make significant assumptions to estimate market lease rates, property-

1. Organization and Summary of Significant Accounting Policies (Continued)

operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property will be held for investment. The use of inappropriate assumptions would result in an incorrect valuation of the Company's acquired tangible assets, identifiable intangibles and assumed liabilities, which would impact the amount of the Company's net income. The Company did not acquire any asset during the nine months ended September 30, 2020 or 2019.

Real Estate Projects

Real estate projects that are operating properties are depreciated over estimated useful lives as follows:

Buildings	27 - 40 years
Land and building improvements	10 - 27.5 years
Furniture, fixtures, and equipment	3 - 5 years

Operating expenses that are not related to the development and construction of the real estate investments are expensed as incurred. Repairs, maintenance, and tenant turnover costs are expensed as incurred and significant replacements and improvements are capitalized. Repairs, maintenance and tenant turnover costs include all costs that do not extend the useful life of the real estate property. The Company considers the period of future benefit of an asset to determine its appropriate useful life.

The Company monitors events or changes in circumstances that indicate that the carrying amount of the asset may not be recoverable. When indicators of potential impairment suggest that the carrying value of a real estate project may not be recoverable, the Company will assess the recoverability by estimating whether the Company will recover the carrying value of the real estate project through its undiscounted future net cash flows and eventual disposition. If, based on this analysis, the Company does not believe that it will be able to recover the carrying value of the real estate project, the Company would record an impairment loss to the extent the carrying value exceeds the estimated fair value of the real estate project. The Company did not record any impairment loss on the real estate projects during the nine months ended September 30, 2020 and 2019.

Rental Revenues

The Company leases apartment units under operating leases with terms generally of one year or less. Due to the short-term nature of the leases, the Company recognizes rental revenue as it becomes due over the term of the lease, when collectability is reasonably assured, in accordance with ASC 840, Leases. Also, included in rental revenues are other revenue which include fees for late payments, cleaning, damages, laundry facilities, and other charges, which are primarily recognized at a point-in time. These fees are charged to our residents monthly and recognized as revenue when the performance obligation is satisfied.

1. Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes

ASC Topic 740, *Income Taxes* (ASC 740), addresses how uncertain tax positions should be recognized, measured, presented, and disclosed in the condensed combined financial statements. The guidance requires the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. As of September 30, 2020 and December 31, 2019, management of the Company has determined it has no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future returns.

The underlying partnerships which comprise the Company are flow through entities for taxation purposes, and therefore, no taxes are assessed at the partnership level.

Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Diversification of Risk

The investments of the Company are concentrated in the low-income tax credit multifamily real estate sector. Accordingly, the real estate investments of the Company may be subject to more rapid changes in value than would be if the Company was to maintain a wide diversification among investments or industry sectors. Furthermore, even within the real estate sector, the real estate investments may be relatively concentrated in terms of geography and type of investment. There are no concentrations of credit risk to the Company.

Fair Value Measurements

The Company applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

1. Organization and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

As of September 30, 2020 and December 31, 2019, the carrying amount of the Company's accounts receivable, accounts payable and accrued expenses, and security deposits, prepaid rent and other liabilities approximate their fair value due to their short-term maturities. The fair value of mortgage notes payable are based on current market rates available to the Company for similar instruments over similar maturities. The fair value of the Company's mortgage notes payable as of September 30, 2020 and December 31, 2019 approximates $66,532 and $66,284, respectively, compared to carrying value of $64,304 and $65,316, respectively. The fair value for mortgage notes payable is calculated utilizing standardized pricing models in which significant inputs or value drivers are observable in active markets (Level 2 measurements).

Accounts Receivable

For Arbors at Cary, Waterford, Seaport and Woodside, management considers receivables to be fully collectible. The Company evaluates the liquidity and creditworthiness of its tenants, and considers industry and economic conditions, individual and portfolio property performance, credit enhancements, liquidity and other factors. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

For the nine months ended September 30, 2020 Oak Village has created a temporary allowance for rent balances deemed to be uncollectable. Due to COVID-19, the City of Oakland approved a moratorium on residential evictions in March 2020 which will remain in place until the local emergency is declared over by the City. Evictions will resume when the order is lifted, and the reserve is expected to be fully consumed at that time. The components comprising the reserve for the nine months ended September 30, 2020 are as follows:

	For the Nine Months ended September 30, 2020	
Beginning balance:	$	–
Write offs:		(11)
Bad debt expense:		58
Ending Balance:	$	47

Reportable Segments

The Company operates in a single reportable segment which includes the ownership and management of multifamily apartment communities. Each of the Company's operating properties is considered a separate operating segment as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. The Company does not distinguish or group its combined operations based on geography, size or type. The Company's multifamily apartment communities have similar long-term economic characteristics and

1. Organization and Summary of Significant Accounting Policies (Continued)

provide similar products and services to our residents. Further, all material operations are within the United States and each multifamily apartment community ranges from 11% to 48% of combined revenues. As a result, our operating properties are aggregated into a single reportable segment. Our multifamily communities generate rental revenue and other income through the leasing of apartment homes, which comprised approximately 99% of our total property revenues and total non-property income for the nine months ended September 30, 2020 and 2019.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *"Leases."* ASU 2016-02 supersedes the current accounting for leases. The new lease standard retains three distinct types of leases which are similar to existing guidance for lessors: operating, sales type, and financing, and aligns many of the underlying lessor model principles with those in the new revenue standard. For lessees, the new lease standard retains two distinct types of leases, finance and operating; and (i) requires lessees to record a right of use asset and a related liability for the rights and obligations associated with a lease, regardless of lease classification, and recognize lease expense in a manner similar to current accounting and (ii) eliminates most real estate specific lease provisions. The Company will adopt this standard on January 1, 2022 and is still evaluating the impact of this ASU.

COVID-19

On March 11, 2020, the World Health Organization characterized a new strain of corona virus, COVID-19, as a pandemic. The global and domestic response to the COVID-19 outbreak continues to rapidly evolve. Thus far, certain responses to the COVID-19 outbreak have included mandates from federal, state and/or local authorities to mitigate the spread of the virus have adversely impacted tenants which occupy the properties of the Company and has contributed to significant volatility in financial markets. The COVID-19 outbreak and associated responses could result in a material impact to the Company's future results of operations, cash flows and financial condition. At this time, the Company is unable to estimate the impact of this event on its operations, cash flows and financial condition.

As of the issuance date the Company has not had any material change in respect to collections of contractual rent from tenants due to the COVID-19 pandemic.

Aspire Real Estate Investors Predecessor II
Notes to Condensed Combined Financial Statements (Continued)
September 30, 2020 and 2019
(Unaudited)
(Amounts in thousands)

2. Real Estate Investments, Net

Real estate investments, net as of September 30, 2020 consist of the following:

Property Name	Acquisition Date	Land	Buildings and Improvements	Gross Real Estate	Accumulated Depreciation	Real Estate Investments, Net
Woodside	12/17/2014	$ 5,415	$ 8,322	$ 13,737	$ (2,398)	$ 11,339
Waterford	1/7/2014	1,202	16,118	17,320	(3,919)	13,401
Arbors	2/27/2015	2,949	17,484	20,433	(4,412)	16,021
Seaport	7/31/2015	14,958	43,871	58,829	(9,186)	49,643
Oak Village	2/29/2016	4,427	8,821	13,248	(1,587)	11,661
Total		$ 28,951	$ 94,616	$ 123,567	$ (21,502)	$ 102,065

For the nine months ended September 30, 2020, the Company recorded $3,078 of depreciation and amortization expense, which is included in depreciation and amortization expense on the accompanying condensed combined statements of net income (loss) and comprehensive income (loss).

Real estate investments, net as of December 31, 2019 consist of the following:

Property Name	Acquisition Date	Land	Buildings and Improvements	Gross Real Estate	Accumulated Depreciation	Real Estate Investments, Net
Woodside	12/17/2014	$ 5,415	$ 8,259	$ 13,674	$ (2,152)	$ 11,522
Waterford	1/7/2014	1,202	15,984	17,186	(3,366)	13,820
Arbors	2/27/2015	2,949	17,305	20,254	(3,787)	16,467
Seaport	7/31/2015	14,958	43,793	58,751	(7,811)	50,940
Oak Village	2/29/2016	4,427	8,628	13,055	(1,306)	11,749
Total		$ 28,951	$ 93,969	$ 122,920	$ (18,422)	$ 104,498

For the nine months ended September 30, 2019, the Company recorded $3,146 of depreciation and amortization expense, which is included in depreciation and amortization expense on the accompanying condensed combined statements of net income (loss) and comprehensive income (loss).

Aspire Real Estate Investors Predecessor II
Notes to Condensed Combined Financial Statements (Continued)
September 30, 2020 and 2019
(Unaudited)
(Amounts in thousands)

3. Mortgage Notes Payable, Net

The Company's mortgage notes payable balance consists of the following as of September 30, 2020 December 31, 2019:

	Principal Oustanding Balance				
Property	September 30, 2020	December 31, 2019	Interest Rate	Maturity Date	Loan Terms(1)
Woodside	$ 8,089	$ 8,212	3.7%	1/2022	P&I, PP
Waterford	9,809	9,958	3.3%	2/2022	P&I, PP
Arbors	10,400	10,400	3.1%	3/2022	I, PP
Seaport	31,019	31,660	4.1%	3/2022	P&I, PP
Oak Village	4,922	5,067	5.5%	6/2036	P&I, PP
Total Mortgage Notes Payable	64,239	65,297			
Unamortized premium	393	411			
Unamortized debt issuance costs	(328)	(392)			
Mortgage Notes Payable, Net	$ 64,304	$ 65,316			

(1) Loan Terms:
I = Interest only payments
P&I = Principal and interest
PP = Prepayment penalties applicable to loan

Mortgage notes payable are secured by the underlying property for each respective mortgage note payable outstanding.

For the nine months ended September 30, 2020 and 2019, the Company incurred $1,988 and $1,995 of interest expense, respectively. Included in interest expense for the nine months ended September 30, 2020 and 2019 was $64 and $64 of amortization of debt issuance costs, respectively, and $18 and $18 of amortization of debt premium, respectively.

As of September 30, 2020 and December 31, 2019, the Company recorded interest payable of $208 and $222, respectively, which is included in accounts payable and accrued expenses in the accompanying condensed combined balance sheets.

4. Related Party Transactions

Avanath Realty, Inc. ("Realty"), an affiliate of the Manager, is the property manager of Arbors at Cary, Oak Village, Waterford, Seaport, and Woodside. Realty earns an annual management fee of 5.5% of total cash receipts.

For the nine months ended September 30, 2020 and 2019, the Company incurred $616 and $610 of management fees, respectively, which were all earned by Realty.

4. Related Party Transactions (Continued)

CA Capital Operations, LLC and Realty, which are affiliates of the Manager, advanced funds to the Company for various operating costs. The outstanding balance does not bear interest. As of September 30, 2020 and December 31, 2019, $866 and $165 were due to affiliates, respectively, which is included in due to related parties in the accompanying condensed combined balance sheets.

The Company shares various general and administrative and employee costs with affiliates of the Company on the basis of direct usage, including IT, payroll and postage. The expenses allocated to the Company by affiliates of the Company were $1,124 and $1,271 for the nine months ended September 30, 2020 and 2019, respectively, and are included in general and administrative expense and property operating and maintenance expense in the condensed combined statements of net income (loss) and comprehensive income (loss).

5. Commitments and Contingencies

The Company's commitments and contingencies include the usual obligations incurred in the normal course of business, none of which has a material effect on the Company's condensed combined balance sheets, statements of net income (loss) and comprehensive income (loss) or cash flows.

The Company's real estate projects will be leased to tenants under operating leases for which the terms range between six to twelve months. The Company retains substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Generally, upon the execution of a lease, the Company requires security deposits from tenants in the form of a cash deposit.

The Company is subject to various legal proceedings and claims arising in the ordinary course of business. The Company cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. The Company believes that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on our financial the Company's financial condition, results of operations or cash flows.

Amounts required as security deposits vary depending upon the terms of the respective leases and the creditworthiness of the tenant, but generally are not significant amounts. Therefore, exposure to credit risk exists to the extent that a receivable from a tenant exceeds the amount of its security deposit.

Litigation

During 2019, tenants who reside at Oak Village brought a lawsuit against Oak Village Preservation L.P. and two affiliates, alleging violation of state and federal disability discrimination and accommodations laws. This lawsuit resulted in a loss in 2020 of $170 which is included in property operating and maintenance expense on the accompanying condensed combined statements of income (loss) and comprehensive income (loss). Oak Village Preservation L.P. expects no further losses as a result of the judgment.

During 2019, a tenant who resides at Oak Village brought a lawsuit against Oak Village Preservation L.P. and two affiliates, alleging violation of fair housing and disability laws. The lawsuit

Aspire Real Estate Investors Predecessor II
Notes to Condensed Combined Financial Statements (Continued)
September 30, 2020 and 2019
(Unaudited)
(Amounts in thousands)

5. Commitments and Contingencies (Continued)

resulted in a loss in 2020 of $15 which is included in property operating and maintenance expense on the accompanying condensed combined statements of income (loss) and comprehensive income (loss). Oak Village Preservation L.P. expects no further losses as a result of the judgment.

6. Subsequent Events

Subsequent events have been evaluated through October 30, 2020, which is the date the condensed combined financial statements were available to be issued.

Until , 2020 (25 days after the date of this prospectus), all dealers that effect transactions in shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

Shares

ASPIRE

Aspire Real Estate Investors, Inc.

Common Stock

PROSPECTUS

, 2020

Joint Book-Running Managers

Morgan Stanley **B. Riley Securities** **Wells Fargo Securities** **BMO Capital Markets** **KeyBanc Capital Markets**

Co-Managers

Loop Capital Markets **Ramirez & Co., Inc.** **Siebert Williams Shank**

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31. Other Expenses of Issuance and Distribution

The following table itemizes the expenses incurred by us in connection with the issuance and registration of the securities being registered hereunder. All amounts shown are estimates except for the SEC registration fee and the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the NYSE listing fee.

SEC registration fee	$	37,639.50
FINRA filing fee		52,250.00
New York Stock Exchange listing fee		150,000.00
Legal fees and expenses		3,000,000.00
Printing fees and expenses		125,000.00
Accounting fees and expenses		1,460,000.00
Transfer agent's fees and expenses		5,500.00
Miscellaneous		69,610.50
Total	$	4,900,000.00

Item 32. Sales to Special Parties

None.

Item 33. Recent Sales of Unregistered Securities

In connection with our formation and initial capitalization in January 2020, we issued 100 shares of our common stock, $0.01 par value per share, to Daryl J. Carter for a purchase price of $1,000. These securities were issued in reliance on the exemption set forth in Section 4(a)(2) of the Securities Act of 1933, as amended.

Item 34. Indemnification of Directors and Officers

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains such a provision that eliminates such liability to the maximum extent permitted by Maryland law.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to or in which they may be made, or are threatened to be made, a party or witness by reason of their service in those or other capacities unless it is established that:

the act or omission of the director or officer was material to the matter giving rise to the proceeding and:

was committed in bad faith; or

was the result of active and deliberate dishonesty;

the director or officer actually received an improper personal benefit in money, property or services; or

in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received. Nevertheless, a court may order indemnification in either case if it determines that the director or officer is fairly and reasonably entitled to indemnification, but only for expenses.

In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and

a written undertaking, which may be unsecured, by the director or officer or on the director's or officer's behalf to repay the amount paid if it shall ultimately be determined that the standard of conduct has not been met.

Our charter obligates us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding without requiring a preliminary determination of the director's or officer's ultimate entitlement to indemnification to:

any present or former director or officer who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity; or

any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, member, manager or trustee of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise and who is made, or threatened to be made, a party to, or witness in, the proceeding by reason of his or her service in that capacity.

Our charter also permits us, with the approval of our board of directors, to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.

We intend to enter into indemnification agreements with each of our directors and executive officers that will obligate us to indemnify them to the maximum extent permitted by Maryland law. The indemnification agreements will provide that, if a director or executive officer is a party to, or witness in, or is threatened to be made a party to, or witness in, any proceeding by reason of his or her service as a director, officer, employee or agent of our company or as a director, officer, partner, member, manager, fiduciary, employee, agent or trustee of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that he or she is or was serving in such capacity at our request, we must indemnify the director or executive officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, to the maximum extent permitted under Maryland law, including in any proceeding brought by the director or executive officer to enforce his or her rights under the indemnification agreement, to the extent provided by the agreement. The indemnification agreements will also require us to advance reasonable expenses incurred by the indemnitee within ten days of the receipt by us of a statement from the indemnitee requesting the advance, provided the statement evidences the expenses and is accompanied or preceded by:

- a written affirmation of the indemnitee's good faith belief that he or she has met the standard of conduct necessary for indemnification; and

- a written undertaking, which may be unsecured, by the indemnitee or on his or her behalf to repay the amount paid if it shall ultimately be established that the standard of conduct has not been met.

The indemnification agreements will also provide for procedures for the determination of entitlement to indemnification, including requiring such determination be made by independent counsel after a change of control of us.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 35. Treatment of Proceeds from Stock Being Registered

None of the proceeds of this offering will be credited to an account other than the appropriate capital account.

Item 36. Financial Statements and Exhibits

(a) *Financial Statements and Financial Statement Schedule.* See page F-1 for an index of the financial statements included in this registration statement on Form S-11.

(b) *Exhibits.* The following exhibits are filed as part of this registration statement on Form S-11:

Exhibit Number	Description
1.1	Form of Underwriting Agreement
3.1*	Form of Articles of Amendment and Restatement of Aspire Real Estate Investors, Inc., to be in effect prior to the completion of this offering
3.2*	Form of Amended and Restated Bylaws of Aspire Real Estate Investors, Inc., to be in effect upon the completion of this offering
4.1*	Specimen Common Stock Certificate of Aspire Real Estate Investors, Inc.
5.1	Opinion of Venable LLP regarding the validity of the securities being registered
8.1	Opinion of Vinson & Elkins L.L.P. regarding tax matters
10.1	Form of Management Agreement between Aspire Real Estate Investors, Inc. and Aspire REIT Manager, LLC
10.2	Equity Interests Purchase and Sale Agreement, dated November 5, 2020, between Aspire Real Estate Investors, L.P. and Avanath Affordable Housing I, LLC
10.3	Equity Interests Purchase and Sale Agreement, dated November 5, 2020, between Aspire Real Estate Investors, L.P. and Avanath Affordable Housing II, LLC, Avanath II SMRS Co-Investment Fund, LLC, Avanath AH II Holdco, Inc., Avanath Oak Village GP, LLC and Avanath Seaport MM, LLC

Exhibit Number	Description
10.4	Equity Interests Purchase and Sale Agreement, dated November 5, 2020, between Aspire Real Estate Investors, L.P. and Avanath Development, LLC
10.5†*	Form of Aspire Real Estate Investors, Inc. 2020 Equity Incentive Plan
10.6†*	Form of Restricted Stock Award agreement under the Aspire Real Estate Investors, Inc. 2020 Equity Incentive Plan
10.7†*	Form of Indemnification Agreement
10.8*	Form of Stock Purchase Agreement for Certain Affiliated Investors in Concurrent Private Placement
21.1*	List of Subsidiaries of Aspire Real Estate Investors, Inc.
23.1	Consent of Venable LLP (included in Exhibit 5.1)
23.2	Consent of Vinson & Elkins L.L.P. (included in Exhibit 8.1)
23.3	Consent of Deloitte & Touche LLP
23.4	Consent of Novogradac & Company LLP
23.5	Consent of Deloitte & Touche LLP
24.1*	Power of Attorney (included on the signature page to this registration statement)
99.1*	Consent of Shareef Abdur-Rahim to be named as an Independent Director
99.2*	Consent of John A. Good to be named as an Independent Director
99.3*	Consent of Terri Ludwig to be named as an Independent Director
99.4*	Consent of Carol Moseley Braun to be named as an Independent Director

* Previously filed.

† Indicates management contract or compensatory plan.

Item 37. Undertakings

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For purposes of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration

statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(3) For purposes of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(4) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Irvine, State of California, on this 6th day of November, 2020.

ASPIRE REAL ESTATE INVESTORS, INC.

By: /s/ DARYL J. CARTER
Name: Daryl J. Carter
Title: *President and Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Name	**Title**	**Date**
/s/ DARYL J. CARTER Daryl J. Carter	President and Chief Executive Officer and Director (Principal Executive Officer)	November 6, 2020
/s/ WESLEY WILSON Wesley Wilson	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	November 6, 2020

Exhibit 1.1

Aspire Real Estate Investors, Inc.

Shares of Common Stock

FORM OF UNDERWRITING AGREEMENT

, 2020

MORGAN STANLEY & CO. LLC
B. RILEY SECURITIES, INC.
WELLS FARGO SECURITIES, LLC
BMO CAPITAL MARKETS CORP.

as Representatives of the several Underwriters

c/o MORGAN STANLEY & CO. LLC
1585 Broadway
New York, New York 10036

c/o B. RILEY SECURITIES, INC.
299 Park Avenue, 21st Floor
New York, New York 10171

c/o WELLS FARGO SECURITIES, LLC
500 West 33rd Street, 14th Floor
New York, New York 10001

c/o BMO CAPITAL MARKETS CORP.
3 Times Square, 25th Floor
New York, NY 10036

Ladies and Gentlemen:

Aspire Real Estate Investors, Inc., a Maryland corporation (the "Company"), Aspire Real Estate Investors, L.P., a Delaware limited partnership (the "Subsidiary Partnership"), and Aspire REIT Manager, LLC, a Delaware limited liability company (the "Manager"), hereby confirm their respective agreements with each of the Underwriters listed on Schedule I hereto (collectively, the "Underwriters"), for whom Morgan Stanley & Co. LLC, B. Riley Securities, Inc., Wells Fargo Securities, LLC and BMO Capital Markets Corp. are acting as representatives (in such capacity, together, the "Representatives"), with respect to (i) the sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of common stock, par value $0.01 per share, of the Company (the "Common Stock") set forth in Schedule I hereto totaling [•] shares of Common Stock in the aggregate (the "Initial Shares") and (ii) the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 1(b) to purchase all or any part of [•] additional shares of Common Stock to cover over-allotments, if any (the "Option Shares"). The Initial Shares and all or any part of the Option Shares are hereinafter called, collectively, the "Shares."

The Company understands that the Underwriters propose to make a public offering of the Shares as soon as the Representatives deem advisable after this Underwriting Agreement (this "Agreement") has been executed and delivered.

The Company has entered into subscription agreements, dated [•], 2020 (the "External Private Placement Agreements"), with [•] (the "External Private Placement Purchasers"), pursuant to which the Company has agreed to issue and sell to the External Private Placement Purchasers an aggregate of [•] shares of Common Stock (the "External Private Placement Shares") at a purchase price of $[•] per share [and an aggregate $[•] of ownership interests in the Subsidiary Partnership (the "External Private Placement Partnership Units")] (such transactions, the "External Private Placement").

The Company has entered into stock purchase agreements, dated [•], 2020 (the “Management Private Placement Purchase Agreements,” and collectively with the External Private Placement Purchase Agreements, the “Private Placement Purchase Agreements”), with affiliates of the Manager and certain members of the Company’ s senior management team (the “Management Private Placement Purchasers,” and collectively with the External Private Placement Purchasers, the “Private Placement Purchasers”), pursuant to which the Company has agreed to issue and sell to the Management Private Placement Purchasers an aggregate of [•] shares of Common Stock (the “Management Private Placement Shares” and collectively with the External Private Placement Shares, the “Private Placement Shares”), at a purchase price of $[•] per share [and an aggregate $[•] of ownership interests in the Subsidiary Partnership (the “Management Private Placement Partnership Units” and collectively with the External Private Placement Partnership Units, the “Private Placement Units”)] (such transactions, the “Management Private Placement” and together with the External Private Placement, the “Private Placements”).

Concurrently with or shortly after the Closing Time (as defined below), the Company, the Subsidiary Partnership and the Subsidiaries (as defined below) will complete a series of acquisitions described more fully in the Registration Statement, the Disclosure Package and the Prospectus (each as defined below) under the captions “Prospectus Summary−Our Formation and Operating Structure” and “Structure and Formation of our Company−Formation Transactions” (collectively, the “Property Acquisitions”). As part of the Property Acquisitions, the Subsidiary Partnership and the Subsidiaries will acquire the nine multifamily properties (collectively, the “Properties”) described in the Registration Statement, the Disclosure Package and the Prospectus and in furtherance of the Property Acquisitions have entered into, or will enter into, as of the Closing Time, as the case may be, the agreements listed on Schedule III to this Agreement (each, a “Property Acquisition Agreement” and, collectively, the “Property Acquisition Agreements”).

In addition, (i) prior to or concurrently with the Closing Time, the Company and the Manager will enter into a management agreement (the “Management Agreement”), pursuant to which the Manager will externally manage and advise the Company, the Subsidiary Partnership and the Subsidiaries and (ii) concurrently with the closing of each Property Acquisition, the Subsidiary Partnership will enter into a property management agreement (collectively, the “Property Management Agreements”) with a property manager that is affiliated with the Manager (the “Property Manager”) pursuant to which the Property Manager will manage, operate, maintain and lease each Property. The Manager will be owned and controlled by Avanath Capital Management, LLC, Series E (“Avanath”) and MacFarlane Partners, LLC or one or more of its affiliates (“MacFarlane”).

As used in this Agreement, “Transactions” means, collectively, the Private Placements, the Property Acquisitions and entry into the Management Agreement and the Property Management Agreements.

As used in this Agreement, “Transaction Documents” means, collectively, the Private Placement Purchase Agreements, the Property Acquisition Agreements, the Management Agreement and the Property Management Agreements. As used in this Agreement, “Transaction Entities” means, collectively, the Property Manager, Avanath and its affiliates and its managed funds and MacFarlane and its affiliates and its managed funds that are parties to the Transaction Documents.

The Company has filed with the Securities and Exchange Commission (the “Commission”) a registration statement on Form S-11 (No. 333-249285) including a related preliminary prospectus, for the registration of the Shares under the Securities Act of 1933, as amended (the “Securities Act”), and the rules and regulations thereunder (the “Securities Act Regulations”). The Company has prepared and filed such amendments to the registration statement and such amendments or supplements to the related preliminary prospectus as may have been required to the date hereof, and will file such additional amendments or supplements as may hereafter be required. The registration statement has been declared effective under the Securities Act by the Commission. The registration statement, as amended at the time it was declared effective by the Commission (and, if the Company files a post-effective amendment to such registration statement which becomes effective prior to the Closing Time, such registration statement as so amended) and including all information deemed to be a part of the registration statement pursuant to Rule 430A of the Securities Act Regulations or otherwise, is hereinafter called the “Registration Statement.” Any registration statement filed pursuant to Rule 462(b) of the Securities Act Regulations is hereinafter called the “Rule 462(b) Registration Statement,” and after such filing the term “Registration Statement” shall include the Rule 462(b) Registration Statement. Each prospectus included in the Registration Statement before it was declared effective by the Commission under the Securities Act, and any preliminary form of prospectus filed with the Commission by the Company with the consent of the Underwriters pursuant to Rule 424(a) of the Securities Act Regulations is hereinafter

called the "Preliminary Prospectus." The term "Prospectus" means the final prospectus, as first filed with the Commission pursuant to paragraph (1) or (4) of Rule 424(b) of the Securities Act Regulations, and any amendments thereof or supplements thereto.

The term "Disclosure Package" means (i) the Preliminary Prospectus, as most recently amended or supplemented immediately prior to the Initial Sale Time (as defined below), (ii) the Issuer Free Writing Prospectuses and Free Writing Prospectuses (each as defined below), if any, identified in Part A of Schedule II to this Agreement and (iii) the pricing information included in Part B of Schedule II to this Agreement, all considered together.

The term "Issuer Free Writing Prospectus" means any issuer free writing prospectus, as defined in Rule 433 of the Securities Act Regulations.

The term "Free Writing Prospectus" means any free writing prospectus, as defined in Rule 405 of the Securities Act Regulations.

The term "broadly available road show" means a "bona fide electronic road show" as defined in Rule 433(h)(5) of the Securities Act Regulations that has been made available without restriction to any person.

The Company and each of the Underwriters agree as follows:

1. Sale and Purchase:

(a) *Initial Shares*. Upon the basis of the warranties and representations and other terms and conditions set forth in this Agreement, at the purchase price per share of Common Stock of $[•], (i) the Company agrees to sell to the Underwriters an aggregate of [•] Initial Shares and (ii) each Underwriter agrees, severally and not jointly, to purchase from the Company the number of Initial Shares set forth in Schedule I to this Agreement opposite such Underwriter' s name, plus any additional number of Initial Shares which such Underwriter may become obligated to purchase pursuant to the provisions of Section 9, subject in each case to such adjustments among the Underwriters as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional shares.

(b) *Option Shares*. In addition, upon the basis of the warranties and representations and other terms and conditions set forth in this Agreement, at the purchase price per share of Common Stock set forth in Section 1(a), less an amount per share equal to any dividend or distribution declared by the Company and payable on the Initial Shares but not payable on the Option Shares, the Company hereby grants an option to the Underwriters, acting severally and not jointly, to purchase from the Company up to [•] Option Shares plus any additional number of Option Shares which such Underwriter may become obligated to purchase pursuant to the provisions of Section 9. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time within such 30-day period only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Shares upon notice by the Representatives to the Company setting forth the number of Option Shares as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Shares. Any such time and date of delivery (an "Option Closing Time") shall be determined by the Representatives, but shall not be later than three full business days (and shall not, without the consent of the Company, be earlier than two full business days) after the exercise of such option, nor in any event prior to the Closing Time. If the option is exercised as to all or any portion of the Option Shares, the Company will sell that number of Option Shares then being purchased and each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Shares then being purchased which the number of Initial Shares set forth in Schedule I to this Agreement opposite the name of such Underwriter bears to the total number of Initial Shares, subject in each case to such adjustments among the Underwriters as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional shares.

2. Payment and Delivery:

(a) *Initial Shares*. The Initial Shares to be purchased by the Underwriters hereunder, in book-entry form, and in such authorized denominations and registered in such names and amounts as the Representatives may request upon at least 48 hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives through the facilities of The Depository Trust Company ("DTC") for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified to the Representatives by the Company, upon at least 48 hours' prior notice. To the extent the Initial Shares are delivered in certificated form and not in book-entry form through the facilities of DTC, the Company will cause the certificates representing the Initial Shares to be made available for checking and packaging not later than 1:00 p.m. New York City time on the business day prior to the Closing Time with respect thereto at the office of B. Riley Securities, Inc., 299 Park Avenue, 21st Floor, New York, New York 10171, or at the office of DTC or its designated custodian, as the case may be (the "Designated Office"). The time and date of such delivery and payment shall be 9:30 a.m., New York City time, on [ ], 2020 (unless another time and date shall be agreed to by the Representatives and the Company). The time and date at which such delivery and payment are actually made is referred to herein as the "Closing Time."

(b) *Option Shares*. Any Option Shares to be purchased by the Underwriters hereunder, in book-entry form, and in such authorized denominations and registered in such names and amounts as the Representatives may request upon at least 48 hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives through the facilities of DTC for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified to the Representatives by the Company, upon at least 48 hours' prior notice. To the extent any Option Shares are delivered in certificated form and not in book-entry form through the facilities of DTC, the Company will cause the certificates representing the Option Shares to be made available for checking and packaging at least 24 hours prior to the Option Closing Time with respect thereto at the Designated Office. The time and date of such delivery and payment shall be 9:30 a.m., New York City time, on the date specified by the Representatives in the notice given by the Representatives to the Company of the Underwriters' election to purchase such Option Shares or on such other time and date as the Company and the Representatives may agree upon in writing.

(c) *Directed Shares*. Morgan Stanley & Co. LLC ("Morgan Stanley") has agreed to reserve a portion of the Shares to be purchased by it under this Agreement for sale to directors, officers, employees and business associates and other parties related to the Company (collectively, the "Directed Share Participants"), as set forth in each of the Disclosure Package and the Prospectus under the heading "Underwriters" (the "Directed Share Program"). The Shares to be sold by Morgan Stanley and its affiliates pursuant to the Directed Share Program, at the direction of the Company, are referred to hereinafter as the "Directed Shares". Any Directed Shares not orally confirmed for purchase by any Directed Share Participant by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Prospectus.

3. Representations and Warranties of the Company:

Each of the Company and the Subsidiary Partnership, jointly and severally, hereby represents and warrants to the Underwriters as of the date of this Agreement, the Initial Sale Time, as of the Closing Time and as of any Option Closing Time, as the case may be, that:

(a) the Company is a corporation duly organized and validly existing and in good standing under the laws of the State of Maryland, with requisite corporate power and authority to (i) own, lease or operate its properties (including properties to be owned, leased or operated by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Property Acquisitions) and to conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus, (ii) execute and deliver this Agreement and the Transaction Documents to which the Company is a party and to consummate the transactions contemplated by this Agreement and the Transaction Documents and (iii) as the sole member of Aspire Real Estate TRS, LLC ("Aspire TRS"), which is the sole general partner of the Subsidiary Partnership, to cause the Subsidiary Partnership to enter into and perform the Subsidiary Partnership' s obligations under this Agreement and any Transaction Documents to which the Subsidiary Partnership is a party;

(b) the Subsidiary Partnership is a limited partnership duly formed and validly existing and in good standing under the laws of the State of Delaware, with requisite limited partnership power and

authority to (i) own, lease or operate its properties (including properties to be owned, leased or operated by the Subsidiary Partnership or any Subsidiary upon the consummation of the Property Acquisitions) and to conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus and (ii) execute and deliver this Agreement and the Transaction Documents to which the Subsidiary Partnership is a party and to consummate the transactions contemplated by this Agreement and such Transaction Documents;

(c) each of the subsidiaries of the Company and the Subsidiary Partnership (all of which are listed in Exhibit 21 to the Registration Statement) (each a "Subsidiary" and, collectively, the "Subsidiaries"), has been duly organized and is validly existing as a corporation, limited liability company, limited partnership or similar entity in good standing under the laws of the jurisdiction of its organization with requisite power and authority to (i) own, lease or operate its properties (including properties to be owned, leased or operated by any Subsidiary upon the consummation of the Property Acquisitions) and to conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus and (ii) execute and deliver any Transaction Documents to which such Subsidiary is a party and consummate the transactions contemplated by such Transaction Documents; the Subsidiaries are the only subsidiaries, direct or indirect, of the Company;

(d) commencing with its short taxable year ending December 31, 2020, the Company will be organized in conformity with the requirements for qualification and taxation as a "real estate investment trust" (a "REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Company' s proposed method of operations, as described in each of the Registration Statement, the Disclosure Package and the Prospectus, will enable it to satisfy the requirements for qualification and taxation as a REIT under the Code for the Company' s taxable year ending December 31, 2020 and thereafter; to the knowledge of either the Company or the Subsidiary Partnership, there is no event that would cause, or is reasonably likely to cause, the Company to fail to qualify as a REIT under the Code;

(e) commencing with the month in which the public offering of the Shares occurs, the Company will be organized in conformity with the requirements for qualification as a "qualified opportunity fund" (a "QOF") under Section 1400Z-2 of the Code and the Company' s proposed method of operations, as described in each of the Registration Statement, the Disclosure Package and the Prospectus, will enable it to satisfy the requirements for qualification as a QOF under the Code for the Company' s taxable year ending December 31, 2020 and thereafter; to the knowledge of either the Company or the Subsidiary Partnership, there is no event that would cause, or is reasonably likely to cause, the Company to fail to qualify as a QOF under the Code or to be subject to a penalty under Section 1400Z-2 of the Code;

(f) the Company had, as of September 30, 2020, the capitalization set forth in the Disclosure Package and the Prospectus in the column entitled "Historical" under the caption "Capitalization"; all of the issued and outstanding shares of capital stock of the Company, all of the ownership interests in the Subsidiary Partnership ("Partnership Units") and all of the equity interests of each Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable, and are, or upon consummation of the Transactions, will be directly or indirectly owned of record and beneficially by the Company free and clear of all liens, encumbrances and equities and claims, and have not been issued in violation of or subject to any preemptive right or other similar right of stockholders arising by operation of law, under the Company' s charter and bylaws (collectively, the "Charter Documents"), under the agreement of limited partnership of the Subsidiary Partnership (the "Partnership Agreement"), under the certificate of incorporation, bylaws, certificate of formation, limited liability company agreement, certificate of limited partnership or agreement of limited partnership of any Subsidiary (collectively, the "Subsidiary Organizational Documents") or under any agreement to which the Company, the Subsidiary Partnership or such Subsidiary is a party or otherwise, except as disclosed in or contemplated by both the Disclosure Package and the Prospectus;

(g) there are no outstanding (i) except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, securities or obligations of the Company, the Subsidiary Partnership or any Subsidiary convertible into or exchangeable for any capital stock of the Company, Partnership Units, or equity interests of any Subsidiary, (ii) warrants, rights or options to subscribe for or purchase from the Company, the Subsidiary Partnership or any Subsidiary any such capital stock, Partnership Units or equity interests or any such convertible or exchangeable securities or obligations convertible into or exchangeable for any capital stock of the Company, Partnership Units or equity interests of any Subsidiary or (iii) except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, obligations of the Company, the Subsidiary Partnership or any Subsidiary to issue or sell any shares of capital stock, Partnership Units or equity interests or any such warrants, rights or options, or any such convertible or exchangeable securities or obligations convertible into or exchangeable for any capital stock of the Company, Partnership Units or equity interests of any Subsidiary; other than as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, the Company, the Subsidiary Partnership and the Subsidiaries do not own and, upon the consummation of the Transactions, will not own directly or indirectly, any capital stock or other equity securities of any other corporation or any ownership interest in any partnership, joint venture or other association; none of the Subsidiary Partnership or any Subsidiary is currently prohibited or restricted, directly or indirectly, from paying any dividends or distributions to the Company or the Subsidiary Partnership or any Subsidiary or from making any other distribution with respect to any Partnership Units or such Subsidiary’ s equity interests, from repaying to the Company, the Subsidiary Partnership or any Subsidiary any amounts which may from time to time become due under any loans or advances to the Subsidiary Partnership or such Subsidiary from the Company, the Subsidiary Partnership or such Subsidiary or from transferring any of the Subsidiary Partnership’ s or such Subsidiary’ s property or assets to the Company, the Subsidiary Partnership or any Subsidiary; Aspire TRS is a wholly owned subsidiary of the Company and is the sole general partner of the Subsidiary Partnership;

(h) the Shares, the Private Placement Shares to be issued and sold by the Company, the Private Placement Units and the Partnership Units to be issued by the Subsidiary Partnership in exchange for the Company’ s contribution to the Subsidiary Partnership of the net proceeds of the offering of the Shares and the Private Placement Shares (including the Partnership Units to be issued to Aspire TRS) contemplated by this Agreement (the “Contribution Units”) have been duly authorized for issuance, sale and delivery pursuant to this Agreement, the Private Placement Agreements and the Partnership Agreement, and, when issued and delivered by the Company or the Subsidiary Partnership against payment therefor in accordance with the terms of this Agreement, the Private Placement Agreements and the Partnership Agreement, respectively, will be duly and validly issued and fully paid and nonassessable, free and clear of any pledge, lien, encumbrance, security interest or other claim, and the issuance, sale and delivery of the Shares and the Private Placement Shares by the Company and the Private Placement Partnership Units and Contribution Units by the Subsidiary Partnership are not subject to any preemptive right, co-sale right, registration right, right of first refusal or other similar right of stockholders arising by operation of law, under the Charter Documents, under the Partnership Agreement, under any agreement to which the Company or the Subsidiary Partnership is a party or otherwise; the forms of certificate, if any, for the Shares and the Private Placement Shares conform to the corporate law of the jurisdiction of the Company’ s incorporation and to any requirements of the Charter Documents; the offer and sale of the Private Placement Shares and the offer and sale of the Private Placement Partnership Units and Contribution Units will be made without registration of the Private Placement Shares, Private Placement Partnership Units or the Contribution Units, respectively, under the Securities Act in reliance upon the exemptions from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof and are exempt from the registration requirements of applicable state securities laws;

(i) each of the Company, the Subsidiary Partnership and the Subsidiaries conducts its respective business as described in the Registration Statement, the Disclosure Package and the Prospectus; the Company, the Subsidiary Partnership and each of the Subsidiaries is and, upon the consummation of the Transactions, will be duly qualified or licensed by, and in good standing in, each jurisdiction in which it conducts its business, or in which it owns or leases property or maintains an office and such qualification or licensing is necessary except where the failure, individually or in the aggregate, to be so qualified or licensed would not reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise), results of operations or prospects of the Company, the Subsidiary Partnership and the Subsidiaries taken as a whole (a “Material Adverse Effect”);

(j) the Company, the Subsidiary Partnership and each of its Subsidiaries has and, upon the consummation of the Property Acquisitions, will have legal, valid and defensible title to, or a valid leasehold interest in, all assets and properties (including properties to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Property Acquisitions) reflected as owned or leased by it, in the Registration Statement, the Disclosure Package and the Prospectus (whether through fee ownership, leasehold interests or similar rights or interests), in each case free and clear of all liens, security interests, pledges, charges, encumbrances, encroachments, restrictions, mortgages and defects, except such as are disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; any real property, buildings, improvements, equipment or personal property held under lease by the Company, the Subsidiary Partnership or any Subsidiary is or, upon the consummation of the Transactions, will be held under a lease that is valid, existing and enforceable, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity, by the Company, the Subsidiary Partnership or such Subsidiary, with such exceptions as are disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; and none of the Company, the Subsidiary Partnership or any Subsidiary has received any written notice of any claim that is adverse to the rights of the Company, the Subsidiary Partnership or any Subsidiary under any such lease, except as is disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; except as is disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, none of the Company, the Subsidiary Partnership or any Subsidiary, upon the consummation of the Property Acquisitions, will own or lease any real property other than the Properties (including real property to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Property Acquisitions); none of the Company, the Subsidiary Partnership or any Subsidiary operates any real property (including real property to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Property Acquisitions) and the Property Manager, upon the consummation of the Property Acquisitions will operate all real property owned or leased by the Company, the Subsidiary Partnership or any Subsidiary (including real property to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Property Acquisitions);

(k) the statements set forth in the Registration Statement, the Disclosure Package and the Prospectus under the headings "Description of Capital Stock," "Material U.S. Federal Income Tax Considerations," "Certain Provisions of Maryland Law and of our Charter And Bylaws," "ERISA Considerations," "Shares Eligible for Future Resale," and "Prospectus Summary-Overview of Opportunity Zone Program" to the extent such statements purport to summarize matters of federal law or legal conclusions with respect thereto are accurate summaries in all material respects; to the extent the Registration Statement, the Disclosure Package or the Prospectus purport to summarize all material contracts, agreements, instruments and other documents required to be described therein, such summaries are accurate in all material respects; there are no contracts or documents which are required to be described in the Registration Statement, the Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement which have not been so described and filed as required;

(l) upon the consummation of the Property Acquisitions, the Company, the Subsidiary Partnership or any Subsidiary will hold the lessor' s interest under the leases entered into with any tenant occupying a real property leased to it by the Company, the Subsidiary Partnership or any Subsidiary (collectively, the "Leases"); except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, none of the Company, the Subsidiary Partnership or its Subsidiaries has entered into any agreement that would reasonably be expected to have a Material Adverse Effect on the value of such Properties as a whole or would materially interfere with the use made and proposed to be made of such properties as a whole by the Company, the Subsidiary Partnership or any Subsidiary; except as disclosed in the Registration Statement, the Disclosure Package and the

Prospectus or as would not reasonably be expected to have a Material Adverse Effect, upon consummation of the Property Acquisitions, none of the Company, the Subsidiary Partnership or any Subsidiary nor, to the Company’ s or the Subsidiary Partnership’ s knowledge, any other party to any Lease is or, upon the consummation of the Transactions, will be in breach or default of any such Lease and to the Company’ s or the Subsidiary Partnership’ s knowledge, no event has occurred or been threatened, which with or without the passage of time or the giving of notice, or both, would, individually or together with all such other events, constitute a default under any Lease, or would permit termination under such Lease; except as would not reasonably be expected to have a Material Adverse Effect, each of the Leases is or, upon the consummation of the Property Acquisitions, will be valid and binding and in full force and effect, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors’ rights and general principles of equity; none of the Company, the Subsidiary Partnership or any Subsidiary has waived in writing any material provision under any Lease except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, no tenant under any Lease has an option, right of first offer or right of first refusal to purchase the premises demised under such Lease except for such options, rights of first offer or rights of first refusal which, if exercised, would not reasonably be expected to have a Material Adverse Effect; except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected to have a Material Adverse Effect, any ground lease under which the Company, the Subsidiary Partnership or any Subsidiary leases the land on which any property owned or leased by the Company, the Subsidiary Partnership or any Subsidiary (including properties to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Property Acquisitions) is located is in full force and effect, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors’ rights and general principles of equity; and none of the Company, the Subsidiary Partnership or any Subsidiary is in default in respect of any of the terms or provisions of any such ground lease and none of the Company, the Subsidiary Partnership or any Subsidiary has received notice of the assertion of any claim by anyone adverse to the rights of the Company, the Subsidiary Partnership or any such Subsidiary, as the case may be, as lessee under any such ground lease, or affecting or questioning the rights of the Company, the Subsidiary Partnership or any such Subsidiary to the continued possession or use of such property under any such ground lease or of a default under any such ground lease, except in each case, as disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(m) except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected to have a Material Adverse Effect, (1) all real property owned or leased by the Company, the Subsidiary Partnership or any Subsidiary (including real property to be owned, leased or operated by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Transactions) is free of structural defects and all building systems contained therein are in good working order in all material respects, subject to ordinary wear and tear or, in each instance, the Company, the Subsidiary Partnership or a Subsidiary, as the case may be, has created an adequate reserve to effect reasonably required repairs, maintenance and capital expenditures; and (2) to the Company’ s or the Subsidiary Partnership’ s knowledge, water, storm water, sanitary sewer, electricity and telephone service are all available (or, with respect to properties under development, will be available) at the property lines of such properties over duly dedicated streets or perpetual easements of record benefiting such properties;

(n) except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected to have a Material Adverse Effect, the Company, the Subsidiary Partnership or any applicable Subsidiary has obtained (or will obtain upon consummation of the Property Acquisitions) an owner’ s or leasehold title insurance policy from a title insurance company licensed to issue such policy, on any real property owned in fee or leased (including properties to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Property Acquisitions), as the case may be, by the Company, the Subsidiary Partnership or any Subsidiary that insures its fee or leasehold interest, as the case may be, in such real property, which policies include only commercially reasonable exceptions, and with coverages in amounts at least equal to amounts that are generally deemed in the Company' s industry to be commercially reasonable in the markets where its properties are located;

(o) upon the consummation of the Property Acquisitions, each of the real properties owned or leased by the Company, the Subsidiary Partnership or any Subsidiary will comply with all applicable zoning laws, ordinances, regulations and deed restrictions or other covenants except such failures (if any) as are disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; there is no pending or, to the knowledge of the Company or the Subsidiary Partnership, threatened condemnation, zoning change or other similar proceeding or action that will in any material respect affect the size or use of, improvements on, or construction on or access to the properties (including properties to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Property Acquisitions), except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect;

(p) the Company, the Subsidiary Partnership and each Subsidiary owns or possesses and, upon consummation of the Transactions, will own or possess such licenses or other rights to use all patents, trademarks, service marks, trade names, copyrights, software and design licenses, trade secrets, manufacturing processes, other intangible property rights and know-how (collectively, "Intangibles") as are necessary to entitle the Company, the Subsidiary Partnership and each Subsidiary to conduct the Company' s, the Subsidiary Partnership' s and each Subsidiary' s business described in the Registration Statement, the Disclosure Package and the Prospectus, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; none of the Company, the Subsidiary Partnership or any Subsidiary has received written notice of any infringement of or conflict with (and the Company, the Subsidiary Partnership and each Subsidiary does not know of any such infringement of or conflict with) asserted rights of others with respect to any Intangibles which would reasonably be expected to have a Material Adverse Effect;

(q) the material information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively, "IT Systems") of the Company, the Subsidiary Partnership or any the Subsidiary are adequate for, and operate and perform in all material respects as required in connection with the operation of the business of the Company, the Subsidiary Partnership and the Subsidiaries as currently conducted, and to the knowledge of the Company and the Subsidiary Partnership, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants; the Company, the Subsidiary Partnership and the Subsidiaries have implemented and maintained commercially reasonable physical, technical and administrative controls, policies, procedures, and safeguards to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all material IT Systems and data (including all personal, personally identifiable, sensitive, confidential or regulated data ("Personal Data")); there have been no breaches, violations, outages or unauthorized uses of or accesses to Personal Data, except for those that have been remedied without material cost or liability or the duty to notify any other person, nor any incidents under internal review or investigations relating to the same, except for those that may be remedied without any material cost to the Company, the Subsidiary Partnership and the Subsidiaries, taken as a whole; the Company, the Subsidiary Partnership and the Subsidiaries are presently in material compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Personal Data and to the protection of such IT Systems and Personal Data from unauthorized use, access, misappropriation or modification;

(r) none of the Company, the Subsidiary Partnership or any Subsidiary has violated, or received notice of any violation with respect to, any law, rule, regulation, order decree or judgment applicable to it (including any law, rule, regulation, order decree or judgment applicable to it upon the consummation of the Transactions) and its business, including those relating to transactions with affiliates, environmental, safety or similar laws, federal or state laws relating to discrimination in the hiring, promotion or pay of employees, federal or state wages and hours law, the Employee

Retirement Income Security Act of 1974, as amended, or the rules and regulations promulgated thereunder ("ERISA"), except for those violations that would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect;

(s) there are no outstanding loans or advances or guarantees of indebtedness by the Company, the Subsidiary Partnership or any Subsidiary to or for the benefit of any of the officers, directors, affiliates or representatives of the Company, the Subsidiary Partnership or any Subsidiary or any of the members of the families of any of them;

(t) except for compensation payable to the Underwriters pursuant to this Agreement and a fee payable to Accord Europe Limited ("Accord") equal to 1.0% of the gross proceeds of the External Private Placement from investors identified by Accord (the "Accord Fee") and a fee payable to Morgan Stanley & Co. LLC and B. Riley Securities, Inc. equal to 2.0% of the gross proceeds of the External Private Placement (together with the Accord Fee, the "Private Placement Fees"), none of the Company, the Subsidiary Partnership or any Subsidiary has incurred any liability for any finder' s fees or similar payments in connection with the transactions contemplated by this Agreement or in connection with the Transactions;

(u) none of the Company, the Subsidiary Partnership or any Subsidiary is in violation of, in breach of, or in default under (nor has any event occurred which with notice, lapse of time, or both would constitute a violation of, a breach of, or a default under) (i) the Charter Documents, the Partnership Agreement or the Subsidiary Organizational Documents, as applicable, or (ii) any obligation, agreement, covenant or condition contained in any contract, license, indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Company, the Subsidiary Partnership or any Subsidiary is a party or by which it or its properties (including properties to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Transactions) are bound or (iii) any federal, state, local or foreign law, regulation or rule or any decree, judgment, permit or order applicable to the Company, the Subsidiary Partnership or any Subsidiary (including any law, regulation, rule, decree, judgment, permit or order applicable to it upon the consummation of the Transactions), except, in the case of clauses (ii) and (iii) above, for such violations, breaches or defaults which would not, individually or in the aggregate, have a Material Adverse Effect;

(v) the execution, delivery and performance by the Company and the Subsidiary Partnership of this Agreement and the execution, delivery and performance by the Company, the Subsidiary Partnership and any Subsidiary of any Transaction Document to which it is a party, the issuance, sale and delivery by the Company of the Shares and Contribution Units contemplated by this Agreement and the Partnership Agreement and the Private Placement Shares and Private Placement Partnership Units contemplated by the Private Placement Purchase Agreements and the Partnership Agreement, the use of the proceeds from the sale of the Shares, the Private Placement Shares and the Private Placement Partnership Units as described in the Registration Statement, the Disclosure Package and the Prospectus, the consummation by the Company and the Subsidiary Partnership of the transactions contemplated by this Agreement, the consummation by the Company, the Subsidiary Partnership or any Subsidiary of the transactions contemplated by any Transaction Document to which it is a party, the compliance by the Company and the Subsidiary Partnership with the terms and provisions of this Agreement and compliance by the Company, the Subsidiary Partnership and any Subsidiary with the terms and provisions of any Transaction Document to which it is a party will not result in the creation or imposition of any material lien, charge, claim or encumbrance upon any property (including properties to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Transactions) or asset of the Company, the Subsidiary Partnership or any Subsidiary or conflict with, or result in any violation of or any breach of or constitute a default under (nor constitute any event which with notice, lapse of time, or both would constitute a violation of or a breach of or a default under), (i) any provision of the Charter Documents, the Partnership Agreement or any Subsidiary Organizational Documents, (ii) any contract, license, indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Company, the Subsidiary Partnership or any Subsidiary is a party or by which it or its respective properties (including properties to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the

Transactions) may be bound or affected or (iii) any federal, state, local or foreign law, regulation or rule or any decree, judgment, consent, license, permit or order applicable to the Company, the Subsidiary Partnership or any Subsidiary (including any law, regulation, rule, decree, judgment, consent, license, permit or order applicable to it upon the consummation of the Transactions), except in the case of clauses (ii) or (iii) above for such conflicts, breaches or defaults that have been validly waived or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or a Material Adverse Effect on consummation of the transaction contemplated hereby;

(w) this Agreement has been duly authorized, executed and delivered by the Company and the Subsidiary Partnership;

(x) each Transaction Document (i) has been or prior to the Closing Time, or, in the case of the Property Management Agreements, as of the closing of the acquisition of each respective Property, will be duly authorized, executed and delivered by the Company, the Subsidiary Partnership and each Subsidiary, to the extent any such party is a party thereto, and (ii) will constitute a legal, valid and binding agreement of the Company, the Subsidiary Partnership and any such Subsidiary enforceable in accordance with its terms, except in each case as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and by general principles of equity, and except to the extent that the enforceability of the indemnification provisions thereof may be limited by federal or state securities laws and public policy considerations in respect thereof;

(y) the Shares conform in all material respects to the description thereof contained in each of the Registration Statement, the Disclosure Package and the Prospectus;

(z) no approval, authorization, consent or order of or filing with any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency or approval of the stockholders of the Company is required in connection with the execution, delivery and performance by the Company, the Subsidiary Partnership, any Subsidiary or any Transaction Entity, to the extent any such party is a party thereto, of this Agreement or any of the other Transaction Documents, or the consummation by the Company, the Subsidiary Partnership, any such Subsidiary or any such Transaction Entity of the transactions contemplated by this Agreement or such Transaction Documents, other than (i) such as have been obtained or made, or will have been obtained or made at the Closing Time, the relevant Option Closing Time, or, in the case of the Property Acquisitions, at the time of the closing of each Property Acquisition, as the case may be, (ii) as may be required under the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the New York Stock Exchange (the "NYSE"), or the rules and regulations of the Financial Industry Regulatory Authority ("FINRA"), (iii) any necessary qualification under the securities or blue sky laws of the various jurisdictions in which the Shares are being offered by the Underwriters and (iv) such other approvals, authorizations, consents, orders or filings the failure of which to obtain or make would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect;

(aa) Upon the consummation of the Transactions, the Company, the Subsidiary Partnership and the applicable Subsidiaries will have all necessary licenses, permits, certificates, authorizations, consents and approvals necessary to conduct their respective businesses as described in the Registration Statement, the Disclosure Package and the Prospectus and have provided all necessary notices and made all necessary filings required to be provided or made under any federal, state, local or foreign law, regulation or rule necessary to conduct their respective businesses as described in the Registration Statement, the Disclosure Package and the Prospectus and have obtained or will have obtained, as applicable, all necessary licenses, permits, certificates, authorizations, consents and approvals from other persons in order to conduct their respective businesses as described in the Registration Statement, the Disclosure Package and the Prospectus, except, in each case, to the extent that any failure to have any such licenses, permits, certificates, authorizations, consents or approvals, to make any such filings or to obtain any such licenses, permits, certificates, authorizations, consents or approvals would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; none of the Company, the Subsidiary Partnership or any Subsidiary is or, upon consummation of the Transactions, will be in violation of, or in default under, any such license, permit, certificate, authorization, consent or approval or any federal, state, local or foreign law, regulation or rule or any decree, order or judgment necessary to conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus, the effect of which would reasonably be expected to have a Material Adverse Effect;

(bb) the Registration Statement has become effective under the Securities Act and no stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company or the Subsidiary Partnership, are contemplated or threatened by the Commission;

(cc) any Preliminary Prospectus when filed and the Registration Statement as of its effective date and as of the date hereof complied and, as it may be further amended after the date hereof, will comply, and any Preliminary Prospectus, the Prospectus and any further amendments or supplements thereto, each when filed with the Commission, complied or will comply, in all material respects with the requirements of the Securities Act and the Securities Act Regulations;

(dd) the Registration Statement, as of its effective date and as of the date hereof, did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; the Disclosure Package does not, and the Prospectus, and any amendment or supplement thereto will not, as of the applicable filing date, the date hereof, at the Closing Time and at each Option Closing Time, if any, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however that the Company and the Subsidiary Partnership make no warranty or representation with respect to any statement contained in or omitted from the Registration Statement, any Preliminary Prospectus or the Prospectus in reliance upon and in conformity with the information concerning the Underwriters and furnished in writing by or on behalf of the Underwriters through the Representatives to the Company or the Subsidiary Partnership expressly for use therein (that information furnished being limited to the information described as such in the last sentence of Section 10(b));

(ee) as of [[•] a.m./p.m.] E.[S].T. on [•], 2020 (the "Initial Sale Time"), the Disclosure Package did not, and at the time of each sale of Shares and at the Closing Time and at each Option Closing Time, if any, the Disclosure Package will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; as of its issue date or date of first use and at all subsequent times through the Initial Sale Time, each Free Writing Prospectus and broadly available road show, when considered together with the Disclosure Package, did not, and at the Closing Time and at each Option Closing Time, if any, each such Free Writing Prospectus and each such broadly available road show, when considered together with the Disclosure Package, will not, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company and the Subsidiary Partnership make no warranty or representation with respect to any statement contained in or omitted from the Disclosure Package in reliance upon and in conformity with the information concerning the Underwriters and furnished in writing by or on behalf of the Underwriters through the Representatives to the Company or the Subsidiary Partnership expressly for use therein (that information furnished being limited to the information described as such in the last sentence of Section 10(b));

(ff) each Issuer Free Writing Prospectus as of its issue date and at all subsequent times through the completion of the public offer and sale of the Shares did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement;

(gg) the Company is not an "ineligible issuer" in connection with this offering pursuant to Rules 164 and 433 under the Securities Act; any Free Writing Prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act Regulations has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the Securities Act

Regulations; each Free Writing Prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act Regulations or that was prepared by or on behalf of or used by the Company, the Subsidiary Partnership or any Subsidiary complies or will comply in all material respects with the requirements of the Securities Act and the Securities Act Regulations;

(hh) except for the Issuer Free Writing Prospectuses identified in Schedule II to this Agreement, and any electronic road show relating to the public offering of the Shares, none of the Company, the Subsidiary Partnership or any Subsidiary has prepared, used or referred to, and will not, without the prior consent of the Representatives, prepare, use or refer to, any Free Writing Prospectus;

(ii) any Preliminary Prospectus, the Prospectus and any Issuer Free Writing Prospectuses (to the extent any such Issuer Free Writing Prospectus was required to be filed with the Commission) delivered to the Representatives for use in connection with the public offering of the Shares contemplated by this Agreement have been or will be identical to the versions of such documents transmitted to the Commission for filing via the Electronic Data Gathering Analysis and Retrieval System ("EDGAR"), except to the extent permitted by Regulation S-T;

(jj) the Company filed the Registration Statement with the Commission before using any Issuer Free Writing Prospectus; each Issuer Free Writing Prospectus was preceded or accompanied by the most recent Preliminary Prospectus satisfying the requirements of Section 10 under the Securities Act, which Preliminary Prospectus included an estimated price range;

(kk) from the time of initial confidential submission of a draft registration statement relating to the Shares with the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing the Waters Communication (as defined below)) through the date hereof, the Company has been and is an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act; "Testing the Waters Communication" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act;

(ll) none of the Company, the Subsidiary Partnership or any Subsidiary has (i) engaged in any Testing the Waters Communication other than through, or as disclosed to, the Representatives or (ii) authorized anyone other than the Representatives to engage in Testing the Waters Communications; the Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing the Waters Communications; except through, or as disclosed to, the Representatives, none of the Company, the Subsidiary Partnership or any Subsidiary has distributed any Written Testing the Waters Communications (as defined below); "Written Testing the Waters Communications" means any Testing the Waters Communication that is a "written communication" within the meaning of Rule 405 of the Securities Act Regulations; no individual Testing the Waters Communication, when considered together with the Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(mm) other than as set forth in each of the Registration Statement, the Disclosure Package and the Prospectus, or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, there are no actions, suits, proceedings, inquiries or investigations pending or, to the knowledge of the Company or the Subsidiary Partnership, threatened against the Company, the Subsidiary Partnership or any Subsidiary, or any of their respective properties (including properties to be owned or leased by the Company, the Subsidiary Partnership or any Subsidiary upon the consummation of the Transactions), directors, officers or affiliates at law or in equity, or before or by any federal, state, local or foreign governmental or regulatory commission, board, body, authority, arbitral panel or agency;

(nn) subsequent to the respective dates as of which information is given in each of the Registration Statement, the Disclosure Package and the Prospectus, and except as may be otherwise stated in each of the Registration Statement, the Disclosure Package and the Prospectus, there has not been (i) any event, circumstance or change that has, or would reasonably be expected, individually or in the aggregate, to have, a Material Adverse Effect, (ii) any transaction, other than in the ordinary course of business, which is material to the Company, the Subsidiary Partnership and the

Subsidiaries, taken as a whole, contemplated or entered into by the Company, the Subsidiary Partnership or any Subsidiary, (iii) any obligation, contingent or otherwise, directly or indirectly incurred by the Company, the Subsidiary Partnership or any Subsidiary, other than in the ordinary course of business, which is material to the Company, the Subsidiary Partnership and the Subsidiaries, taken as a whole, (iv) any dividend or distribution of any kind declared, paid or made by the Company, the Subsidiary Partnership or any Subsidiary on any class of its capital stock, Partnership Units or equity interests or any purchase by the Company, the Subsidiary Partnership or any Subsidiary of any of its outstanding capital stock, Partnership Units or equity interests or (v) any change of the capital stock, Partnership equity interests or indebtedness of the Company, the Subsidiary Partnership or any Subsidiary;

(oo) none of the Company, the Subsidiary Partnership or any Subsidiary is and, upon the consummation of the Transactions, the offering and sale of the Shares as contemplated by this Agreement and the Private Placement Shares and the Private Placement Partnership Units as contemplated by the Private Placement Purchase Agreements and the application of the net proceeds therefrom as described in the Registration Statement, the Disclosure Package and the Prospectus under the caption "Use of Proceeds," will be, an "investment company" or an entity "controlled" by an "investment company" (as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the rules and regulations promulgated thereunder);

(pp) there are no persons with registration rights or other similar rights to have any securities registered by the Company, the Subsidiary Partnership or any Subsidiary for sale pursuant to the Registration Statement or the Prospectus;

(qq) none of the Company, the Subsidiary Partnership or any Subsidiary or any of their respective affiliates (i) is required to register as a "broker" or "dealer" in accordance with the provisions of the Exchange Act or the rules and regulations thereunder (such rules and regulations, the "Exchange Act Regulations") or (ii) directly, or indirectly through one or more intermediaries, controls or has any other association with (within the meaning of Article 1 of the bylaws of FINRA) any member firm of FINRA;

(rr) none of the Company, the Subsidiary Partnership or any Subsidiary, or to the knowledge of the Company or the Subsidiary Partnership, any of their respective directors, officers, representatives or affiliates has taken, directly or indirectly, any action intended, or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(ss) the Company, the Subsidiary Partnership and each Subsidiary carries, or is covered by, insurance (issued by insurers of recognized financial responsibility to the knowledge of the Company or the Subsidiary Partnership) in such amounts and covering such risks as is appropriate for the conduct of their respective businesses and the value of the assets to be held by them upon the consummation of the transactions (including the Transactions) contemplated by the Registration Statement, the Disclosure Package and the Prospectus and as is customary for companies engaged in businesses similar to the business of the Company, all of which insurance is in full force and effect in all material respects;

(tt) the financial statements included in the Registration Statement, the Disclosure Package and the Prospectus, together with the related schedules and notes thereto, (i) fairly present the financial position of the Company, Aspire Real Estate Investors Predecessor I ("Predecessor I") or Aspire Real Estate Investors Predecessor II ("Predecessor II") as of the respective dates thereof, and the results of operations and statements of cash flows for the periods then ended and (ii) have been prepared in conformity with United States generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved and in accordance with the applicable accounting requirements of the Securities Act and the Securities Act Regulations; the financial statement schedules of the Company, Predecessor I and Predecessor II, if any, and the financial data of the Company, Predecessor I and Predecessor II in the Registration Statement, Disclosure Package and the Prospectus, fairly present the information shown therein and have been compiled on a basis consistent with the financial statements of the Company, Predecessor I or Predecessor II included in the Registration Statement, the Disclosure Package and the Prospectus; the unaudited pro forma consolidated financial statements of the Company included in the Registration Statement, the Disclosure Package and the Prospectus comply in all material respects with the Commission' s rules and guidelines with respect to pro forma financial statements, the assumptions used in the preparation of such pro forma financial statements are reasonable in all material respects and the pro forma adjustments used therein are appropriate to give effect to the transactions or circumstances described therein; no pro forma financial information, financial statements or supporting schedules other than those included in each of the Registration Statement, the Disclosure Package and the Prospectus are required to be included in the Registration Statement, the Disclosure Package or the Prospectus; all disclosures included in the Registration Statement, the Disclosure Package and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act Regulations, and Item 10 of Regulation S-K of the Securities Act Regulations, to the extent applicable;

(uu) (i) Deloitte & Touche LLP, who have certified certain financial statements of the Company and its consolidated subsidiaries and Predecessor II delivered their reports with respect to the audited consolidated financial statements and schedules filed with the Commission as part of the Registration Statement and included in the Registration Statement, the Disclosure Package and the Prospectus, is an independent registered public accounting firm with respect to such entities within the meaning of the Securities Act and the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States); (ii) Novogradac & Company LLP, who have certified certain financial statements of Predecessor I and delivered their report with respect to the audited consolidated financial statements and schedules filed with the Commission as part of the Registration Statement and included in the Registration Statement, the Disclosure Package and the Prospectus, is an independent registered public accounting firm with respect to Predecessor I within the meaning of the Securities Act and the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States);

(vv) the Company, the Subsidiary Partnership and each of the Subsidiaries maintains effective internal control over financial reporting (as defined under Rule 13a-15 and Rule 15d-15 of the Exchange Act Regulations) and a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management' s general or specific authorization, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management' s general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, there are no material weaknesses or significant deficiencies in the Company' s internal control over financial reporting and there has been no material change in the Company' s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company' s internal control over financial reporting since the respective dates of the information given in the Registration Statement, the Disclosure Package and the Prospectus; the Company maintains a system of disclosure controls and procedures (as defined in Rule 13a-15 and Rule 15d-15 under the Exchange Act Regulations) that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission' s rules and forms, and is accumulated and communicated to the Company' s management, including its principal executive officer or officers and principal financial officer or officers, as appropriate, to allow timely decisions regarding disclosure;

(ww) none of the Company, the Subsidiary Partnership, any Subsidiary or any director, officer or employee of the Company, the Subsidiary Partnership or any Subsidiary nor, to the knowledge of the Company or the Subsidiary Partnership, any agent or representative of the Company, the Subsidiary Partnership, any Subsidiary or any of their affiliates, is aware of or has taken any action, directly or indirectly, that would result in (i) a violation by such persons of the Foreign Corrupt

Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or (ii) a violation by such persons of any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom (the "Bribery Act"), or any other applicable anti-bribery or anti-corruption laws; the Company, the Subsidiary Partnership and the Subsidiaries and, to the knowledge of the Company and the Subsidiary Partnership, the affiliates of the Company or the Subsidiary Partnership have conducted their businesses in compliance with the FCPA and the Bribery Act and have instituted and maintain policies and procedures designed to ensure, and that are reasonably expected to continue to ensure, continued compliance therewith; none of the Company, the Subsidiary Partnership or any Subsidiary will use, directly or indirectly, the proceeds of the offering of the Shares, the Private Placement Shares or the Private Placement Partnership Units in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any applicable anti-corruption laws;

(xx) the operations of the Company, the Subsidiary Partnership and the Subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company, the Subsidiary Partnership or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(yy) (i) none of the Company, the Subsidiary Partnership, any Subsidiary, or any director, officer or employee of the Company, the Subsidiary Partnership or any Subsidiary nor, to the knowledge of the Company or the Subsidiary Partnership, any agent, affiliate or representative of the Company, the Subsidiary Partnership or any Subsidiary, is an individual or entity ("Person") that is, or is owned or controlled by one or more Persons that are: (A) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury' s Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty' s Treasury, or other relevant sanctions authority (collectively, "Sanctions") or (B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea and Syria); (ii) neither the Company nor the Subsidiary Partnership will, directly or indirectly, use the proceeds of the offering of the Shares, the Private Placement Shares or the Private Placement Partnership Units, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person: (A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions or (B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering of the Shares, the Private Placement Shares or the Private Placement Partnership Units, whether as underwriter, advisor, investor or otherwise); and (iii) the Company and each of its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions;

(zz) any certificate signed by any officer of the Company or the Subsidiary Partnership delivered to the Representatives or to counsel for the Underwriters pursuant to or in connection with this Agreement shall be deemed a representation and warranty by the Company or the Subsidiary Partnership, as the case may be, to the Underwriters as to the matters covered thereby;

(aaa) except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect or where such matters are the result of a pending bona fide dispute with taxing authorities, (i) the Company, the Subsidiary Partnership and the Subsidiaries have accurately prepared and timely filed any and all federal, state, foreign, local and other tax returns that are required to be filed by them, if any, and have paid or made provision for the payment of all taxes, assessments, governmental or other similar charges, including without limitation, all sales and use taxes and all taxes which the Company, the Subsidiary Partnership or any Subsidiary is obligated to withhold from amounts owing to employees, creditors and third parties, with respect to the periods covered by such tax returns (whether or not such amounts are shown as due on any tax return), (ii) no deficiency assessment with respect to a proposed adjustment of the Company' s, the Subsidiary Partnership' s or any Subsidiary' s federal, state, local or foreign taxes is pending or, to the best of the Company' s or the Subsidiary Partnership' s knowledge, threatened, (iii) since the date of the most recent audited financial statements, none of the Company, the Subsidiary Partnership or any Subsidiary has incurred any liability for taxes other than in the ordinary course of its business and (iv) there is no tax lien, whether imposed by any federal, state, foreign, local or other taxing authority, outstanding against the assets, properties or business of the Company, the Subsidiary Partnership or any Subsidiary;

(bbb) except as described in each of the Registration Statement, the Disclosure Package and the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) none of the Company, the Subsidiary Partnership or any Subsidiary is or, upon the consummation of the Transactions, will be in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mold (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (ii) the Company, the Subsidiary Partnership and each Subsidiary have and, upon the consummation of the Transactions, will have all permits, authorizations and approvals required under any applicable Environmental Laws and are and, upon the consummation of the Transactions, will be in compliance with their requirements, (iii) there are and, upon the consummation of the Transactions, will be no pending or, to the knowledge of the Company or the Subsidiary Partnership, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating to any Environmental Law against the Company, the Subsidiary Partnership or any Subsidiary or any of the Properties and (iv) to the knowledge of the Company or the Subsidiary Partnership, there are and, upon the consummation of the Transactions, will be no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company, the Subsidiary Partnership or any Subsidiary or any of the Properties relating to Hazardous Materials or any Environmental Laws;

(ccc) each employee benefit plan, within the meaning of Section 3(3) of ERISA, that is maintained, administered or contributed to by the Company, the Subsidiary Partnership, any Subsidiary or any of their affiliates for employees or former employees of the Company, the Subsidiary Partnership any such Subsidiary or any of their affiliates has been maintained in compliance in all material respects with its terms and the requirements of any applicable statutes, orders, rules and regulations, including, but not limited to, ERISA and the Code; no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any such plan excluding transactions effected pursuant to a statutory or administrative exemption, and no such plan is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA;

(ddd) no labor disturbance by or dispute with employees of the Company, the Subsidiary Partnership or any Subsidiary exists or, to the knowledge of the Company or the Subsidiary Partnership, is contemplated or threatened and neither the Company nor the Subsidiary Partnership is aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of the Company' s, the Subsidiary Partnership' s or any Subsidiary' s principal suppliers, contractors or customers, except in each case as would not reasonably expected to have a Material Adverse Effect;

(eee) the Company, the Subsidiary Partnership and each Subsidiary are in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder or implementing the provisions thereof that are in effect and with which the Company, the Subsidiary Partnership or any Subsidiary are required to comply as of the date of this Agreement, and are actively taking steps to ensure that they will be in compliance with other provisions of the Sarbanes-Oxley Act not currently in effect, upon the effectiveness of such provisions, or which will become applicable to the Company, the Subsidiary Partnership or any Subsidiary;

(fff) any statistical, tenant and market-related data included in the Registration Statement, the Disclosure Package or the Prospectus is based on or derived from sources that the Company and the Subsidiary Partnership believe to be reliable and accurate in all material respects and, to the extent required, the Company or the Subsidiary Partnership has obtained the written consent to the use of such data from such sources;

(ggg) no forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in any of the Registration Statement, the Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith;

(hhh) the Shares have been approved for listing on the NYSE, subject to official notice of issuance; the Company has taken all necessary actions to ensure that, upon listing, it will be in compliance with all applicable corporate governance requirements set forth in the NYSE' s listing standards that are then in effect;

(iii) the Registration Statement, the Disclosure Package, the Prospectus, any Preliminary Prospectus and any Issuer Free Writing Prospectuses comply in all material respects, and any further amendments or supplements thereto will comply in all material respects, with any applicable laws or regulations of foreign jurisdictions in which the Disclosure Package, the Prospectus, any such Preliminary Prospectus and any such Issuer Free Writing Prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program;

(jjj) no consent, approval, authorization or order of, or qualification with, any governmental body or agency, other than those obtained, is required in connection with the offering of the Directed Shares in any jurisdiction where the Directed Shares are being offered;

(kkk) the Company has not offered, or caused the Directed Share Entities (as defined in Section 10(f)) to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer or supplier' s level or type of business with the Company or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products;

(lll) no relationship, direct or indirect, exists between or among the Company, the Subsidiary Partnership or any Subsidiary, on the one hand, and the director, officers or stockholders, customers or suppliers of the Company, the Subsidiary Partnership or any Subsidiary, on the other hand, which is required to be described in the Registration Statement, the Disclosure Package or the Prospectus and which is not so described;

(mmm) none of the Company, the Subsidiary Partnership or any Subsidiary has any securities rated by any "nationally recognized statistical rating organization," as such term is defined in Section 3(a)(62) of the Exchange Act; and

(nnn) each of the directors named as an independent director in the Registration Statement, the Disclosure Package and the Prospectus is "independent" within the meaning of the corporate governance rules of the NYSE.

4. Representations and Warranties of the Manager:

The Manager represents and warrants to each Underwriter that:

(a) the Manager is a limited liability company duly organized and validly existing and in good standing under the laws of the State of Delaware, is duly qualified to do business and is in good standing in each jurisdiction in which the conduct of its business requires such qualification, and has all power and authority necessary to conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus;

(b) the Manager has full right, power and authority to execute and deliver this Agreement and to execute and deliver the Transaction Documents to which the Manager is or will be a party and to consummate the transactions contemplated by this Agreement and such Transaction Documents; this Agreement and the other Transaction Documents to which the Manager is or will be a party and the transactions contemplated by this Agreement and such Transaction Documents have been duly authorized and approved by all necessary limited liability company action on the part of the Manager, and this Agreement and the other Transaction Documents to which the Manager is a party have been executed and delivered by the Manager and will constitute legal, valid and binding agreements of the Manager, enforceable in accordance with its terms, except in each case as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and by general principles of equity, and except to the extent that the indemnification provisions hereof may be limited by federal or state securities laws and public policy considerations in respect thereof;

(c) the Manager is not in violation of, in breach of, or in default under (nor has any event occurred which with notice, lapse of time, or both would constitute a violation of, a breach of, or a default under) (i) the limited liability company agreement of the Manager (the "Manager Organizational Document"), (ii) any obligation, agreement, covenant or condition contained in any contract, license, indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Manager is a party or by which it or its properties are bound or (iii) any federal, state, local or foreign law, regulation or rule or any decree, judgment, permit or order applicable to the Manager (including any law, regulation, rule, decree, judgment, permit or order applicable to it upon the consummation of the Transactions), except, in the case of clauses (ii) and (iii) above, for such breaches or defaults which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise), results of operations or prospects of the Manager (a "Manager Material Adverse Effect");

(d) except as described in Registration Statement, the Disclosure Package and the Prospectus, no approval, authorization, consent or order of or filing with any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency is required in connection with the execution, delivery and performance by the Manager of this Agreement or the Management Agreement or the other Transaction Documents to which the Manager is or will be a party or the consummation by the Manager of the transactions contemplated by this Agreement and such Transaction Documents, other than such as have been obtained or made, or will have been obtained or made at the Closing Time;

(e) except as may be otherwise stated in the Registration Statement, the Disclosure Package and the Prospectus, there has not been any event, circumstance or change that has, or would reasonably be expected, individually or in the aggregate, to have, a Manager Material Adverse Effect or that could prevent the Manager from carrying out its obligations under this Agreement, the Management Agreement or the other Transaction Documents to which the Manager is a party;

(f) other than as set forth in the Registration Statement, the Disclosure Package and the Prospectus, there are no actions, suits, proceedings, inquiries or investigations pending against the Manager or any Transaction Entity or, to the knowledge of the Manager, threatened against the Manager or any Transaction Entity, any of their respective properties, directors, officers or affiliates at law or in equity, or before or by any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency;

(g) the Manager has not been notified that any of the Manager' s officers, investment committee members, investment professionals or other key persons named in the Registration Statement, the Disclosure Package and the Prospectus plans to terminate his or her employment or association with the Manager; none of the Manager or any of the Manager' s officers, investment committee members or other key persons named in the Registration Statement, the Disclosure Package and the Prospectus is subject to any non-competition, nondisclosure, confidentiality, employment, consulting or similar agreement that would be violated by the business activities of the Company, the Subsidiary Partnership, any Subsidiary or the Manager as described in the Registration Statement, the Disclosure Package and the Prospectus;

(h) the Manager is not prohibited by the Investment Advisers Act of 1940, as amended, or the rules and regulations thereunder, from performing its obligations under the this Agreement, the Management Agreement or the other Transaction Documents to which the Manager is a party as described in the Registration Statement, the Disclosure Package and the Prospectus;

(i) the Manager has not taken, directly or indirectly, any action designed to or that would reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares;

(j) no labor disturbance by or dispute with employees of the Manager or any of its subsidiaries or, to the knowledge of the Manager, the Property Manager exists or, to the knowledge of the Manager, is contemplated or threatened, and the Manager is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its or its subsidiaries' principal suppliers, contractors or customers, except as would not reasonably be expected to have a Manager Material Adverse Effect;

(k) any financial, performance, statistical or other data or information regarding the Manager and/or its subsidiaries or the Transaction Entities that is included in the Registration Statement, the Disclosure Package or the Prospectus is derived from their accounting or other applicable records, as applicable, and is true and correct in all material respects; nothing has come to the attention of the Manager that has caused the Manager to believe that any of the statistical, tenant and market-related data included in the Registration Statement, the Disclosure Package or the Prospectus is not based on or derived from sources that are accurate in all material respects and, to the extent required, the Manager has obtained the written consent to the use of such data from such sources;

(l) the Manager (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, used, authorized, approved or referred to and will not prepare, use, authorize, approve or refer to any "written communication" (as defined in Rule 405 of the Securities Act Regulations) that constitutes an offer to sell or solicitation of an offer to buy the Shares;

(m) the Manager operates under the Company' s system of internal accounting controls in order to provide reasonable assurances that (i) transactions effectuated by it on behalf of the Company, the Subsidiary Partnership or any Subsidiary pursuant to its duties set forth in the Management Agreement are executed in accordance with the general or specific authorization of the management of the Company and (ii) access to the Company' s, the Subsidiary Partnership' s or any Subsidiary' s assets is permitted only in accordance with the general or specific authorization of the management of the Company;

(n) each of the Manager and the Property Manager has the financial, personnel and other resources available to it necessary for the performance of its services and obligations as contemplated hereby and in the Management Agreement, the Property Management Agreements, the Registration Statement, the Disclosure Package and the Prospectus;

(o) each of the Manager and the Property Manager is insured by insurers with appropriately rated claims paying abilities against such losses and risks and in such amounts as are prudent and customary for the businesses in which the Manager and the Property Manager are engaged; all policies of insurance and fidelity or surety bonds insuring the Manager or the Property Manager or the Manager' s or the Property Manager' s business, assets, employees, officers and directors, as applicable, are in full force and effect, except as would not reasonably be expected to have a Manager Material Adverse Effect; neither the Manager nor the Property Manager has been refused any insurance coverage sought or applied for;

(p) the Property Manager is an S corporation duly incorporated and validly existing and in good standing under the laws of the State of California, is duly qualified to do business and is in good standing in each jurisdiction in which the conduct of its business requires such qualification, and has all power and authority necessary to conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus;

(q) each of the Transaction Entities has the legal power and authority to execute and deliver the Transaction Documents to which such Transaction Entity is a party and to consummate the transactions contemplated by such Transaction Documents;

(r) none of the Transaction Entities is in violation of, in breach of, or in default under (nor has any event occurred which with notice, lapse of time, or both would constitute a violation of, a breach of, or a default under) (i) its certificate of incorporation, bylaws, certificate of formation, limited liability company agreement, certificate of limited partnership or agreement of limited partnership of any such Transaction Entity (the "Transaction Entity Organizational Documents") or (ii) any obligation, agreement, covenant or condition contained in any contract, license, indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which such Transaction Entity is a party or by which any of them or their respective properties are bound or (iii) any federal, state, local or foreign law, regulation or rule or any decree, judgment, permit or order applicable to such Transaction Entity (including any law, regulation, rule, decree, judgment, permit or order applicable to it upon the consummation of the Transactions), except, in the case of clauses (ii) and (iii) above, for such breaches or defaults which would not, individually or in the aggregate, have a Manager Material Adverse Effect;

(s) each Transaction Document (i) has been or prior to the Closing Time will be duly authorized by each Transaction Entity, to the extent any such party is a party thereto, and (ii) will constitute a legal, valid and binding agreement of such Transaction Entity enforceable in accordance with its terms, except in each case as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and by general principles of equity, and except to the extent that the enforceability of the indemnification provisions thereof may be limited by federal or state securities laws and public policy considerations in respect thereof;

(t) the Property Manager is owned and controlled by Avanath and MacFarlane; and

(u) the execution, delivery and performance by the Manager and, to the knowledge of the Manager, each of the Transaction Entities of any Transaction Document to which it is a party and performance by the Manager and, to the knowledge of the Manager, each of the Transaction Entities of any Transaction Document to which it is a party, and the consummation by the Manager and, to the knowledge of the Manager, each of the Transaction Entities of the transactions contemplated by any Transaction Document to which it is a party, will not result in the creation or imposition of any material lien, charge, claim or encumbrance upon any property or asset of the Manager or the Transaction Entities or conflict with, or result in any violation of or any breach of or constitute a default under (nor constitute any event which with notice, lapse of time, or both would constitute a violation of or a breach of or a default under), (i) any provision of the Manager Organizational Document or, to the knowledge of the Manager, any Transaction Entity Organizational Documents, (ii) any contract, license, indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Manager or any Transaction Entity is a party or by which it or its respective properties may be bound or affected or (iii) any federal, state, local or foreign law, regulation or rule or any decree, judgment, consent, license, permit or order applicable to the Manager or any Transaction Entity (including any law, regulation, rule, decree, judgment, permit or order applicable to it upon the consummation of the Transactions), except in the case of clauses (ii) or (iii) above for such conflicts, breaches or defaults that have been validly waived or would not reasonably be expected to have, individually or in the aggregate, a Manager Material Adverse Effect, or a Manager Material Adverse Effect on consummation of the transaction contemplated hereby.

5. Certain Covenants of the Company, the Subsidiary Partnership and the Manager:

(a) Upon the basis of each Underwriter' s covenants contained herein, each of the Company and the Subsidiary Partnership, jointly and severally, agrees with each Underwriter:

(i) to furnish such information as may be required and otherwise to cooperate in qualifying the Shares for offer and sale under the securities or blue sky laws of such states and other jurisdictions as the Representatives may designate and to maintain such qualifications in effect as long as required by such laws for the distribution of the Shares; provided, however, that neither the Company nor the Subsidiary Partnership shall be required to qualify as a foreign corporation or other foreign entity or to consent to the service of process under the laws of, or subject itself to taxation as doing business in, any such state or other jurisdiction (except service of process with respect to the offering and sale of the Shares);

(ii) if, at the time this Agreement is executed and delivered, it is necessary for a post-effective amendment to the Registration Statement to be declared effective before the offering of the Shares may commence, the Company will endeavor to cause such post-effective amendment to become effective as soon as possible and will advise the Representatives promptly and, if requested by the Representatives, will confirm such advice in writing, when such post-effective amendment has become effective;

(iii) to prepare the Prospectus in a form approved by the Underwriters and file such Prospectus with the Commission pursuant to, and within the time period required by, Rule 424(b) (without reliance on Rule 424(b)(8)) under the Securities Act and to deliver to the Underwriters copies of the Prospectus (or of the Prospectus as amended or supplemented if the Company shall have made any amendments or supplements thereto after the effective date of the Registration Statement) in such quantities and at such locations as the Underwriters may reasonably request for the purposes contemplated by the Securities Act Regulations, which Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the version transmitted to the Commission for filing via EDGAR, except to the extent permitted by Regulation S-T;

(iv) to advise the Representatives promptly and (if requested by the Representatives) to confirm such advice in writing, when the Registration Statement has become effective and when any post-effective amendment thereto becomes effective under the Securities Act Regulations;

(v) to furnish a copy of each proposed Free Writing Prospectus to the Representatives and counsel for the Underwriters and obtain the consent of the Representatives prior to referring to, using or filing with the Commission any Free Writing Prospectus pursuant to Rule 433(d) under the Securities Act, which consent shall not be unreasonably withheld, other than the Issuer Free Writing Prospectuses, if any, identified in Schedule II to this Agreement;

(vi) to comply with the requirements of Rules 164 and 433 of the Securities Act Regulations applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission, legending and record keeping, as applicable;

(vii) to advise the Representatives promptly, confirming such advice in writing, of (i) the receipt of any comments from, or any request by, the Commission for amendments or supplements to the Registration Statement, any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus, any Testing the Waters Communication, or for additional information with respect thereto, (ii) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus, or any Written Testing the Waters Communication or of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes and, if the Commission or any other government agency or authority should issue any such order, to make every reasonable effort to obtain the lifting or removal of such order as soon as possible, (iii) any examination pursuant to Section 8(e) of the Securities Act concerning the Registration Statement or (iv) if the Company becomes subject to a proceeding under Section 8A of the Securities Act in connection with the public offering of Shares contemplated by this Agreement; to advise the Representatives promptly of any proposal to amend or supplement the Registration Statement, any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus and to file no such amendment or supplement to which the Representatives shall reasonably object in writing;

(viii) to advise the Underwriters promptly of the happening of any event or development known to the Company or the Subsidiary Partnership within the time during which a Prospectus relating to the Shares (or in lieu thereof the notice referred to in Rule 173(a) under the Securities Act Regulations) is required to be delivered under the Securities Act Regulations which, in the judgment of the Company or in the reasonable opinion of the Representatives or counsel for the Underwriters, (i) would require the making of any change in the Registration Statement, the Disclosure Package, the Prospectus, any Issuer Free Writing Prospectus or any Written Testing the Waters Communication, so that the Registration Statement, the Disclosure Package, the Prospectus, such Issuer Free Writing Prospectus or such Written Testing the Waters Communication would not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (ii) as a result of which any Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement relating to the Shares or (iii) if it is necessary at any time to amend or supplement the Disclosure Package or the Prospectus to comply with any law and, during such time, to promptly prepare and furnish to the Underwriters copies of the proposed amendment or supplement before filing any such amendment or supplement with the Commission and thereafter promptly furnish at the Company' s own expense to the Underwriters and to dealers, copies in such quantities and at such locations as the Representatives may from time to time reasonably request of an appropriate amendment or supplement to the Disclosure Package or the Prospectus so that the Disclosure Package or the Prospectus as so amended or supplemented will not, in the light of the circumstances when it (or in lieu thereof the notice referred to in Rule 173(a) under the Securities Act Regulations) is so delivered, be misleading or, in the case of any Issuer Free Writing Prospectus, conflict with the information contained in the Registration Statement, or so that the Disclosure Package or the Prospectus will comply with the law;

(ix) to file promptly with the Commission any amendment or supplement to the Registration Statement, any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus, or any Written Testing-the-Waters Communication that may, in the judgment of the Company or the Representatives, be required by the Securities Act or requested by the Commission;

(x) prior to filing with the Commission any amendment or supplement to the Registration Statement, any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus, or any Written Testing-the-Waters Communication to furnish a copy thereof to the Representatives and counsel for the Underwriters and obtain the consent of the Representatives to the filing;

(xi) if requested, to furnish promptly to each Representative a signed copy of the Registration Statement, as initially filed with the Commission, and of all amendments or supplements thereto (including all exhibits filed therewith) and such number of conformed copies of the foregoing as the Representatives may reasonably request;

(xii) to apply the net proceeds from the sale by the Company of the Shares, the Private Placement Shares and the Private Placement Partnership Units in the manner set forth under the caption "Use of Proceeds" in the Registration Statement, the Disclosure Package and the Prospectus;

(xiii) except as contemplated by this Agreement or in the Disclosure Package and the Prospectus, not to, and to use its commercially reasonable efforts to cause is officers, directors and affiliates not to, (i) take, directly or indirectly prior to termination of the underwriting syndicate contemplated by this Agreement, any action designed to stabilize or manipulate the price of any security of the Company, or which may cause or result in, or which might in the future reasonably be expected to cause or result in, the stabilization or manipulation of the price of any security of the Company, to facilitate the sale or resale of any of the Shares, (ii) sell, bid for, purchase or pay anyone any compensation for soliciting purchases of the Shares or (iii) pay or agree to pay to any person any compensation for soliciting any order to purchase any other securities of the Company;

(xiv) to make generally available to its security holders and to deliver to the Representatives as soon as practicable, but in any event not later than the end of the fiscal quarter first occurring after the first anniversary of the effective date of the Registration Statement an earnings statement complying with the provisions of Section 11(a) of the Securities Act (in form, at the option of the Company, complying with the provisions of Rule 158 of the Securities Act Regulations) covering a period of 12 months beginning after the effective date of the Registration Statement;

(xv) to use its best efforts to maintain the listing of the Shares on the NYSE and to file with the NYSE all documents and notices required by the NYSE of companies that have securities that are listed on the NYSE;

(xvi) to promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of the completion of the distribution of the Shares within the meaning of the Securities Act and (ii) completion of the 180-day restricted period referred to in Section 5(a)(xviii);

(xvii) to cause the persons listed on Schedule IV to this Agreement to furnish to the Representatives, prior to the Initial Sale Time, a letter or letters, substantially in the form of Exhibit A to this Agreement;

(xviii) for a period of 180 days after the date of this Agreement, to refrain, without the prior written consent of each of the Representatives (which consent may be withheld or delayed in the Representatives' sole discretion), from (i) offering, pledging, selling, contracting to sell, selling any option or contract to purchase, purchasing any option or contract to sell, granting any option, right or warrant for the sale of, lending or otherwise disposing of or transferring, directly or indirectly, any Common Stock or any Partnership Units or any securities convertible into or exercisable or exchangeable for Common Stock or Partnership Units, or filing any registration statement under the Securities Act with respect to any of the foregoing, (ii) entering into any swap or other arrangement that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Common Stock or Partnership Units or (iii) publicly disclosing an intention to conduct any such transaction described in clause (i) or (ii) above, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock, Partnership Units or such other securities, in cash or otherwise; the foregoing restriction shall not apply to (i) the Shares to be sold hereunder, and (ii) the Private Placement Shares and the Private Placement Partnership Units, and (iii) the Partnership Units to be issued in exchange for the proceeds received from the sale of the Shares and the Private Placement Shares as described in each of the Registration Statement, the Disclosure Package and the Prospectus;

(xix) the Company will not make any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus without the prior consent of the Representative;

(xx) the Company and the Subsidiary Partnership have not distributed and will not distribute, directly or indirectly (other than through the Underwriters), any "written communication" (as defined Rule 405 under the Securities Act) or other offering materials in connection with the offering or sale of the Shares, other than the Disclosure Package and the Prospectus;

(xxi) the Company will enter stop transfer instructions with the transfer agent and registrar of the Common Stock against the transfer of shares of Common Stock and securities convertible into or exercisable or exchangeable for shares of Common Stock that are subject to the lock-up agreements described in Section 5(a)(xviii) except in compliance with the restrictions set forth in such letters;

(xxii) that the Company and the Subsidiary Partnership will use their commercially reasonable efforts to conduct their affairs in such a manner so as to ensure that the Company, the Subsidiary Partnership and any of the Subsidiaries will not be an "investment company" or an entity "controlled" by an investment company within the meaning of the Investment Company Act;

(xxiii) that the Company will comply with all applicable securities and other applicable laws, rules and regulations in each jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program;

(xxiv) to use its best efforts to meet the requirements for qualification and taxation as a REIT under the Code for its taxable year ending December 31, 2020, and to use its best efforts to continue to qualify for taxation as a REIT under the Code thereafter and not to take any action to revoke or otherwise terminate the Company' s REIT election, unless the Company' s board of directors determines in good faith that it is no longer in the best interests of the Company to be so qualified;

(xxv) to use its best efforts to meet the requirements for qualification as a QOF under the Code and to avoid the application of penalty taxes under Section 1400Z-2(f) of the Code commencing with the month in which the public offering of the Shares occurs, and to use its best efforts to continue to qualify as a QOF under the Code and to avoid penalty taxes under Section 1400Z-2(f) of the Code and not to take any action to revoke or otherwise terminate the Company' s qualification as a QOF, unless the Company' s board of directors determines in good faith that it is no longer in the best interests of the Company to be so qualified;

(xxvi) the Company and the Subsidiary Partnership will deliver to each Underwriter (or its agent), on the date of execution of this Agreement, a properly completed and executed Certification Regarding Beneficial Owners of Legal Entity Customers, together with copies of identifying documentation, and the Company and the Subsidiary Partnership undertake to provide such additional supporting documentation as each Underwriter may reasonably request in connection with the verification of the foregoing certification; and

(xxvii) if, Morgan Stanley & Co. LLC and B. Riley Securities, Inc., in their sole discretion, agree to release or waive the restrictions set forth in a lock-up agreement described in Section 5(a)(xviii) and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, then the Company shall issue a press release through a major news service at least two business days before the effective date of the release or waiver containing substantially the following:

Aspire Real Estate Investors, Inc. (the "Company") announced today that Morgan Stanley & Co. LLC and B. Riley Securities, Inc., joint book-running managers in the Company' s recent initial public offering of shares of common stock of the Company, is releasing a lock-up restriction with respect to shares of the Company' s common stock held by [insert name/type of holder] of the Company. This release will take effect on , 202 , and the shares may be sold on or after that date.

(b) The Manager covenants and agrees with each Underwriter that:

(i) the Manager has not distributed and will not distribute, directly or indirectly (other than through the Underwriters), any "written communication" (as defined Rule 405 under the Securities Act) or other offering materials in connection with the offering or sale of the Shares, other than the Disclosure Package and the Prospectus;

(ii) the Manager will not, and will cause its subsidiaries and affiliates over which the Manger exercises control not to (i) take, directly or indirectly prior to termination of the underwriting syndicate contemplated by this Agreement, any action designed to stabilize or manipulate the price of any security of the Company, or which may cause or result in, or which might in the future reasonably be expected to cause or result in, the stabilization or manipulation of the price of any security of the Company, to facilitate the sale or resale of any of the Shares, (ii) sell, bid for, purchase or pay anyone any compensation for soliciting purchases of the Shares or (iii) pay or agree to pay to any person any compensation for soliciting any order to purchase any other securities of the Company; and

(iii) the Manager shall abide by the terms of the letter set forth in Exhibit A to this Agreement.

6. Payment of Expenses:

(a) Each of the Company, the Subsidiary Partnership and the Manager agree to pay all costs and expenses incident to the performance of the obligations of the Company, the Subsidiary Partnership and the Manager, respectively, under this Agreement, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, including expenses, fees and taxes in connection with (i) the preparation and filing of the Registration Statement, each Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus, any Written Testing the Waters Communications and any amendments or supplements thereto, and the printing and furnishing of copies of each thereof to the Underwriters and to dealers (including costs of mailing and shipment), (ii) the preparation, issuance and delivery of the certificates for the Shares, if any, to the Underwriters, including any stock or other transfer taxes or duties payable upon the sale of the Shares by the Company to the Underwriters, (iii) the printing of this Agreement and any dealer agreements and furnishing of copies of each to the Underwriters and to dealers (including costs of mailing and shipment), (iv) the qualification of the Shares for offering and sale under state laws that the Company and the Representatives have mutually agreed are appropriate and the determination of their eligibility for investment under state law as aforesaid (including the reasonably incurred legal fees and filing fees and other reasonably incurred disbursements of counsel for the Underwriters not to exceed $10,000) and the printing and furnishing of copies of any blue sky surveys or legal investment surveys to the Underwriters and to dealers, (v) filing for review of the public offering of the Shares by FINRA (including the legal fees and filing fees and other reasonably incurred disbursements of counsel for the Underwriters relating thereto up to a maximum amount of $50,000), (vi) the fees and expenses of any transfer agent or registrar for the Shares and miscellaneous expenses referred to in the Registration Statement, (vii) the fees and expenses incurred in connection with the inclusion of the Shares on the NYSE, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Shares, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, the cost of travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of aircraft and other transportation chartered in connection with the road show, (ix) the offer and sale of Directed Shares by the Underwriters in connection with the Directed Share Program, including all reasonably incurred fees and disbursements of counsel to the Underwriters related thereto, the actual out-of-pocket costs and expenses of preparation, printing and distribution of the Directed Share Program material and all stamp duties or other taxes incurred by the Underwriters in connection with the Directed Share Program, and (x) the performance of the Company' s, the Subsidiary Partnership' s and the Manager' s other obligations hereunder. Except as explicitly provided in this Section 6(a), Section 8 and Section 10, and subject to Section 6(b), the Underwriters shall pay their own expenses.

(b) If this Agreement shall be terminated by the Underwriters pursuant to Section 7, Section 8(i), Section 8(ii) or Section 8(v) the Company and the Subsidiary Partnership, jointly and severally, will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for their out-of-pocket expenses (including, without limitation, fees and disbursements of Underwriters' counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

7. Conditions of the Underwriters' Obligations:

The obligations of the Underwriters hereunder are subject to (i) the accuracy of the representations and warranties on the part of the Company, the Subsidiary Partnership and the Manager on the date hereof, at the Closing Time and at each Option Closing Time, as applicable, (ii) the performance by the Company, the Subsidiary Partnership and the Manager of all their respective covenants and other obligations hereunder and (iii) the satisfaction of the following other conditions on the date hereof, prior to the Closing Time, at the Closing Time or at each Option Closing Time, as applicable:

(a) on or before the date hereof, the Representatives shall have received lock-up agreements signed by the persons listed on Schedule IV to this Agreement in the form attached as Exhibit A to this Agreement, and such lock-up agreements shall be in full force and effect at the Closing Time;

(b) prior to the Closing Time or any Option Closing Time:

(i) no stop order suspending the effectiveness of the Registration Statement or any order preventing or suspending the use of the Prospectus or any document in the Disclosure Package shall have been issued and no proceedings for such purpose or pursuant to Section 8A under the Securities Act shall have been initiated or, to the Company' s, the Subsidiary Partnership' s or the Manager' s knowledge, threatened by the Commission, and no suspension of the qualification of the Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes, shall have occurred,

(ii) all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives,

(iii) the Registration Statement shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and

(iv) the Disclosure Package and the Prospectus shall not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) all filings with the Commission required by Rule 424 of the Securities Act Regulations to have been filed by the Closing Time shall have been made within the applicable time period prescribed for such filing by Rule 424 of the Securities Act Regulations;

(d) FINRA shall not have raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements;

(e) between the time of execution of this Agreement and the Closing Time or any Option Closing Time, there shall not have occurred any event, circumstance or change constituting a Material Adverse Effect (a "Material Adverse Change");

(f) concurrently with the Closing Time, the Company shall have issued and sold the Private Placement Shares and the Private Placement Partnership Units to the Private Placement Purchasers pursuant to the Private Placement Purchase Agreements, and the Company shall have paid any Private Placement Fees;

(g) at the Closing Time, the Shares shall have been approved for listing on the NYSE, subject to official notice of issuance;

(h) at the Closing Time, the Company, the Subsidiary Partnership and the Manager shall furnish or cause to be furnished to the Underwriters (i) the opinion and negative assurance letter of Vinson & Elkins L.L.P., counsel for the Company, the Subsidiary Partnership and the Manager, each addressed to the Representatives and dated the Closing Time, in substantially the form set forth on Exhibit B-1 and Exhibit B-2 to this Agreement, (ii) the opinion of Vinson & Elkins L.L.P., tax counsel for the Company, regarding certain U.S. federal income tax matters, addressed to the Representatives and dated the Closing Time, in substantially the form set forth on Exhibit B-3 to this Agreement and (iii) the opinion of Venable LLP, Maryland counsel for the Company, addressed to the Representatives and dated the Closing Time, in substantially the form set forth on Exhibit C to this Agreement;

(i) at the Closing Time, the Underwriters shall have received an opinion and negative assurance letter of Clifford Chance US LLP, counsel for the Underwriters, each addressed to the Representatives and dated the Closing Time, in form and substance reasonably satisfactory to the Representatives;

(j) on the date hereof and at the Closing Time, the Representatives shall have received from Deloitte & Touche LLP "comfort" letters dated the date hereof and dated the Closing Time, respectively, and in each case addressed to the Representatives and in form and substance satisfactory to the Representatives; provided that the letters dated the date hereof and the letters dated the Closing Time shall use a "cut-off date" not earlier than two business days prior to the date hereof and the Closing Time, respectively;

(k) on the date hereof and at the Closing Time, the Representatives shall have received from Novogradac & Company LLP "comfort" letters and "procedures" letters dated the date hereof and dated the Closing Time, respectively, and in each case addressed to the Representatives and in form and substance satisfactory to the Representatives; provided that the letters dated the date hereof and the letters dated the Closing Time shall use a "cut-off date" not earlier than two business days prior to the date hereof and the Closing Time, respectively;

(l) at the Closing Time, the Company and the Subsidiary Partnership shall have delivered to the Representatives a certificate dated the Closing Time, executed by the chairman of the board of directors or its principal executive officer and the principal financial officer of the Company, on behalf of the Company and the Subsidiary Partnership, to the effect that:

(i) the representations and warranties of the Company and the Subsidiary Partnership in this Agreement are true and correct, as if made on and as of the Closing Time,

(ii) the conditions set forth in Section 7(b) and Section 7(f) have been satisfied and are true and correct as of the Closing Time,

(iii) the Company and the Subsidiary Partnership have complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time,

(iv) no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no proceedings for that purpose or pursuant to Section 8A under the Securities Act have been instituted or are pending or, to their knowledge, threatened under the Securities Act,

(v) the signers of such certificate have carefully examined the Registration Statement, the Disclosure Package and the Prospectus, any amendment or supplement thereto, and this Agreement, and that when the Registration Statement became effective and at all times subsequent thereto up to the Closing Time, any Preliminary Prospectus, the Registration Statement, the Disclosure Package and the Prospectus, and any amendments or supplements thereto, in all material respects conformed to the requirements of the Securities Act or the Exchange Act and the applicable rules and regulations of the Commission thereunder, as the case may be, the Registration Statement and any amendments thereto, did not and, as of the Closing Time, does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and the Registration Statement, the Disclosure Package and the Prospectus, and any amendments or supplements thereto, did not and as of the Closing Time, do not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; since the effective date of the Registration Statement, there has occurred no event required to be set forth in an amendment or supplement to the Disclosure Package or the Prospectus which has not been so set forth, and

(vi) subsequent to the respective dates as of which information is given in the Registration Statement, the Disclosure Package and the Prospectus, there has not been (a) any Material Adverse Change (b) any transaction that is material to the Company, the Subsidiary

Partnership and the Subsidiaries considered as one enterprise, except transactions entered into in the ordinary course of business, (c) any obligation, direct or contingent, that is material to the Company, the Subsidiary Partnership and the Subsidiaries considered as one enterprise, incurred by the Company or the Subsidiaries, except obligations incurred in the ordinary course of business, (d) any change in the capital stock, Partnership Units membership interests, partnership interests, or ownership interests, or outstanding indebtedness of the Company, the Subsidiary Partnership or any Subsidiary that is material to the Company, the Subsidiary Partnership and the Subsidiaries considered as one enterprise, (e) any dividend or distribution of any kind declared, paid or made on the capital stock, Partnership Units, membership interests, partnership interests, or ownership interests of the Company, the Subsidiary Partnership or any Subsidiary or (f) any loss or damage (whether or not insured) to the property of the Company, the Subsidiary Partnership or any Subsidiary which has been sustained which has a Material Adverse Effect;

(m) at the Closing Time, the Company shall have delivered to the Representatives a certificate dated the Closing Time, executed by its principal financial officer, on behalf of the Company, to the effect that the signer of such certificate has carefully examined the Registration Statement, the Disclosure Package and the Prospectus and certifying as to the accuracy of certain operating data and or financial data in the Registration Statement, the Disclosure Package and the Prospectus, including the statements and documents included in the Registration Statement, the Disclosure Package and the Prospectus that are not comforted by Deloitte & Touche LLP or Novogradac & Company LLP in their letters referred to in Section 7(j) and Section 7(k), respectively;

(n) at the Closing Time, the Manager shall have delivered to the Representatives a certificate dated the Closing Time, to the effect that (i) the representations and warranties of the Manager set forth in this Agreement are true and correct as if made on and as of the Closing Time and (ii) the Manager has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time;

(o) the Company, the Subsidiary Partnership and the Manager shall have furnished to the Underwriters such other documents and certificates as to the accuracy and completeness of any statement in the Registration Statement, the Disclosure Package and the Prospectus, the representations, warranties and statements of the Company, the Subsidiary Partnership and the Manager contained in this Agreement, and the performance by the Company, the Subsidiary Partnership and the Manager of their covenants contained in this Agreement, and the fulfillment of any conditions contained in this Agreement, as of the Closing Time as the Underwriters may reasonably request;

(p) at each Option Closing Time:

(i) the Company, the Subsidiary Partnership and the Manager shall furnish or cause to be furnished to the Underwriters (i) the opinion and negative assurance letter of Vinson & Elkins L.L.P., counsel for the Company, the Subsidiary Partnership and the Manager, each addressed to the Representatives and dated such Option Closing Time, relating to the Option Shares to be purchased at such Option Closing Time and otherwise to the same effect as the opinion and negative assurance letter required by Section 7(h)(i), (ii) the opinion of Vinson & Elkins L.L.P., tax counsel for the Company, regarding certain U.S. federal income tax matters, addressed to the Representatives and dated such Option Closing Time, relating to the Option Shares to be purchased at such Option Closing Time and otherwise to the same effect as the opinion required by Section 7(h)(ii) and (iii) the opinion of Venable LLP, Maryland counsel for the Company, addressed to the Representatives and dated such Option Closing Time, relating to the Option Shares to be purchased at such Option Closing Time and otherwise to the same effect as the opinion required by Section 7(h)(iii);

(ii) the Underwriters shall have received an opinion and negative assurance letter of Clifford Chance US LLP, counsel for the Underwriters, each addressed to the Representatives and dated such Option Closing Time, relating to the Option Shares to be purchased at such Option Closing Time and otherwise to the same effect as the opinion and negative assurance letter required by Section 7(i);

(iii) the Representatives shall have received from Deloitte & Touche LLP "comfort" letters, each dated such Option Closing Time, and in each case addressed to the Representatives and in form and substance satisfactory to the Representatives and substantially in the same form and substance as the letters furnished to the Representatives pursuant to Section 7(j); provided that the letters shall use a "cut-off date" not earlier than two business days prior to such Option Closing Time;

(iv) the Representatives shall have received from Novogradac & Company LLP "comfort" letters and "procedures" letters, each dated such Option Closing Time, and in each case addressed to the Representatives and in form and substance satisfactory to the Representatives and substantially in the same form and substance as the letters furnished to the Representatives pursuant to Section 7(k); provided that the letters shall use a "cut-off date" not earlier than two business days prior to such Option Closing Time;

(v) the Company and the Subsidiary Partnership shall have delivered to the Representatives a certificate dated such Option Closing Time, executed by the chairman of the board of directors or its principal executive officer and the principal financial officer of the Company, on behalf of the Company and the Subsidiary Partnership, confirming that the certificate delivered at the Closing Time pursuant to Section 7(l) remains true and correct as of such Option Closing Time;

(vi) [the Company shall have delivered to the Representatives a certificate dated such Option Closing Time, executed by its principal financial officer, on behalf of the Company, confirming that the certificate delivered at the Closing Time pursuant to Section 7(m) remains true and correct as of such Option Closing Time;]

(vii) the Manager shall have delivered to the Representatives a certificate dated such Option Closing Time, confirming that the certificate delivered at the Closing Time pursuant to Section 7(n) remains true and correct as of such Option Closing Time; and

(viii) the Company, the Subsidiary Partnership and the Manager shall have furnished to the Underwriters such other documents and certificates as to the accuracy and completeness of any statement in the Registration Statement, the Disclosure Package and the Prospectus, the representations, warranties and statements of the Company, the Subsidiary Partnership and the Manager contained in this Agreement, and the performance by the Company, the Subsidiary Partnership and the Manager of their covenants contained in this Agreement, and the fulfillment of any conditions contained in this Agreement, as of such Option Closing Time as the Underwriters may reasonably request.

8. Termination:

The Representatives may terminate this Agreement at any time prior to the Closing Time or any Option Closing Time if (i) any of the conditions specified in Section 7 shall not have been fulfilled when and as required by this Agreement to be fulfilled, (ii) there has been, since the respective dates as of which information is given in the Registration Statement, the Disclosure Package and the Prospectus, any Material Adverse Change or any development involving a prospective Material Adverse Change, or material change in management of the Company, the Subsidiary Partnership, any Subsidiary, or the Manager, whether or not arising in the ordinary course of business, such as to make it, in the judgment of the Representatives, impracticable to market the Shares or enforce contracts for the sale of the Shares, (iii) if trading generally on the NYSE or in the Nasdaq Global Market has been suspended, or limitations on prices for trading (other than limitations on hours or numbers of days of trading) have been fixed, or maximum ranges for prices for securities have been required, by such exchange or FINRA or any other governmental authority or by order of the Commission or any other governmental authority, (iv) there has been a material disruption in the securities settlement, payment or clearance services in the United States, (v) trading in any securities of the Company has been suspended by the Commission or by the NYSE, (vi) a banking moratorium has been declared by either the United States or New York State authorities, (vii) if the United States shall have declared war in accordance with its constitutional process or there shall have occurred any material outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic, political or other conditions of such magnitude in its effect on the financial markets of the United States as, in the judgment of the Representatives, to make it impracticable to market the Shares, (viii) any federal, state, local or foreign statute, regulation, rule or order of any court or other

governmental authority has been enacted, published, decreed or otherwise promulgated which, in the reasonable opinion of the Representatives, materially adversely affects or will materially adversely affect the business or operations of the Company, the Subsidiary Partnership or any Subsidiary or (ix) any action has been taken by any federal, state, local or foreign government or agency in respect of its monetary or fiscal affairs which, in the reasonable opinion of the Representatives, would reasonably be expected to have a material adverse effect on the securities markets in the United States.

If the Representatives elect to terminate this Agreement as provided in this Section 8, the Company, the Subsidiary Partnership, the Manager and the Underwriters shall be notified promptly by telephone, letter, electronic mail or fax, in each case promptly confirmed by letter, electronic mail or fax.

If this Agreement is terminated pursuant to this Section 8, such termination shall be without liability of any party to any other party, except that the provisions of Section 6 and Section 10 shall at all times be effective and shall survive such termination.

9. Increase in Underwriters' Commitments:

If any Underwriter shall default at the Closing Time or at any Option Closing Time in its obligation to take up and pay for the Shares to be purchased by it under this Agreement on such date, the Representatives shall have the right, within 36 hours after such default, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Shares which such Underwriter shall have agreed but failed to take up and pay for (the "Defaulted Shares"). Absent the completion of such arrangements within such 36-hour period, (i) if the total number of Defaulted Shares does not exceed 10% of the total number of Shares to be purchased on such date, each non-defaulting Underwriter shall take up and pay for (in addition to the number of Shares which it is otherwise obligated to purchase on such date pursuant to this Agreement) the portion of the total number of Shares agreed to be purchased by the defaulting Underwriter on such date in the proportion that its underwriting obligations hereunder bears to the underwriting obligations of all non-defaulting Underwriters and (ii) if the total number of Defaulted Shares exceeds 10% of such total, the Representatives may terminate this Agreement by notice to the Company, without liability of any party to any other party, except that the provisions of Section 6 and Section 10 shall at all times be effective and shall survive such termination.

Without relieving any defaulting Underwriter from its obligations hereunder, the Company agrees with the non-defaulting Underwriters that it will not sell any Shares hereunder on such date unless all of the Shares to be purchased on such date are purchased on such date by the Underwriters (or by substituted Underwriters selected by the Representatives with the approval of the Company or selected by the Company with the approval of the Representatives).

If a new Underwriter or Underwriters are substituted for a defaulting Underwriter in accordance with the foregoing provision, the Company or the non-defaulting Underwriters shall have the right to postpone the Closing Time or the relevant Option Closing Time for a period not exceeding five business days in order that any necessary changes in the Registration Statement and Prospectus and other documents may be effected.

The term "Underwriter" as used in this Agreement shall refer to and include any Underwriter substituted under this Section 9 with the same effect as if such substituted Underwriter had originally been named in this Agreement.

10. Indemnity and Contribution by the Company, the Subsidiary Partnership and the Underwriters:

(a) The Company and the Subsidiary Partnership, jointly and severally, agree to indemnify, defend and hold harmless each Underwriter, its partners, agents, directors and officers, any person who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or is an affiliate of the Underwriter within the meaning of Rule 405 of the Securities Act, as well as the successors and assigns of all of the foregoing persons from and against any loss, expense, liability, damage or claim (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) which, jointly or severally, any such Underwriter or person may incur under the Securities Act, the Exchange Act or otherwise, insofar as such loss, expense, liability, damage or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement, (ii) the Preliminary Prospectus, (iii) any Issuer Free Writing Prospectus, (iv) any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act (v) the Prospectus, (vi) any Written Testing the Waters Communication, or (vii) any "road show" identified in part C of Schedule II to this Agreement (the "Road Show"), or, in the case of clauses (i) through (vii) above arises out of or is based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading; except insofar as any such loss, expense, liability, damage or claim arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission of a material fact contained in and in conformity with the Underwriter Information (as defined below).

(b) Each Underwriter agrees, severally and not jointly, to indemnify, defend and hold harmless the Company, the Company' s directors, the Company' s officers that signed the Registration Statement, the Subsidiary Partnership, and any person who controls the Company or the Subsidiary Partnership within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any loss, expense, liability, damage or claim (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) which the Company, the Subsidiary Partnership or any such person may incur under the Securities Act, the Exchange Act or otherwise, insofar as such loss, expense, liability, damage or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement, (ii) the Preliminary Prospectus, (iii) any Issuer Free Writing Prospectus that the Company has filed or was required to file with the Commission, (iv) any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act, (v) the Prospectus, (vi) any Written Testing the Waters Communication, or (vii) any Road Show, or, in the case of clauses (i) through (vii) above arises out of or is based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, except only insofar as such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with the Underwriter Information. For purposes of this Agreement, the statements set forth in the Registration Statement, the Disclosure Package and the Prospectus (i) in the fourth paragraph (regarding sales to accounts over which the Underwriters exercise discretionary authority) of the section entitled "Underwriting," (ii) in the first and second sentence of the third paragraph (regarding selling concessions and reallowances) of the section entitled "Underwriting," and (iii) in the first and second paragraphs (regarding stabilization) under the caption "Underwriting−Stabilization" constitute the only information furnished by or on behalf of any Underwriter through the Representatives to the Company or the Subsidiary Partnership for purposes of this Agreement (the "Underwriter Information").

(c) If any action is brought against any person or entity (each an "Indemnified Party") in respect of which indemnity may be sought pursuant to Section 10(a) or Section 10(b), the Indemnified Party shall promptly notify the party or parties obligated to provide such indemnity (each an "Indemnifying Party") in writing of the institution of such action and the Indemnifying Party shall assume the defense of such action, including the employment of counsel and payment of expenses; provided that the failure or delay to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability which the Indemnifying Party may have to any Indemnified Party unless and to the extent the Indemnifying Party did not otherwise know of such action and such failure or delay results in the forfeiture by the Indemnifying Party of rights and defenses that would have had material value in the defense. The Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless (i) the employment of such counsel shall have been authorized in writing by the Indemnifying Party in connection with the defense of such action or (ii) the Indemnifying Party shall not have employed counsel to have charge of the defense of such action within a reasonable time or (iii) such Indemnified Party shall have reasonably concluded (based on the advice of counsel) that counsel selected by the Indemnifying Party has an actual conflict of interest or that there may be defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party), in any of which events such fees and expenses shall be borne by the Indemnifying Party and paid as incurred (it being understood, however, that the Indemnifying Party shall not be liable for the fees and expenses of more than one separate firm of attorneys in any one action or series of related actions in the same jurisdiction (other than local counsel in any such jurisdiction) representing an Indemnified Party who is a party to such action). Anything in this paragraph to the contrary notwithstanding, the Indemnifying Party shall not be liable for any settlement of any such claim or action effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested an Indemnifying Party to reimburse the Indemnified Party for reasonably incurred fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such Indemnifying Party of the aforesaid request, (ii) such Indemnifying Party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (ii) such Indemnifying Party shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement. The Indemnifying Party shall have the right to settle any such claim or action for itself and any Indemnified Party so long as the Indemnifying Party pays any settlement payment and such settlement (i) includes a complete and unconditional release of the Indemnified Party from all losses, expenses, claims, damages, injunctions, liability and other obligations with respect to any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of the Indemnified Party.

(d) If the indemnification provided for in this Section 10 is unavailable or insufficient to hold harmless an Indemnified Party under Section 10(a) or Section 10(b) in respect of any losses, expenses, liabilities, damages or claims referred to therein, then each applicable Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, expenses, liabilities, damages or claims (i) in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Party, on the one hand, and the Indemnified Party, on the other hand from the offering of the Shares or (ii) if (but only if) the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Indemnifying Party, on the one hand, and the Indemnified Party, on the other hand in connection with the statements or omissions which resulted in such losses, expenses, liabilities, damages or claims, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Subsidiary Partnership, on the one hand, and the Underwriters, on the other hand, shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company and the Subsidiary Partnership bear to the underwriting discounts and commissions received by the Underwriters. The relative fault of the Company and the Subsidiary Partnership, on the one hand, and of the Underwriters, on the other hand, shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the Company or the Subsidiary Partnership, on the one hand, or by the Underwriters, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages and liabilities referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any claim or action.

(e) The Company, the Subsidiary Partnership and the Underwriters agree that it would not be just and equitable if contribution pursuant to Section 10(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in Section 10(d)(i) and, if applicable Section 10(d)(ii). Notwithstanding the provisions of Section 10(d), no Underwriter shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to Section 10(d) are several in proportion to their respective underwriting commitments and not joint.

(f) The Company and the Subsidiary Partnership, jointly and severally, agree to indemnify, defend and hold harmless Morgan Stanley, its partners, agents, directors and officers, any person who controls Morgan Stanley within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or is an affiliate of Morgan Stanley within the meaning of Rule 405 of the Securities Act, as well as the successors and assigns of all of the foregoing persons (the "Directed Share Entities") from and against any loss, expense, liability, damage or claim (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) that arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company, the Subsidiary Partnership or the Manager for distribution to Directed Participants in connection with the Directed Share Program or arise out of, or are based upon, any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) that arise out of, or are based upon, the failure of any Directed Share Participant to pay for and accept delivery of Directed Shares that the Directed Share Participant agreed to purchase or (iii) related to, arising out of, or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of the Directed Share Entities.

(g) In case any proceeding (including any governmental investigation) shall be instituted involving any Directed Share Entity in respect of which indemnity may be sought pursuant to Section 10(f), the Directed Share Entity seeking indemnity shall promptly notify the Company or the Subsidiary Partnership in writing and the Company or the Subsidiary Partnership, upon request of the Directed Share Entity, shall retain counsel reasonably satisfactory to the Directed Share Entity to represent the Directed Share Entity and any others the Company or the Subsidiary Partnership may designate in such proceeding and shall pay the reasonably incurred fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Directed Share Entity shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Directed Share Entity unless (i) the Company or the Subsidiary Partnership shall have agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Directed Share Entity and one or more of the Company and the Subsidiary Partnership and representation of such parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company and the Subsidiary Partnership shall not, in respect of the legal expenses of the Directed Share Entities in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Directed Share Entities. Any such separate firm for the Directed Share Entities shall be designated in writing by Morgan Stanley. The Company or the Subsidiary Partnership shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Company and the Subsidiary Partnership agree to indemnify the Directed Share Entities from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time a Directed Share Entity shall have requested the Company or the Subsidiary Partnership to reimburse it for reasonably incurred fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Company agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Company or the Subsidiary Partnership of the aforesaid request and (ii) the Company or the Subsidiary Partnership shall not have reimbursed the Directed Share Entity in accordance with such request prior to the date of such settlement. The Company or the Subsidiary Partnership shall not, without the prior written consent of Morgan Stanley, effect any settlement of any pending or threatened proceeding in respect of which any Directed Share Entity is or could have been a party and indemnity could have been sought hereunder by such Directed Share Entity, unless such settlement includes an unconditional release of the Directed Share Entities from all liability on claims that are the subject matter of such proceeding.

(h) To the extent the indemnification provided for in Section 10(f) is unavailable to a Directed Share Entity or insufficient in respect of any losses, expenses, liabilities, damages or claims referred to therein, then the Company or the Subsidiary Partnership, in lieu of indemnifying the Directed Share Entity thereunder, shall contribute to the amount paid or payable by such Directed Share Entity as a result of such losses, expenses, liabilities, damages or claims (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Subsidiary Partnership, on the one hand, and the Directed Share Entities, on the other hand, from the offering of the Directed Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Subsidiary Partnership, on the one hand, and of the Directed Share Entities, on the other hand, in connection with any statements or omissions which resulted in such losses, expenses, liabilities, damages or claims, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Subsidiary Partnership, on the one hand, and the Directed Share Entities, on the other hand, in connection with the offering of the Directed Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Directed Shares (before deducting expenses) and the total underwriting discounts and commissions received by the Directed Share Entities for the Directed Shares (if any), bear to the aggregate public offering price of the Directed Shares. If the loss, expense, liability, damage or claim is caused by an untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact, the relative fault of the Company and the Subsidiary Partnership, on the one hand, and of the Directed Share Entities, on the other hand, shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement or omission or alleged omission relates to information supplied by the Company or the Subsidiary Partnership, on the one hand, or by the Directed Share Entities, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(i) The Company, the Subsidiary Partnership, and the Directed Share Entities agree that it would not be just and equitable if contribution pursuant to Section 10(f) through this Section 10(i) were determined by pro rata allocation (even if the Directed Share Entities were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in Section 10(h). The amount paid or payable by the Directed Share Entities as a result of the losses, expenses, liabilities, damages or claims referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by the Directed Share Entities in connection with investigating or defending any such action or claim. Notwithstanding the provisions of Section 10(f) through this Section 10(i), no Directed Share Entity shall be required to contribute any amount in excess of the amount by which the total price at which the Directed Shares distributed to the public were offered to the public exceeds the amount of any damages that such Directed Share Entity has otherwise been required to pay. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in Section 10(f) through this Section 10(i) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity. The indemnity and contribution provisions contained in Section 10(f) through this Section 10(i) shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Directed Share Entity or the Company or the Subsidiary Partnership, its officers or directors or any person controlling the Company or the Subsidiary Partnership and (iii) acceptance of and payment for any of the Directed Shares.

11. Survival:

The indemnity and contribution agreements contained in Section 10 and the covenants, warranties and representations of the Company, the Subsidiary Partnership and the Manager contained in Sections 3, 4, 5 and 6 of this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of any Underwriter, its partners, agents, directors and officers, any person who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or is an affiliate of the Underwriter within the meaning of Rule 405 of the Securities Act, as well as the successors and assigns of all of the foregoing persons or by or on behalf of the Company, the Company' s directors, the Company' s officers that signed the Registration Statement, the Subsidiary Partnership, or any person who controls the Company or the Subsidiary Partnership within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and shall survive any termination of this Agreement or the sale and delivery of the Shares. The Company, the Subsidiary Partnership, the Manager and each Underwriter agree promptly to notify the others of the commencement of any litigation or proceeding in connection with the sale and delivery of the Shares or in connection with the Registration Statement or Prospectus against it or any of the other persons set forth in this Section 11.

12. Duties:

Nothing in this Agreement shall be deemed to create a partnership, joint venture or agency relationship between the parties. The Underwriters undertake to perform such duties and obligations only as expressly set forth in this Agreement. Such duties and obligations of the Underwriters with respect to the Shares shall be determined solely by the express provisions of this Agreement, and the Underwriters shall not be liable except for the performance of such duties and obligations with respect to the Shares as are specifically set forth in this Agreement. The Company, the Subsidiary Partnership and the Manager acknowledge and agree that (i) the purchase and sale of the Shares pursuant to this Agreement, including the determination of the public offering price of the Shares and any related discounts and commissions, is an arm' s-length commercial transaction between the Company, the Subsidiary Partnership and the Manager and the several Underwriters and the Company, the Subsidiary Partnership and the Manager are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated by this Agreement, (ii) in connection with each transaction contemplated hereby and the process leading to such transaction each Underwriter is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary of the Company, the Subsidiary Partnership or the Manager, or their affiliates, equityholders, creditors or employees or any other party, (iii) no Underwriter has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Company, the Subsidiary Partnership or the Manager with respect to any of the transactions contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company, the Subsidiary Partnership or the Manager on other matters) and (iv) the several Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, the Subsidiary Partnership and the Manager and that the several Underwriters have no obligation to disclose any of such interests. Each of the Company, the Subsidiary Partnership and the Manager acknowledges that the Underwriters disclaim any implied duties (including any fiduciary duty), covenants or obligations arising from the Underwriters' performance of the duties and obligations expressly set forth in this Agreement. Each of the Company, the Subsidiary Partnership and the Manager hereby waives and releases, to the fullest extent permitted by law, any claims that the Company, the Subsidiary Partnership and the Manager may have against the several Underwriters with respect to any breach or alleged breach of agency or fiduciary duty in connection with the offering of the Shares contemplated by this Agreement.

13. Notices:

Except as otherwise provided in this Agreement, all statements, requests, notices and agreements shall be in writing and, if to the Underwriters, shall be sufficient in all respects if delivered to Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to Legal and Compliance Division; B. Riley Securities, Inc., 299 Park Avenue, 21st Floor, New York, New York 10171, Attention: Syndicate Department, Email: capitalmarkets@brileyfbr.com; BMO Capital Markets Corp., 3 Times Square, 25th Floor, New York New York 10026 (fax: (212) 702-1205); Attention: Legal Department; and Wells Fargo Securities, LLC, 500 West 33rd Street, New York, New York 10001, Attention: Equity Syndicate Department, facsimile number: (212) 214-5918; with a copy to Clifford Chance US LLP, 31 West 52nd Street, New York, New York 10019, Attention: Jay Bernstein, facsimile number: (212) 878-8375; if to the Company, the Subsidiary Partnership or the Manager, shall be sufficient in all respects if delivered to the Company at the offices of the Company at 1920 Main Street, Suite 150, Irvine, California 92614, Attention: Daryl J. Carter, facsimile number: [•]; with a copy to Vinson & Elkins L.L.P., 901 East Byrd Street, Suite 1500, Richmond, Virginia 23219, Attention: Daniel M. LeBey, facsimile number: (804) 479-8286.

14. Governing Law; Headings:

THIS AGREEMENT AND ANY CLAIM, CONTROVERSY, OR DISPUTE RELATING OR ARISING OUT OF THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE

LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES. The section headings in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

15. Parties at Interest:

The Agreement set forth herein has been and is made solely for the benefit of the Underwriters, the Company, the Subsidiary Partnership, the Manager and the controlling persons, directors and officers referred to in Section 10 and Section 11, and their respective successors, assigns, executors and administrators. No other person, partnership, association or corporation (including a purchaser, as such purchaser, from any of the Underwriters) shall acquire or have any right under or by virtue of this Agreement.

16. Recognition of the U.S. Special Resolution Regimes:

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section 16:

"BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k);

"Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b);

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable; and

"U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

17. Compliance with USA Patriot Act:

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

18. Counterparts and Facsimile Signatures:

This Agreement may be signed by the parties in counterparts, which together shall constitute one and the same agreement among the parties. A facsimile signature shall constitute an original signature for all purposes.

If the foregoing correctly sets forth the understanding among the Company, the Subsidiary Partnership the Manager and the Underwriters, please so indicate in the space provided below for the purpose, whereupon this Agreement shall constitute a binding agreement among the Company, the Subsidiary Partnership, the Manager and the Underwriters.

[*Remainder of page intentionally left blank*]

Very truly yours,

ASPIRE REAL ESTATE INVESTORS, INC.

By: ______________________________
Name:
Title:

ASPIRE REAL ESTATE INVESTORS, L.P.

By: Aspire Real Estate TRS, LLC,
its general partner

By: Aspire Real Estate Investors, Inc., its sole member

By: ______________________________
Name:
Title:

ASPIRE REIT MANAGER, LLC

By: ______________________________
Name:
Title:

[Signature Page to Underwriting Agreement]

Accepted and agreed to as of the date first above written:

MORGAN STANLEY & CO. LLC

By: ____
Name:
Title:

B. RILEY SECURITIES, INC.

By: ____
Name:
Title:

WELLS FARGO SECURITIES, LLC

By: ____
Name:
Title:

BMO CAPITAL MARKETS CORP.

By: ____
Name:
Title:

Each for itself and as Representatives of the other Underwriters named on Schedule I to this Agreement.

SCHEDULE I

Name of Party Selling Shares	Number of Initial Shares to be Sold
Morgan Stanley & Co. LLC	
B. Riley Securities, Inc.	
Wells Fargo Securities, LLC	
BMO Capital Markets Corp.	
KeyBanc Capital Markets Inc.	
Loop Capital Markets LLC	
Samuel A. Ramirez & Company, Inc.	
Siebert Williams Shank & Co., LLC	
Total	

SCHEDULE II

Part A

Issuer Free Writing Prospectuses

Part B

Pricing Information

Part C

Road Show

SCHEDULE III

Property Acquisition Agreements

SCHEDULE IV

Lock-up Agreement Signatories

EXHIBIT A

Lock-up Agreement

LOCK-UP AGREEMENT

November [•], 2020

Morgan Stanley & Co. LLC
B. Riley Securities, Inc.
Wells Fargo Securities, LLC
BMO Capital Markets Corp.
as Representatives of the several Underwriters

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

c/o B. Riley Securities, Inc.
299 Park Avenue, 21st Floor
New York, New York 10171

c/o Wells Fargo Securities, LLC
500 West 33rd Street, 14th Floor
New York, New York 10001

c/o BMO Capital Markets Corp.
3 Times Square, 25th Floor
New York, NY 10036

Ladies and Gentlemen:

The undersigned understands that Morgan Stanley & Co. LLC ("**Morgan Stanley**"), B. Riley Securities, Inc. ("**B. Riley**"), Wells Fargo Securities, LLC and BMO Capital Markets Corp. (the "**Representatives**") propose to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Aspire Real Estate Investors, Inc., a Maryland corporation (the "**Company**"), providing for the public offering (the "**Public Offering**") by the several underwriters named in the Underwriting Agreement, including the Representatives (the "**Underwriters**"), of [•] shares (the "**Shares**") of the Company' s common stock, par value $0.01 per share (the "**Common Stock**").

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of Morgan Stanley and B. Riley on behalf of the Underwriters, it will not, and will not publicly disclose an intention to, during the period commencing on the date hereof and ending 180 days after the date of the final prospectus (the "**Restricted Period**") relating to the Public Offering (the "**Prospectus**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")), by the undersigned or any other securities so owned convertible into or exercisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (a) transactions relating to shares of Common Stock or other securities acquired in open market transactions after the completion of the Public Offering, *provided* that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made in connection with subsequent sales of Common Stock or other securities acquired in such open market transactions, (b) transfers of shares of Common Stock or any security convertible into Common Stock as a bona fide gift, (c) distributions of shares of Common Stock or any security convertible into Common Stock to limited partners or stockholders of the undersigned; *provided* that in the case of any transfer or distribution pursuant to clause (b) or (c), (i) each donee or distributee shall sign and deliver a lock-up agreement substantially in the form of this agreement, (ii) such transfer or distribution shall not involve a disposition for value, and (iii) no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Restricted Period, or (d) facilitating the establishment of a trading plan on behalf of a shareholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, *provided* that (i) such plan does not provide for the transfer of Common Stock during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Common Stock may be made under such plan during the Restricted Period[or (e) pledging of shares of Common Stock and securities convertible into or exercisable or exchangeable for Common Stock as collateral for the loan(s) used to fund the purchase of such shares of Common Stock and securities convertible into or exercisable or exchangeable for Common Stock](1). In addition, the undersigned agrees that, without the prior written consent of Morgan Stanley and B. Riley on behalf of the Underwriters, it will not, during the Restricted Period, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company' s transfer agent and registrar against the transfer of the undersigned' s shares of Common Stock except in compliance with the foregoing restrictions.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing restrictions shall be equally applicable to any issuer-directed Shares the undersigned may purchase in the Public Offering.

If the undersigned is an officer or director of the Company, (i) Morgan Stanley and B. Riley agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, Morgan Stanley and B. Riley will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by Morgan Stanley and B. Riley hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this agreement to the extent and for the duration that such terms remain in effect at the time of the transfer.

The undersigned understands that the Company and the Underwriters are relying upon this agreement in proceeding toward consummation of the Public Offering. The undersigned further understands

[1] Note: Bracketed language to be included only in the Lock-Up Agreements for Mr. Daryl J. Carter, Mr. Jun Sakumoto and Mr. John R. Williams.

that this agreement is irrevocable and shall be binding upon the undersigned' s heirs, legal representatives, successors and assigns.

The undersigned acknowledges and agrees that the Underwriters have not provided any recommendation or investment advice nor have the Underwriters solicited any action from the undersigned with respect to the Public Offering of the Shares and the undersigned has consulted their own legal, accounting, financial, regulatory and tax advisors to the extent deemed appropriate. The undersigned further acknowledges and agrees that, although the Underwriters may provide certain Regulation Best Interest and Form CRS disclosures or other related documentation to you in connection with the Public Offering, the Underwriters are not making a recommendation to you to participate in the Public Offering or sell any Shares at the price determined in the Public Offering, and nothing set forth in such disclosures or documentation is intended to suggest that any Underwriter is making such a recommendation.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

This agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

____
(Name)

____
(Address)(2)

(2) Modify signature block for legal entities.

EXHIBIT B-1

Opinion of Vinson & Elkins L.L.P.

EXHIBIT B-2

Disclosure Letter of Vinson & Elkins L.L.P.

EXHIBIT B-3

Tax Opinion of Vinson & Elkins L.L.P.

EXHIBIT C

Opinion of Venable LLP

Exhibit 5.1

VENABLE LLP

750 E. PRATT STREET SUITE 900 BALTIMORE, MD 21202
T 410.244.7400 F 410.244.7742 www.Venable.com

November 6, 2020

Aspire Real Estate Investors, Inc.
1920 Main Street
Suite 150
Irvine, California 92614

Re: Registration Statement on Form S-11 (File No. 333-249285)

Ladies and Gentlemen:

We have served as Maryland counsel to Aspire Real Estate Investors, Inc., a Maryland corporation (the "Company"), in connection with certain matters of Maryland law relating to the registration, sale and issuance by the Company of up to 17,250,000 shares (the "Shares") of Common Stock, $0.01 par value per share, of the Company (including up to 2,250,000 Shares which the underwriters in the initial public offering have the option to purchase), covered by the above-referenced Registration Statement, and all amendments thereto (the "Registration Statement"), filed by the Company with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "1933 Act").

In connection with our representation of the Company, and as a basis for the opinion hereinafter set forth, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (hereinafter collectively referred to as the "Documents"):

1. The Registration Statement and the related form of prospectus included therein in the form in which it was transmitted to the Commission under the 1933 Act;

2. The charter of the Company (the "Charter"), certified by the State Department of Assessments and Taxation of Maryland (the "SDAT");

3. The Bylaws of the Company, certified as of the date hereof by an officer of the Company;

4. A certificate of the SDAT as to the good standing of the Company, dated as of a recent date;

5. Resolutions adopted by the Board of Directors of the Company (the “Board”) relating to, among other matters, the authorization of the sale and issuance of the Shares (the “Resolutions”), certified as of the date hereof by an officer of the Company;

6. A certificate executed by an officer of the Company, dated as of the date hereof; and

7. Such other documents and matters as we have deemed necessary or appropriate to express the opinion set forth below, subject to the assumptions, limitations and qualifications stated herein.

In expressing the opinion set forth below, we have assumed the following:

1. Each individual executing any of the Documents, whether on behalf of such individual or another person, is legally competent to do so.

2. Each individual executing any of the Documents on behalf of a party (other than the Company) is duly authorized to do so.

3. Each of the parties (other than the Company) executing any of the Documents has duly and validly executed and delivered each of the Documents to which such party is a signatory, and such party’ s obligations set forth therein are legal, valid and binding and are enforceable in accordance with all stated terms.

4. All Documents submitted to us as originals are authentic. The form and content of all Documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such Documents as executed and delivered. All Documents submitted to us as certified or photostatic copies conform to the original documents. All signatures on all Documents are genuine. All public records reviewed or relied upon by us or on our behalf are true and complete. All representations, warranties, statements and information contained in the Documents are true and complete. There has been no oral or written modification of or amendment to any of the Documents, and there has been no waiver of any provision of any of the Documents, by action or omission of the parties or otherwise.

5. The Shares will not be issued or transferred in violation of any restrictions on transfer and ownership contained in the Charter.

Based upon the foregoing, and subject to the assumptions, limitations and qualifications stated herein, it is our opinion that:

1. The Company is a corporation duly incorporated and existing under and by virtue of the laws of the State of Maryland and is in good standing with the SDAT.

2. The issuance of the Shares has been duly authorized and, when issued and delivered by the Company in accordance with the Resolutions (and any other resolutions adopted by the Board or a duly authorized committee of the Board with respect thereto) and the Registration Statement against payment of the consideration set forth therein, the Shares will be validly issued, fully paid and nonassessable.

The foregoing opinion is limited to the laws of the State of Maryland and we do not express any opinion herein concerning United States federal law or any other state law. We express no opinion as to the applicability or effect of federal or state securities laws, including the securities laws of the State of Maryland, or as to federal or state laws regarding fraudulent transfers. To the extent that any matter as to which our opinion is expressed herein would be governed by the laws of any jurisdiction other than the State of Maryland, we do not express any opinion on such matter. The opinion expressed herein is subject to the effect of any judicial decision which may permit the introduction of parol evidence to modify the terms or the interpretation of agreements.

The opinion expressed herein is limited to the matters specifically set forth herein and no other opinion shall be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof.

This opinion is being furnished to you for submission to the Commission as an exhibit to the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of the name of our firm therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the 1933 Act.

Very truly yours,

/s/ Venable LLP

Exhibit 8.1

Vinson&Elkins

November 6, 2020

Aspire Real Estate Investors, Inc.
1920 Main Street, Suite 150
Irvine, California 92614

Re: Certain U.S. Federal Income Tax Matters

Ladies and Gentlemen:

We have acted as counsel to Aspire Real Estate Investors, Inc., a Maryland corporation (the "Company"), in connection with the preparation of a Registration Statement on Form S-11 (File No. 333-249285) filed with the Securities and Exchange Commission on October 2, 2020, as amended through the date hereof (the "Registration Statement"), with respect to the offer and sale (the "Offering") of up to 17,250,000 shares of common stock, par value $0.01 per share, of the Company. You have requested our opinion regarding certain U.S. federal income tax matters in connection with the Offering.

In connection with the opinions rendered in (a) through (c) below (collectively, the "Tax Opinion"), we have examined the following:

1. the Registration Statement and the prospectus (the "Prospectus") filed as part of the Registration Statement;

2. the Company' s Articles of Incorporation, filed with the Department of Assessments and Taxation of the State of Maryland and effective as of January 8, 2020, and the Company' s Articles of Amendment and Restatement (the "Amended Articles"), in the form attached as an exhibit to the Registration Statement;

3. the Company' s Amended and Restated Bylaws (the "Bylaws"), in the form attached as an exhibit to the Registration Statement;

4. the form of Agreement of Limited Partnership of Aspire Real Estate Investors, L.P., a Delaware limited partnership (such partnership, the "Subsidiary Partnership" and such agreement, the "Subsidiary Partnership Agreement");

5. the Management Agreement, by and among the Company, the Subsidiary Partnership and Aspire REIT Manager, LLC (such entity, the "Manager" and such agreement, the "Management Agreement"), in the form attached as an exhibit to the Registration Statement; and

6. such other documents as we have deemed necessary or appropriate for purposes of this opinion.

In connection with the opinions rendered below, we have assumed, with your consent, that:

1. each of the documents referred to above is authentic, if an original, or is accurate, if a copy; and has not been amended;

2. the Amended Articles, the Bylaws, the Subsidiary Partnership Agreement, and the Management Agreement will be executed, delivered, adopted, and filed, as applicable, in a form substantially similar to the forms filed as exhibits to the Registration Statement or reviewed by us, as applicable;

3. commencing with the month of the closing of the Offering, and thereafter, the Company will operate in a manner that will make the factual representations with respect to the Company' s qualification as a qualified opportunity fund (an "Opportunity Zone Fund") contained in a certificate, dated the date hereof and executed by duly appointed officers of the Company and of the Manager (the "QOF Officers' Certificate"), true for such periods;

4. during its short taxable year ending December 31, 2020, and future taxable years, the Company will operate in a manner that will make the factual representations with respect to the Company' s qualification as a real estate investment trust ("REIT") contained in a certificate, dated the date hereof and executed by duly appointed officers of the Company and of the Manager (the "REIT Officers' Certificate" and together with the QOF Officers' Certificate, the "Officers' Certificates"), true for such years;

5. the Company will not make any amendments to its organizational documents or the organizational documents of the Subsidiary Partnership after the date of this opinion that would affect its qualification as an Opportunity Zone Fund or as a REIT for any taxable year; and

6. no action will be taken by the Company or the Subsidiary Partnership after the date hereof that would have the effect of altering the facts upon which the opinions set forth below are based.

In connection with the opinions rendered below, we have also assumed the correctness of the factual representations contained in the Officers' Certificates. No facts have come to our attention that would cause us to question the accuracy and completeness of such factual representations.

Based solely on the documents and assumptions set forth above, the representations set forth in the Officers' Certificates and the discussion in the Prospectus under the caption "Material U.S. Federal Income Tax Considerations" (which is incorporated herein by reference), we are of the opinion that:

(a) commencing with the month of the closing of the Offering, the Company will be organized in a manner that will allow it to qualify as an Opportunity Zone Fund pursuant to section 1400Z-2 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Company' s proposed method of operation, as described in the Prospectus, will enable it to satisfy the requirements for qualification as an Opportunity Zone Fund under the Code commencing with such month and thereafter;

(b) commencing with its short taxable year ending December 31, 2020, the Company will be organized in conformity with the requirements for qualification and taxation as a REIT pursuant to sections 856 through 860 of the Code, and the Company' s proposed method of operation will enable it to satisfy the requirements for qualification and taxation as a REIT under the Code for its short taxable year ending December 31, 2020 and thereafter; and

(c) the descriptions of the law and the legal conclusions in the Prospectus under the caption "Material U.S. Federal Income Tax Considerations" are correct in all material respects.

The Tax Opinion set forth above represents our conclusions based upon the documents, facts, representations and assumptions referred to above, as of the date hereof. Any material amendments to such documents, changes in any significant facts or inaccuracy of such representations or assumptions could affect the Tax Opinion. Moreover, the Company' s qualification as an Opportunity Zone Fund and as a REIT depends upon the Company' s ability to meet, for each taxable year, annual operating results, investment, gross income and other requirements imposed by the Code. We will not review on a continuing basis the Company' s compliance with these requirements, the documents or assumptions set forth above, or the factual representations set forth in the Officers' Certificates. Accordingly, no assurance can be given that the actual results of the Company' s operations for any given taxable year will satisfy the requirements for qualification as an Opportunity Zone Fund or qualification and taxation as a REIT. Although we have made such inquiries and performed such investigations as we have deemed necessary to fulfill our professional responsibilities as counsel, we have not undertaken an independent investigation of all of the facts referred to in this letter or the Officers' Certificates. In addition, the opinions set forth above do not foreclose the possibility that the Company may have to pay a penalty tax in the event that the Company fails to satisfy the requirements for qualification as a REIT, which penalty tax could be significant in amount.

The foregoing Tax Opinion is based on current provisions of the Code, the Treasury regulations thereunder (the "Regulations"), published administrative interpretations thereof, and published court decisions. The Internal Revenue Service (the "Service") has not issued Regulations or administrative interpretations with respect to various provisions of the Code relating to qualification as an Opportunity Zone Fund and qualification as a REIT. Further, certain interpretations under the rules related to qualification as an Opportunity Zone Fund remain uncertain and unclear, and are still developing. Where issues are not settled under the currently available authorities, the opinions set forth in this letter reflect our best judgement regarding the resolution of such issues. No assurance can be given that the law will not change in a way that will prevent the Company from qualifying as an Opportunity Zone Fund or as a REIT. The foregoing Tax Opinion does not foreclose the possibility of a contrary determination by the Service or the Treasury Department in Regulations or administrative interpretations issued in the future. In this regard, each of the opinions rendered in (a) through (c) above represent our best professional judgement with respect to the issue addressed therein and the outcome on the merits with respect to such issue, if such issue were to be litigated, but an opinion is not binding on the Service or the courts and is not a guarantee that the Service will not assert a contrary position with respect to such issue or that a court will not sustain such a position asserted by the Service.

The foregoing Tax Opinion is limited to the U.S. federal income tax matters addressed herein, and no other opinions are rendered with respect to other U.S. federal tax matters or to any issues arising under the tax laws of any other country, or any state or locality. We undertake no obligation to update the Tax Opinion expressed herein after the date of this letter. This opinion letter speaks only as of the date hereof. Except as provided in the next paragraph, this opinion letter may not be distributed, quoted in whole or in part or otherwise reproduced in any document, or filed with any governmental agency without our express written consent.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the captions "Prospectus Summary−Our Tax Status," "Risk Factors," "Material U.S. Federal Income Tax Considerations" and "Legal Matters" in the Prospectus. In giving this consent, we do not admit that we are in the category of persons whose consent is required by Section 7 of the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder by the Securities and Exchange Commission.

Very truly yours,

/s/ Vinson & Elkins LLP

Vinson & Elkins LLP

Exhibit 10.1

MANAGEMENT AGREEMENT

This MANAGEMENT AGREEMENT (this "Agreement") is made and entered into as of [ ], 2020 (the "Effective Date"), by and between Aspire Real Estate Investors, Inc., a Maryland corporation (the "Company"), and Aspire REIT Manager, LLC, a Delaware limited liability company (the "Manager" and, together with the Company, the "Parties" and each a "Party").

RECITALS

WHEREAS, the Company is a Maryland corporation that specializes in the acquisition, development, redevelopment and management of residential real estate assets;

WHEREAS, the Company owns its assets and conducts its operations through its Subsidiaries (as defined herein);

WHEREAS, the Company intends to qualify as a real estate investment trust for federal income tax purposes and will elect to receive the tax benefits accorded by Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Company desires to retain the Manager to manage the assets, operations and affairs of the Company and the Company' s Subsidiaries on the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, the parties hereto agree as follows:

1. Definitions.

(a) The following terms shall have the meanings set forth in this Section 1(a):

"2017 Tax Act" means the Tax Cuts and Jobs Act of 2017.

"Above-Market Rates" has the meaning assigned in Section 13(b).

"Acquisition Expenses" means any and all expenses incurred by the Company, the Manager or any of their respective Affiliates in connection with the selection, evaluation, acquisition, origination, making or development of any Investment, whether or not acquired, including legal fees and expenses, travel and communications expenses, property inspection expenses, third party brokerage or finder' s fees, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, title insurance premiums and expenses, survey expenses, closing costs and the costs of performing due diligence.

"Affiliate" means, with respect to any Person, any Person controlling, controlled by, or under common Control with, such Person.

"Agreement" has the meaning assigned to it in the first paragraph.

"Automatic Renewal Term" has the meaning assigned in Section 13(a).

"Base Management Fee" means the base management fee in an amount equal to 1.5% per annum (0.375% per fiscal quarter) of Equity, calculated and payable in quarterly installments in arrears in cash.

"Board of Directors" means the Board of Directors of the Company.

"Cause Termination Notice" has the meaning assigned in Section 14(a).

"Change of Control" means the occurrence of any of the following: (i) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Manager, taken as a whole, to any Person; or (ii) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than the Company or any of its Affiliates, in a single transaction or in a series of related transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of 50% or more of the total voting power of the voting capital interests of the Manager.

"Code" has the meaning assigned to such term in the Recitals.

"Common Stock" means the common stock, par value $0.01 per share, of the Company.

"Company" has the meaning assigned in the first paragraph; provided that all references herein to the Company shall, except as otherwise expressly provided herein, be deemed to include any Subsidiaries.

"Company Account" has the meaning assigned in Section 5.

"Company Indemnified Party" has the meaning assigned in Section 11(c).

"Confidential Information" means all non-public information, written or oral, obtained by the Manager in connection with the services rendered hereunder.

"Compliance Policies" means the compliance policies and procedures of the Manager, as in effect from time to time.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of another Person, whether by contract, voting equity, legal right or otherwise.

"Cross Transaction" has the meaning assigned in Section 3(c).

"Cumulative Hurdle" means an amount equal to an 8% cumulative annual return on the High Water Price.

“Date of Termination” means the date on which this Agreement is terminated or expires without renewal.

“Directors” means the members of the Board of Directors.

“Effective Date” has the meaning assigned in the first paragraph.

“Effective Termination Date” has the meaning assigned in Section 13(b).

“Equity” means, as of a particular date, (i) the sum of the net cash proceeds and the value of non-cash consideration from all issuances of equity securities by the Company or any Subsidiary since the Company’ s inception (calculated on a daily weighted average basis), less (ii) any amount that the Company has paid to repurchase shares of Common Stock or to repurchase or redeem other equity securities since the Company’ s inception. Equity shall include all securities, including preferred equity securities, included in stockholders’ equity calculated in accordance with GAAP and shown on the face of the Company’ s consolidated balance sheets. Equity may be adjusted to exclude one-time events pursuant to changes in GAAP and certain non-cash items after discussions between the Manager and the Independent Directors and approval in advance by a majority of the Independent Directors. As a result, Equity, for purposes of calculating the Base Management Fee, could be greater than or less than the amount of the Company’ s stockholders’ equity calculated in accordance with GAAP and shown on the face of the Company’ s consolidated balance sheets.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“FFO” means funds from operations as such term is from time to time defined by the National Association of Real Estate Investment Trusts, as net income, computed in accordance with GAAP, excluding gains (or losses) from sales of property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis.

“Final Share Price” means, with respect to any Measurement Period, the volume weighted average trading price for a share of Common Stock on the NYSE (or any other securities exchange on which the Common Stock is principally traded) over the ten consecutive trading days ending on the last trading day of such Measurement Period.

“GAAP” means generally accepted accounting principles in effect in the United States on the date such principles are applied consistently.

“Governing Instruments” means, with respect to any Person, the articles of incorporation, certificate of incorporation or charter, as the case may be, and bylaws in the case of a corporation, the certificate of limited partnership (if applicable) and agreement of limited partnership or partnership agreement in the case of a general or limited partnership or the articles or certificate of formation and operating agreement in the case of a limited liability company, in each case, as amended, restated or supplemented from time to time.

"High Water Price" means, with respect to any Measurement Period, the volume weighted average trading price for a share of Common Stock on the NYSE (or any other securities exchange on which the Common Stock is principally traded) over the ten consecutive trading days ending on the last trading day immediately prior to the beginning of such Measurement Period; provided, however, that the High Water Price with respect to the first Measurement Period shall not be lower than the price per share at which shares of Common Stock are sold to the public in the Initial Public Offering; provided further that the High Water Price for any Measurement Period shall never be less than the highest High Water Price for any preceding Measurement Period.

"Incentive Fee" means the incentive fee payable to the Manager, if any, which shall be calculated and payable with respect to each Measurement Period (or part thereof that this Agreement is in effect) in arrears in an amount equal to the greater of (i) $0.00 and (ii) the product of (a) 20% multiplied by (b) the Outperformance Amount multiplied by (c) the Weighted Average Shares.

"Indemnification Obligations" has the meaning assigned in Section 11(b).

"Indemnitee" has the meaning assigned in Section 11(d).

"Indemnitor" has the meaning assigned in Section 11(d).

"Independent Directors" means the directors serving on the Board of Directors who have been deemed by the Board of Directors to satisfy the independence standards applicable to companies listed on the NYSE.

"Initial Public Offering" means that certain underwritten public offering of Common Stock completed on the date of this Agreement.

"Initial Term" has the meaning assigned in Section 13(a).

"Internalization Event" means the date on which the Company has achieved a fully-diluted equity market capitalization of $750,000,000 based on the volume-weighted average price of the Common Stock on the NYSE over 20 consecutive trading days.

"Internalization Offer" has the meaning assigned in Section 16(a).

"Internalization Price" has the meaning assigned in Section 16(d).

"Internalization Transaction" means a transaction in which (i) the Manager contributes to the Company or a Subsidiary all of the assets of the Manager, including, all furniture, fixtures, leasehold improvements, contract rights, computer software, employment and customer relationships, goodwill, going concern value, other identifiable intangible assets and other business assets then owned by the Manager, or (ii) 100% of the outstanding equity interests in the Manager are contributed to the Company or a Subsidiary.

"Investments" means the investments of the Company.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Investment Guidelines" means the general criteria, parameters and policies relating to Investments as established by the Board of Directors, as the same may be modified from time-to-time.

"Judicially Determined" has the meaning assigned in Section 11(a).

"LTIP Units" has the meaning assigned in the Amended and Restated Agreement of Limited Partnership of Aspire Real Estate Investors, L.P., dated as of [ ], 2020.

"Manager" has the meaning assigned in the first paragraph.

"Manager Indemnified Party" has the meaning assigned in Section 11(a).

"Measurement Period" means each period beginning on January 1 after the last Measurement Period with respect to which the Incentive Fee shall have been payable (January 1, 2021 with respect to the first Measurement Period) and ending on December 31 of the applicable calendar year, provided that if this Agreement is terminated or expires without renewal other than on December 31, the last Measurement Period will end on the last complete trading day for the Common Stock on the NYSE (or any other securities exchange on which the Common Stock is principally traded) prior to such termination or expiration.

"Notice of Proposal to Negotiate" has the meaning assigned in Section 13(c).

"NYSE" means the New York Stock Exchange.

"Offer Price" has the meaning assigned in Section 16(b).

"Opportunity Fund" means a qualified opportunity fund for United States federal income tax purposes pursuant to the 2017 Tax Act.

"Outperformance Amount" means, with respect to any Measurement Period, (i) Total Stockholder Return with respect to such Measurement Period, minus (ii) the Cumulative Hurdle.

"Party" or "Parties" has the meaning assigned in the first paragraph.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"Principal Transaction" has the meaning assigned in Section 3(d).

"Records" has the meaning assigned in Section 6(a).

"REIT" means a "real estate investment trust" as defined under the Code.

"Representatives" means collectively the Manager' s Affiliates, officers, directors, employees, agents and representatives.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Special Committee" has the meaning assigned in Section 16(a).

"Subsidiary" means any subsidiary of the Company, any partnership, the general partner of which is the Company or any subsidiary of the Company, and any limited liability company, the managing member of which is the Company or any subsidiary of the Company.

"Tax Preparer" has the meaning assigned in Section 7(f).

"Termination Fee" means a fee equal to three times the sum of (i) the average annual Base Management Fee earned by the Manager during the 24-month period immediately preceding the most recently completed calendar quarter prior to the Effective Termination Date and (ii) the average annual Incentive Fee, if any, earned by the Manager during the two most recently completed Measurement Periods prior to the Effective Termination Date; *provided*, that, (a) in the case of the average annual Base Management Fee, if 24 months have not elapsed since the Effective Date at the time of the Effective Termination Date, the average annual Base Management Fee will be the actual Base Management Fee (in either case paid or payable) for the preceding 12 months, or if 12 months have not elapsed since the Effective Date at the time of the Effective Termination Date, the average annual Base Management Fee will be calculated on an annualized basis, and (b) in the case of the average annual Incentive Fee, if two full Measurement Periods have not elapsed since the Effective Date at the time of the Effective Termination Date, the average annual Incentive Fee will be the actual Incentive Fee (in either case paid or payable), if any, for the most recently completed Measurement Period, or if a Measurement Period has not elapsed since the Effective Date at the time of the Effective Termination Date, the average annual Incentive Fee will be calculated on an annualized basis.

"Termination Notice" has the meaning assigned in Section 13(b).

"Termination Without Cause" has the meaning assigned in Section 13(b).

"Total Stockholder Return" means, with respect to any Measurement Period, an amount equal to (i) the Final Share Price, plus (ii) all dividends with respect to a share of Common Stock paid since the beginning of such Measurement Period (whether paid in cash or a distribution in kind), minus (iii) the High Water Price.

"Treasury Regulations" means the Procedures and Administration Regulations promulgated by the U.S. Department of Treasury under the Code, as amended.

"Weighted Average Shares" means, with respect to any Measurement Period, the weighted average fully diluted number of shares of Common Stock issued and outstanding during such Measurement Period, as determined in accordance with GAAP.

(b) As used herein, accounting terms relating to the Company not defined in Section 1(a) and accounting terms partly defined in Section 1(a), to the extent not defined, shall have the respective meanings given to them under GAAP. As used herein, “fiscal quarters” shall mean the period from January 1 to March 31, April 1 to June 30, July 1 to September 30 and October 1 to December 31 of the applicable year.

(c) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. The words include, includes and including shall be deemed to be followed by the phrase “without limitation.”

2. Appointment and Duties of the Manager.

(a) *Appointment*. The Company hereby appoints the Manager to manage, operate and administer the assets, operations and affairs of the Company and its Subsidiaries subject to the further terms and conditions set forth in this Agreement, and the Manager hereby agrees to use its commercially reasonable efforts to perform each of the duties set forth herein in accordance with the provisions of this Agreement.

(b) *Duties*. The Manager shall manage, operate and administer the day-to-day operations, business and affairs of the Company and the Subsidiaries, subject to the supervision of the Board of Directors, and shall have only such functions and authority as the Board of Directors may delegate to it, including the authority identified and delegated to the Manager herein. Without limiting the foregoing, the Manager shall oversee and conduct the investment activities of the Company and the Subsidiaries in accordance with the Investment Guidelines attached hereto as Exhibit A, as amended from time to time, and other policies adopted and implemented by the Board of Directors. Subject to the foregoing, the Manager will use its commercially reasonable efforts to perform (or cause to be performed) such services and activities relating to the management, operation and administration of the assets, liabilities and business of the Company and its Subsidiaries as is appropriate, including:

(i) serving as the Company’ s consultant with respect to the periodic review of the Investment Guidelines and other policies and criteria for the other borrowings and the operations of the Company;

(ii) investigating, analyzing and selecting possible Investment opportunities and originating, acquiring, structuring, financing, retaining, selling, negotiating for prepayment, restructuring or disposing of Investments consistent with the Investment Guidelines, and making representations and warranties in connection therewith;

(iii) with respect to any prospective Investment by the Company and any sale, exchange or other disposition of any Investment by the Company, conducting negotiations on the Company’ s behalf with sellers and purchasers and their respective agents, representatives and investment bankers, and owners of privately and publicly held real estate companies;

(iv) engaging and supervising, on the Company’ s behalf and at the Company’ s sole cost and expense, Affiliates of the Manager and third party service providers who provide legal, accounting, due diligence, transfer agent, registrar, property management and maintenance services, construction services, land development services, leasing services, master servicing, special servicing, banking, investment banking, mortgage brokerage, real estate brokerage, securities brokerage and other financial services and such other services as may be required relating to the Investments or potential Investments and to the Company' s other business and operations;

(v) coordinating and supervising, on behalf of the Company and at the Company' s sole cost and expense, other third party service providers to the Company;

(vi) coordinating and managing operations of any joint venture or co-investment interests held by the Company and conducting all matters with any joint venture or co-investment partners;

(vii) providing executive and administrative personnel, office space and office services required in rendering services to the Company;

(viii) administering the Company' s day-to-day operations and performing and supervising the performance of such other administrative functions necessary to the Company' s management as may be agreed upon by the Manager and the Board of Directors, including the collection of revenues and the payment of the Company' s debts and obligations and maintenance of appropriate computer services to perform such administrative functions;

(ix) in connection with any financing and, if applicable, the Company' s subsequent, on-going obligations, if any, under the Sarbanes-Oxley Act of 2002 and the Exchange Act, engaging and supervising, on the Company' s behalf and at the Company' s sole cost and expense, third party consultants and other service providers to assist the Company in complying with the requirements of the Sarbanes-Oxley Act of 2002 and the Exchange Act;

(x) communicating on the Company' s behalf with the holders of any of the Company' s equity or debt securities as required to satisfy the reporting and other requirements of any governmental bodies or agencies or trading markets and to maintain effective relations with such holders;

(xi) counseling the Company in connection with policy decisions to be made by the Board of Directors;

(xii) counseling the Company, and when appropriate, evaluating and making recommendations to the Board of Directors regarding hedging and financing strategies and engaging in hedging, financing and borrowing activities on the Company' s behalf, consistent with the Investment Guidelines;

(xiii) counseling the Company regarding the qualification and maintenance of its status as a REIT and monitoring compliance with the various REIT qualification tests and other rules set out in the Code and the Treasury Regulations;

(xiv) counseling the Company regarding the qualification and maintenance of its status as an Opportunity Fund and monitoring compliance with the various Opportunity Fund qualification tests and other rules set out in the Code and the Treasury Regulations;

(xv) counseling the Company regarding the maintenance of the Company’ s exclusion from status as an investment company under the Investment Company Act and monitoring compliance with the requirements for maintaining such exclusion and using commercially reasonable efforts to cause the Company to maintain such exclusion from status as an investment company under the Investment Company Act;

(xvi) assisting the Company in developing criteria for asset purchase commitments that are specifically tailored to the Company’ s investment objectives and making available to the Company its knowledge and experience with respect to residential real estate and operations;

(xvii) furnishing such reports to the Company or the Board of Directors that the Manager reasonably determines to be responsive to reasonable requests for information from the Company or the Board of Directors regarding the Company’ s activities and services performed for the Company or any of its Subsidiaries by the Manager;

(xviii) monitoring the operating performance of the Investments and providing periodic reports with respect thereto to the Board of Directors, including comparative information with respect to such operating performance and budgeted or projected operating results;

(xix) purchasing assets (including investing in short-term investments pending the purchase of other Investments, payment of fees, costs and expenses, or distributions to the Company’ s stockholders), and advising the Company as to the Company’ s capital structure and capital raising;

(xx) causing the Company to retain, at the sole cost and expense of the Company, qualified independent accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures, compliance procedures and testing systems with respect to financial reporting obligations and compliance with the provisions of the Code and the Treasury Regulations applicable to REITs and taxable REIT subsidiaries, and conducting quarterly compliance reviews with respect thereto;

(xxi) causing the Company to qualify to do business in all applicable jurisdictions and to obtain and maintain all appropriate licenses;

(xxii) assisting the Company in complying with all regulatory requirements applicable to the Company in respect of the Company’ s business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports and documents, if any, required under the Exchange Act and the Securities Act;

(xxiii) taking all necessary actions to enable the Company to make required tax filings and reports and compliance with the provisions of the Code, and Treasury Regulations applicable to the Company, including, without limitation, the provisions applicable to the

Company’ s qualification as a REIT and as an Opportunity Fund for U.S. federal income tax purposes;

(xxiv) handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which the Company may be involved or to which the Company may be subject arising out of the Company’ s day-to-day operations, subject to such limitations or parameters as may be imposed from time to time by the Board of Directors;

(xxv) using commercially reasonable efforts to cause expenses incurred by or on behalf of the Company to be commercially reasonable or commercially customary and within any budgeted parameters or expense guidelines set by the Board of Directors from time to time;

(xxvi) advising on, and obtaining on behalf of the Company, appropriate credit facilities or other financings for the Investments consistent with the Investment Guidelines;

(xxvii) advising the Company with respect to offering and selling securities publicly or privately in connection with the Company’ s financing strategy and capital requirements;

(xxviii) performing such other services as may be required from time to time for management and other activities relating to the Company’ s assets as the Board of Directors shall reasonably request or the Manager shall deem appropriate under the particular circumstances; and

(xxix) using commercially reasonable efforts to cause the Company to comply with all applicable laws.

(c) *Service Providers*. The Manager may engage Persons who are Affiliates and non-Affiliates, for and on behalf, and at the sole cost and expense, of the Company to provide to the Company sourcing, acquisition, disposition, asset management, property management, leasing, financing, development, disposition of real estate and/or similar services customarily provided in connection with the management, operation and administration of a business similar to the business of the Company, pursuant to agreement(s) that provide for market rates and contain standard market terms.

(d) *Reporting Requirements*.

(i) As frequently as the Manager may deem necessary or advisable, or at the direction of the Board of Directors, the Manager shall prepare, or cause to be prepared, with respect to any Investment (A) reports and information on the Company’ s operations and asset performance and (B) other information reasonably requested by the Company.

(ii) The Manager shall prepare, or cause to be prepared, at the sole cost and expense of the Company, all reports, financial or otherwise, with respect to the Company reasonably required by the Board of Directors in order for the Company to comply with its Governing Instruments or any other materials required to be filed with any governmental entity or agency, and shall prepare, or cause to be prepared, at the sole cost and expense of the Company,

all materials and data necessary to complete such reports and other materials including an annual audit of the Company’ s books of account by a nationally recognized independent accounting firm.

(iii) The Manager shall prepare regular reports for the Board of Directors to enable the Board of Directors to review the Company’ s acquisitions, portfolio composition and characteristics, credit quality, performance and compliance with the Investment Guidelines and policies approved by the Board of Directors.

(e) *Reliance by Manager*. In performing its duties under this Section 2, the Manager shall be entitled to rely on qualified experts and professionals (including accountants, legal counsel and other professional service providers) hired by the Manager at the Company' s sole cost and expense.

(f) *Use of the Manager' s Funds*. The Manager shall not be required to expend money in connection with any expenses that are required to be paid for or reimbursed by the Company pursuant to Section 9 of this Agreement in excess of that contained in any applicable Company Account or otherwise made available by the Company to be expended by the Manager hereunder.

(g) *Payment and Reimbursement of Expenses*. Within thirty days, the Company shall pay all expenses, and reimburse the Manager for the Manager' s expenses incurred on behalf of the Company and its Subsidiaries, in connection with any such services to the extent such expenses are payable or reimbursable by the Company to the Manager pursuant to Section 9.

3. Dedication; Other Activities.

(a) *Devotion of Time*. The Manager, directly or indirectly through its Affiliates, will provide a management team (including, without limitation, a chief executive officer, a president, a chief financial officer, a treasurer, and a secretary) along with appropriate support personnel, to deliver the management services to the Company hereunder. The members of such management team shall devote such of their working time and efforts to the management of the Company as the Manager deems reasonably necessary and appropriate for the proper performance of all of the Manager' s duties hereunder, commensurate with the level of activity of the Company from time to time. The Company shall have the benefit of the Manager' s reasonable judgment and effort in rendering services and, in furtherance of the foregoing, the Manager shall not undertake activities which, in its reasonable judgment, will materially adversely affect the performance of its obligations under this Agreement.

(b) *Other Activities*. Except to the extent set forth in Section 3(a) above, and subject to the Company' s conflicts of interest policy as it may exist from time to time, the Manager' s investment allocation policy as it may exist from time to time and the Investment Guidelines, nothing herein shall prevent the Manager or any of its Affiliates or any of the officers, directors or employees of any of the foregoing, from engaging in other businesses or from rendering services of any kind to any other Person, including investing in, or rendering advisory services to others investing in, any type of real estate, real estate related investment or non-real estate related investment or in any way bind or restrict the Manager, or any of its Affiliates, officers, directors or employees from buying, selling or trading any assets, securities or commodities for their own accounts or for the account of others for whom the Manager or any of its Affiliates, officers, directors or employees may be acting. The Manager agrees to enable the Company to share equitably with other clients of the Manager and its Affiliates in all opportunities that may be suitable for the Company and such other clients; *provided, however*, that the Manager agrees to provide the Company with priority allocation of all investment opportunities that are suitable for the Company but are unsuitable for Avanath Affordable Housing IV, LLC, including investment opportunities that require development and stabilized properties owned or controlled by Avanath Capital Management, LLC and its controlled Affiliates, and upon the expiration of Avanath Affordable Housing IV, LLC' s investment period, to provide the Company with priority access to all investment opportunities sourced by the Manager and its Affiliates. Notwithstanding anything to the contrary in this Agreement, the foregoing provisions of this Section 3(b) shall not prevent the Manager or any of its Affiliates or any of the officers, directors or employees of any of the foregoing, from sponsoring, investing in, operating, managing and rendering services in connection with (i) real estate investments that are being sponsored or managed by the Manager as of the date of this Agreement or (ii) providing property management, leasing, brokerage or development services to Persons who are not Affiliates of the Company. Neither this Section 3(b) nor the Manager' s investment allocation policy shall be amended without the prior written approval of a majority of the Independent Directors.

(c) *Cross Transactions*. Cross transactions are transactions between the Company or one of its Subsidiaries, on the one hand, and an account (other than the Company or one of its Subsidiaries) that is managed or advised by the Manager or one of the Manager' s Affiliates, on the other hand (each a "Cross Transaction"). The Manager is authorized to execute Cross Transactions for the Company in accordance with applicable law and the Compliance Policies. The Company acknowledges that the Manager has a potentially conflicting division of loyalties and responsibilities regarding each party to a Cross Transaction. The Company may at any time, upon written notice to the Manager, revoke its consent to the Manager to execute Cross Transactions. In addition, unless approved in advance by a majority of the Company' s Directors or pursuant to and in accordance with a policy that has been approved by a majority of the Company' s disinterested Directors, all Cross Transactions must be effected at then-prevailing fair market values or prices.

(d) *Principal Transactions*. Principal transactions are transactions between the Company or one of its Subsidiaries, on the one hand, and the Manager or any of its Affiliates (or any of the related parties of the foregoing, which includes employees of the Manager and their families), on the other hand (each a "Principal Transaction"). The Manager is only authorized to execute Principal Transactions with the prior approval of a majority of the Company' s Independent Directors and in accordance with applicable law. Certain Cross Transactions may also be considered Principal Transactions whenever the Manager or any of its Affiliates (or any of the related parties of the foregoing, which includes employees of the Manager and their families) have a substantial ownership interest in one of the transacting parties.

(e) *Officers, Employees, Etc*. The Manager' s or its Affiliates' members, partners, officers, employees and agents may serve as directors, officers, employees, agents, nominees or signatories for the Company or any Subsidiary, to the extent permitted by their Governing Instruments, as may be amended from time to time, or by any resolutions duly adopted by the Board of Directors pursuant to the Company' s Governing Instruments. When executing documents or otherwise acting in such capacities for the Company or such other Subsidiary, such Persons shall use their respective titles with respect to the Company or such Subsidiary.

4. Agency; Authority

(a) The Manager shall act as the agent of the Company in originating, developing, acquiring, structuring, financing, managing, renovating, leasing and disposing of Investments, disbursing and collecting the Company' s funds, paying the debts and fulfilling the obligations of the Company, supervising the performance of professionals engaged by or on behalf of the Company and handling, prosecuting and settling any claims of or against the Company, the Board of Directors, holders of the Company' s securities or the Company' s representatives or assets.

(b) In performing the services set forth in this Agreement, as an agent of the Company, the Manager shall have the right to exercise all powers and authority which are reasonably necessary and customary to perform its obligations under this Agreement, including the following powers, subject in each case to the terms and conditions of this Agreement, including the Investment Guidelines: to purchase, exchange or otherwise acquire and to sell, exchange or otherwise dispose of, any Investment in a public or private sale; to execute Cross Transactions; to execute Principal Transactions; to borrow and, for the purpose of securing the repayment thereof, to pledge, mortgage or otherwise encumber Investments; to purchase, take and hold Investments subject to mortgages, liens or other encumbrances; to extend the time of payment of any liens or encumbrances which may at any time be encumbrances upon any Investment, irrespective of by whom the same were made; to foreclose, to reduce the rate of interest on, and to consent to the modification and extension of the maturity of any Investments, or to accept a deed in lieu of foreclosure; to join in a voluntary partition of any Investment; to cause to be demolished any structures on any real estate Investment; to cause renovations and capital improvements to be made to any real estate Investment; to abandon any Investment deemed to be worthless; to enter into joint ventures or otherwise participate in investment vehicles investing in Investments; to cause any real estate Investment to be leased, operated, developed, constructed or exploited; to cause the Company to indemnify third parties in connection with contractual arrangements between the Company and such third parties; to obtain and maintain insurance in such amounts and against such risks as are prudent in accordance with customary and sound business practices in the appropriate geographic area; to cause any property to be maintained in good state of repair and upkeep; to pay the taxes, upkeep, repairs, carrying charges, maintenance and premiums for insurance; to use the personnel and resources of its Affiliates in performing the services specified in this Agreement; to hire third party service providers subject to and in accordance with Section 2; to designate and engage all third party professionals and consultants to perform services (directly or indirectly) on behalf of the Company or its Subsidiaries, including accountants, legal counsel and engineers; and to take any and all other actions as are necessary or appropriate in connection with the Investments.

(c) The Manager shall be authorized to represent to third parties that it has the power to perform the actions which it is authorized to perform under this Agreement.

5. Bank Accounts.

At the direction of the Board of Directors, the Manager may establish and maintain as an agent on behalf of the Company one or more bank accounts in the name of the Company or any other Subsidiary (any such account, a "Company Account"), collect and deposit funds into any such Company Account and disburse funds from any such Company Account, under such terms and conditions as the Board of Directors may approve. The Manager shall from time-to-time render appropriate accountings of such collections and payments to the Board of Directors and, upon request, to the auditors of Company.

6. Books and Records; Confidentiality.

(a) *Books and Records*. The Manager shall maintain appropriate books of account, records, data and files (including computerized material) (collectively, "Records") relating to the Company and the Investments generated or obtained by the Manager in performing its obligations under this Agreement, and such Records shall be accessible for inspection by representatives of the Company or any Subsidiary at any time during normal business hours upon one business day' s advance written notice. The Manager shall have full responsibility for the maintenance, care and safekeeping of all Records. The Manager agrees that the Records are the property of the Company, and the Manager agrees to deliver the Records to the Company upon the written request of the Company.

(b) *Confidentiality*. The Manager shall keep confidential any and all non-public information, written or oral, obtained by it in connection with the services rendered hereunder and shall not disclose Confidential Information, in whole or in part, to any Person other than to its Affiliates, officers, directors, employees, agents or representatives who need to know such Confidential Information for the purpose of rendering services hereunder or with the consent of the Company, except: (i) in accordance with any advisory agreement contemplated by Section 2(c); (ii) with the prior written consent of the Board of Directors; (iii) to legal counsel, accountants, financial advisors and other professional advisors; (iv) to appraisers, creditors, financing sources, trading counterparties, other counterparties, third party service providers to the Company, and others (in each case, both those actually doing business with the Company and those with whom the Company seeks to do business) in the ordinary course of the Company' s business; (v) to governmental or regulatory officials having jurisdiction over the Company; (vi) in connection with any governmental or regulatory filings of the Company or disclosure or presentations to Company investors; or (vii) to respond to requests from judicial or regulatory or self-regulatory organizations and as required by law or legal process to which the Manager or any Person to whom disclosure is permitted hereunder is a party. If, failing the entry of a protective order or the receipt of a waiver hereunder, the Manager is, in the opinion of counsel, required to disclose Confidential Information, the Manager may disclose only that portion of such information that its counsel advises is legally required without liability hereunder; provided, that the Manager agrees to exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information. Notwithstanding anything herein to the contrary, each of the following shall be deemed to be excluded from provisions hereof: any Confidential Information that (A) is available to the public from a source other than the Manager not resulting from the Manager' s violation of this Section 6, (B) is released in writing by the Company to the public or to persons who are not under similar obligations of confidentiality to the Company, or

(C) is obtained by the Manager from a third-party not known by the Manager to be in breach of an obligation of confidence with respect to the Confidential Information disclosed. The Manager agrees to inform each of its Representatives of the non-public nature of the Confidential Information and to direct such Persons to treat such Confidential Information in accordance with the terms hereof. The provisions of this Section 6 shall survive the expiration or earlier termination of this Agreement for a period of one year.

7. Obligations of Manager; Restrictions.

(a) *Internal Control*. The Manager shall (i) establish and maintain a system of internal accounting and financial controls designed to provide reasonable assurance of the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws, (ii) maintain records for each Investment on a GAAP basis, (iii) develop accounting entries and reports required by the Company to meet its reporting requirements under applicable laws, (iv) consult with the Company with respect to proposed or new accounting/reporting rules identified by the Manager or the Company and (v) prepare quarterly and annual financial statements as soon as practicable after the end of each such period as may be reasonably requested and general ledger journal entries and other information necessary for the Company' s compliance with applicable laws and in accordance with GAAP and cooperate with the Company' s independent accounting firm in connection with the auditing or review of such financial statements, the cost of any such audit or review to be paid by the Company.

(b) *Restrictions*.

(i) The Manager acknowledges that the Company intends to conduct its operations so as (A) to maintain its qualification as a REIT for U.S. federal income tax purposes, (B) to maintain its qualification as an Opportunity Fund for U.S. federal income tax purposes and (C) not to become regulated as an investment company under the Investment Company Act, and agrees to use commercially reasonable efforts to cooperate with the Company' s efforts to conduct its operations so as to maintain its REIT qualification and Opportunity Fund qualification, and not to become regulated as an investment company under the Investment Company Act. The Manager shall refrain from any action that, in its reasonable judgment made in good faith, (a) is not in compliance with the Investment Guidelines, (b) would cause the Company to fail to qualify or maintain its qualification as a REIT, (c) would cause the Company to fail to qualify or maintain its qualification as an Opportunity Fund, (d) would cause the Company to fail to maintain its exclusion from status as an investment company under the Investment Company Act, or (e) would violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Company or that would otherwise not be permitted by the Company' s Governing Instruments. If the Manager is ordered to take any such action by the Board of Directors, the Manager shall promptly notify the Board of Directors of the Manager' s judgment that such action would adversely affect such status or violate any such law, rule or regulation or the Company' s Governing Instruments.

(ii) The Manager shall require each seller or transferor of investment assets to the Company to make such representations and warranties regarding such assets as may, in the reasonable judgment of the Manager, be necessary and appropriate and consistent with standard industry practice. In addition, the Manager shall take such other action as it deems necessary or appropriate and consistent with standard industry practice with regard to the protection of the Investments.

(iii) The Company shall not invest in joint ventures with the Manager or any Affiliate of the Manager, unless (a) such Investment is made in accordance with the Investment Guidelines and (b) such Investment is approved in advance by a majority of the Independent Directors.

(c) *Board of Directors Review and Approval*. Subject to the terms of the Compliance Policies and the Company' s conflicts of interest policy as it may exist from time to time, the Board of Directors will periodically review the Investment Guidelines and the Company' s portfolio of Investments but will not be required to review each proposed Investment; provided, that the Company may not, and the Manager may not cause the Company to, acquire any Investment, sell any Investment, or engage in any co-investment that, pursuant to the terms of the Compliance Policies or the Company' s conflicts of interest policy, requires the approval of a majority of the Directors unless such transaction has been so approved. If a majority of the Directors determine that a particular transaction does not comply with the Investment Guidelines, then a majority of the Directors will consider what corrective action, if any, is appropriate. The Manager shall have the authority to take, or cause the Company to take, any such corrective action specified by a majority of the Directors. The Manager shall be permitted to rely upon the direction of the Secretary of the Company to evidence approval of the Board of Directors or the Directors with respect to a proposed Investment.

(d) [Intentionally Omitted.]

(e) *Insurance*. The Manager shall maintain "errors and omissions" insurance coverage and such other insurance coverage which is customarily carried by managers performing functions similar to those of the Manager under this Agreement with respect to assets similar to the assets of the Company, in an amount which is comparable to that customarily maintained by other managers or servicers of similar assets. The Manager shall, on behalf and at the expense of the Company, with the assistance of an experienced and reputable insurance broker, obtain and maintain customary directors' and officers' liability insurance for the Company' s directors and officers and shall report to the Board of Directors regarding the scope and cost of such coverage and, at the request of the Board of Directors, shall modify or expand such coverage with the assistance of an experienced and reputable insurance broker.

(f) *Tax Filings*. The Manager shall (i) assemble, maintain and provide to the firm designated by the Company to prepare tax returns on behalf of the Company and its subsidiaries (the "Tax Preparer") information and data required for the preparation of federal, state, local and foreign tax returns, any audits, examinations or administrative or legal proceedings related thereto or any contractual tax indemnity rights or obligations of the Company and its subsidiaries and supervise the preparation and filing of such tax returns, the conduct of such audits, examinations or proceedings and the prosecution or defense of such rights, (ii) provide factual data reasonably requested by the Tax Preparer or the Company with respect to tax matters, (iii) assemble, record, organize and report to the Company data and information with respect to the Investments relative to taxes and tax returns in such form as may be reasonably requested by the Company, and (iv) supervise the Tax Preparer in connection with the preparation, filing or delivery to appropriate persons, of applicable tax information reporting forms with respect to the Investments and the Common Stock (including information reporting forms, whether on Form 1099 or otherwise with respect to sales, interest received, interest paid, dividends paid and other relevant transactions); it being understood that, in the context of the foregoing, the Company shall rely on its own tax advisers in the preparation of its tax returns and the conduct of any audits, examinations or administrative or legal proceedings related thereto and that, without limiting the Manager' s obligation to provide the information, data, reports and other supervision and assistance provided herein, the Manager will not be responsible for the preparation of such returns or the conduct of such audits, examinations or other proceedings.

8. Compensation.

(a) For the services rendered under this Agreement, the Company shall pay the following fees to the Manager or its Affiliates.

(b) The Base Management Fee shall be payable in arrears, in cash, in quarterly installments commencing with the calendar quarter in which this Agreement is executed. If applicable, the initial and final installments of the Base Management Fee shall be pro-rated based on the number of days during the initial and final quarter, respectively, that this Agreement is in effect. Within 40 days following the last day of each calendar quarter, the Manager shall make available to the Company the quarterly calculation of the Base Management Fee with respect to such calendar quarter, and the Company shall pay the Manager the Base Management Fee for such quarter within 10 days thereafter; *provided, however*, that such Base Management Fee may be offset against amounts due to the Company by the Manager. Each payment of the Base Management Fee shall be treated as a separate payment for Section 409A of the Code.

(c) Within 30 days after the end of each Measurement Period, the Manager shall prepare a statement setting forth the Manager' s calculation of any Incentive Fee payable by the Company to the Manager with respect to such Measurement Period, and the Manager shall deliver such statement to the Board of Directors. The Company shall pay any such Incentive Fee promptly (but in any event within 15 business days) after delivery to the Board of Directors of the statement setting forth the Manager' s calculation of the Incentive Fee. The Incentive Fee shall be payable in LTIP Units. Each payment of the Incentive Fee shall be treated as a separate payment for Section 409A of the Code. The number of LTIP Units payable in respect of the Incentive Fee shall be determined by dividing the dollar amount of the Incentive Fee by the 20-day volume weighted average trading price for a share of Common Stock on the NYSE (or any other securities exchange on which the Common Stock is principally traded) ending on the date that is two business days preceding the payment date.

(d) *Additional Consideration*. It is expressly understood by the Parties that this Agreement is drafted and entered into in consideration of the obligations and benefits contained in this Agreement.

9. Expenses.

(a) The Company shall bear all of its operating expenses, except those specifically required to be borne by the Manager under this Agreement. The expenses required to be borne by the Company include, but are not limited to:

(i) Acquisition Expenses incurred in connection with the selection and acquisition of Investments;

(ii) fees, commissions and expenses incurred in connection with the issuance of the Company' s securities, any financing transaction and other costs incident to the acquisition, development, redevelopment, construction, repositioning, leasing, disposition and financing of Investments;

(iii) legal, regulatory, compliance, tax, accounting, consulting, auditing, administrative fees and expenses and fees and expenses for other similar services rendered to the Company by third-party service providers retained by the Manager or, if provided by the Manager' s personnel (including the Company' s executive officers), in amounts which are no greater than those which would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm' s-length basis;

(iv) the compensation and expenses of the Directors and the cost of liability insurance to indemnify the Company, Directors and officers of the Company;

(v) the costs associated with the establishment and maintenance of any credit facilities and other indebtedness of the Company (including commitment fees, accounting fees, legal fees, closing costs, etc.);

(vi) expenses relating to the payment of distributions;

(vii) expenses connected with communications to holders of the Company' s securities and in complying with the continuous reporting and other requirements of the Exchange Act, the SEC and other governmental bodies;

(viii) transfer agent, registrar and exchange listing fees;

(ix) the costs of printing and mailing proxies, reports and other materials to the Company' s stockholders;

(x) costs associated with any computer software or hardware, electronic equipment, or purchased information technology services from third party vendors that is used solely for the Company;

(xi) costs and out of pocket expenses incurred by managers, officers, employees or other agents of the Manager for travel on the Company' s behalf;

(xii) the portion of any costs and expenses incurred by the Manager or its Affiliates with respect to market information systems and publications, research publications and materials that are allocable to the Company in accordance with the expense allocation policies of the Company;

(xiii) settlement, clearing, and custodial fees and expenses;

(xiv) all taxes and license fees;

(xv) all insurance costs incurred with respect to insurance policies obtained in connection with the operation of the Company’ s business, including but not limited to insurance covering activities of the Manager, its Affiliates and any of their employees relating to the performance of the Manager’ s duties and obligations under this Agreement;

(xvi) costs and expenses incurred in contracting with third parties for the property management of assets of the Company, as well as sourcing of Investments;

(xvii) all other actual out of pocket costs and expenses relating to the Company’ s business and operations, including the costs and expenses of originating, acquiring, owning, rehabilitating, protecting, maintaining, developing and disposing of Investments, including appraisal, reporting, audit and legal fees;

(xviii) any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against the Company or any Subsidiary, or against any trustee, director, partner, member or officer of the Company or of any Subsidiary in such person’ s capacity as such for which the Company or any Subsidiary is required to indemnify such person by any court or governmental agency, or settlement of pending or threatened proceedings;

(xix) the costs of maintaining compliance with all federal, state and local rules and regulations, including securities regulations, or any other regulatory agency, all taxes and license fees and all insurance costs incurred on the Company’ s behalf;

(xx) a *pro rata* portion of the costs associated with rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of the Manager and its Affiliates, based on the percentage of the Manager and its Affiliates’ assets under management attributed to the Company and its Subsidiaries as compared to the percentage of the Manager and its Affiliates’ assets under management attributed to other investment funds, vehicles and accounts managed by the Manager or its Affiliates.

(xxi) expenses relating to any office or office facilities, including disaster backup recovery sites and facilities, maintained expressly for the Company and separate from offices of the Manager; and

(xxii) all other costs and expenses approved by the Board of Directors.

(b) Other than as expressly provided above, the Company will not be required to pay any portion of the rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of the Manager and its Affiliates. The Manager shall be responsible for the expenses related to any personnel of the Manager and its Affiliates who provide services to the Company pursuant to this Agreement (including the Company’ s executive officers), including salaries, bonus and other wages, payroll taxes and the cost of employee benefit plans of such personnel, and costs of insurance with respect to such personnel. However, as provided in Section 9(a)(iii) above, if any personnel of the Manager (including the Company' s executive officers) provide the Company with legal, tax, accounting, consulting, auditing and other similar services, the Company shall reimburse the Manager for the costs of such services in amounts which are no greater than those which would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm' s-length basis.

(c) Subject to any required Board of Directors approval, the Manager may retain, for and on behalf, and at the sole cost and expense, of the Company, such services of non-Affiliate third party accountants, legal counsel, appraisers, insurers, brokers, transfer agents, registrars, developers, investment banks, financial advisors, banks and other lenders and others as the Manager deems necessary or advisable in connection with the management and operations of the Company. The provisions of this Section 9 shall survive the expiration or earlier termination of this Agreement to the extent such expenses have previously been incurred or are incurred in connection with such expiration or termination.

10. Expense Reports and Reimbursements.

The Manager shall prepare a statement documenting the operating expenses of the Company incurred by the Manager on behalf of the Company during each fiscal quarter, and deliver the same to the Company within 40 days following the end of the applicable fiscal quarter. Such expenses incurred by the Manager on behalf of the Company shall be reimbursed by the Company within 30 days following delivery of the expense statement by the Manager; provided, however, that such reimbursements may be offset by the Manager against amounts due to the Company from the Manager. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement.

11. Limits of Manager Responsibility; Indemnification.

(a) Pursuant to this Agreement, the Manager will not assume any responsibility other than to render the services called for hereunder in good faith and will not be responsible for any action of the Board of Directors or the Company in following or declining to follow the advice or recommendations of the Manager. The Manager, its Affiliates and the officers, directors, members, shareholders, managers, employees, agents, successors and assigns of any of them (each, a "Manager Indemnified Party") shall not be liable to the Company for any acts or omissions arising out of or in connection with the Company, this Agreement or the performance of the Manager' s duties and obligations hereunder, except by reason of acts or omissions found by a court of competent jurisdiction upon entry of a final judgment rendered and unappealable or not timely appealed ("Judicially Determined") to be due to the bad faith, gross negligence, willful misconduct or fraud of the Manager Indemnified Party. Notwithstanding any of the foregoing to the contrary, the provisions of this Section 11 shall not be construed so as to provide for the exculpation of any Manager Indemnified Party for any liability (including liability under federal securities laws which, under certain circumstances, impose liability even on Persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate the provisions of this Section 11 to the fullest extent permitted by law.

(b) To the fullest extent permitted by law, the Company shall indemnify, defend and hold harmless each Manager Indemnified Party from and against any and all costs, losses, claims, damages, liabilities, expenses (including reasonable legal and other professional fees and disbursements), judgments, fines and settlements (collectively, "Indemnification Obligations") suffered or sustained by such Manager Indemnified Party by reason of (i) any acts, omissions or alleged acts or omissions arising out of or in connection with the Company or this Agreement, or (ii) any and all claims, demands, actions, suits or proceedings (civil, criminal, administrative or investigative), actual or threatened, in which such Manager Indemnified Party may be involved, as a party or otherwise, arising out of or in connection with such Manager Indemnified Party' s service to or on behalf of, or management of the affairs or assets of, the Company, or which relate to the Company; except to the extent such Indemnification Obligations are Judicially

Determined to be due to such Manager Indemnified Party’ s bad faith, gross negligence, willful misconduct or fraud or to constitute a material breach or violation of the Manager’ s duties and obligations under this Agreement. The termination of a proceeding by settlement or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that such Manager Indemnified Party’ s conduct constituted bad faith, gross negligence, willful misconduct or fraud. For the avoidance of doubt, none of the Manager Indemnified Parties will be liable for (i) trade errors that may result from ordinary negligence, such as errors in the investment-decision process (e.g., a transaction was effected in violation of the Investment Guidelines) or in the trade process (e.g., a buy order was entered instead of a sell order or the wrong security was purchased or sold or the security was purchased or sold at the wrong price) or property acquisition or small balance multifamily loan investment process or (ii) acts or omissions of any Manager Indemnified Party made or taken in accordance with written advice provided to the Manager Indemnified Parties by specialized, reputable, professional consultants selected, engaged or retained by the Manager and its Affiliates with commercially reasonable care, including counsel, accountants, investment bankers, financial advisers, and appraisers (absent bad faith, gross negligence, willful misconduct or fraud by a Manager Indemnified Party). Notwithstanding the foregoing, no provision of this Agreement will constitute a waiver or limitation of the Company’ s rights under federal or state securities laws.

(c) The Manager hereby agrees to indemnify the Company and its Subsidiaries and each of their respective directors, officers, partners, members and managers (each a “Company Indemnified Party”) with respect to all Indemnification Obligations suffered or sustained by such Company Indemnified Party by reason of (i) acts or omissions or alleged acts or omissions of the Manager Judicially Determined to be due to the bad faith, willful misconduct or gross negligence of the Manager, its Affiliates or their respective officers or employees or the reckless disregard of the Manager’ s duties under this Agreement or (ii) claims by the Manager’ s or its Affiliates’ employees relating to the terms and conditions of their employment with the Manager or its Affiliates.

(d) The party seeking indemnity (“Indemnitee”) will promptly notify the party against whom indemnity is claimed (“Indemnitor”) of any claim for which it seeks indemnification; provided, however, that the failure to so notify the Indemnitor will not relieve Indemnitor from any liability which it may have hereunder, except to the extent such failure actually prejudices the Indemnitor. The Indemnitor shall have the right to assume the defense and settlement of such claim; provided that, Indemnitor notifies Indemnitee of its election to assume such defense and settlement within 30 days after the Indemnitee gives the Indemnitor notice of the claim. In such case the Indemnitee will not settle or compromise such claim, and the Indemnitor will not be liable for any such settlement made without its prior written consent. If Indemnitor is entitled to, and does, assume such defense by delivering the aforementioned notice to Indemnitee, Indemnitee will (i) have the right to approve Indemnitor' s counsel (which approval will not be unreasonably withheld or delayed), (ii) be obligated to cooperate in furnishing evidence and testimony and in any other manner in which Indemnitor may reasonably request and (iii) be entitled to participate in (but not control) the defense of any such action, with its own counsel and at its own expense.

(e) Reasonable expenses (including attorney' s fees) incurred by an Indemnitee in defense or settlement of a claim that may be subject to a right of indemnification hereunder may be advanced by the Company to such Indemnitee as such expenses are incurred prior to the final disposition of such claim; provided that, Indemnitee undertakes in writing to repay such amounts if it shall be Judicially Determined that Indemnitee was not entitled to be indemnified hereunder.

(f) The Manager Indemnified Parties shall remain entitled to exculpation and indemnification from the Company pursuant to this Section 11 (subject to the limitations set forth herein) with respect to any matter arising prior to the termination of this Agreement and shall have no liability to the Company in respect of any matter arising after such termination unless such matter arose out of events or circumstances that occurred prior to such termination.

12. No Joint Venture.

The Company, on one hand, and the Manager, on the other hand, are not partners or joint venturers with each other and nothing in this Agreement shall be construed to make the Company, on one hand, and the Manager, on the other hand, partners or joint venturers or impose any liability as such on them.

13. Term; Termination.

(a) This Agreement shall become effective on the Effective Date and shall continue in operation, unless terminated in accordance with the terms hereof, until the fifth anniversary of the Effective Date (the "Initial Term"). After the Initial Term, this Agreement shall be deemed renewed automatically for a one-year term ending each first anniversary date thereafter (an "Automatic Renewal Term") unless the Company or the Manager elects not to renew this Agreement in accordance with Section 13(b) or 13(d), respectively.

(b) Notwithstanding any other provision of this Agreement to the contrary, upon the expiration of the Initial Term or any Automatic Renewal Term and upon 180 days' prior written notice to the Manager (the "Termination Notice"), the Company may, without cause, in connection with the expiration of the Initial Term or the then current Automatic Renewal Term, decline to renew this Agreement (any such nonrenewal, a "Termination Without Cause") upon the affirmative vote of at least two-thirds of the Independent Directors that (i) there has been unsatisfactory performance by the Manager that is materially detrimental to the Company and its Subsidiaries taken as a whole or (ii) the Base Management Fee and Incentive Fee under this Agreement payable to the Manager are not, taken as a whole, in accordance with then-current market rates charged by asset management companies rendering services similar to those rendered by the Manager ("Above-Market Rates"), subject to Section 13(c) and only after reasonable investigation by the Independent Directors as to the market rates charged by similarly situated managers. In the event of a Termination Without Cause, the Company shall pay the Manager the Termination Fee before or on the last day of the Initial Term or such Automatic Renewal Term, as the case may be (the "Effective Termination Date"). The Company may terminate this Agreement for cause pursuant to Section 14 even after a Termination Notice and, in such case, no Termination Fee shall be payable.

(c) Notwithstanding the provisions of subsection (b) above, if the reason for nonrenewal specified in the Company' s Termination Notice is that two-thirds of the Independent Directors have determined that the Base Management Fee or the Incentive Fee payable to the Manager are, taken as a whole, at Above-Market Rates, the Company shall not have the foregoing non-renewal right in the event the Manager agrees that it will continue to perform its duties hereunder during the Automatic Renewal Term that would commence upon the expiration of the Initial Term or then current Automatic Renewal Term at rates that at least two-thirds of the Independent Directors determine to be at or below market rates, taken as a whole; provided, however, the Manager shall have the right to renegotiate the Base Management Fee and/or the Incentive Fee, by delivering to the Company, not less than 120 days prior to the pending Effective Termination Date, written notice (a "Notice of Proposal to Negotiate") of its intention to renegotiate the Base Management Fee and/or the Incentive Fee. Thereupon, the Company and the Manager shall endeavor to negotiate the Base Management Fee and/or the Incentive Fee in good faith. Provided that the Company and the Manager agree to a revised Base Management Fee, Incentive Fee or other compensation structure within sixty (60) days following the Company' s receipt of the Notice of Proposal to Negotiate, the Termination Notice from the Company shall be deemed of no force and effect, and this Agreement shall continue in full force and effect on the terms stated herein, except that the Base Management Fee, the Incentive Fee or other compensation structure shall be the revised Base Management Fee, Incentive Fee or other compensation structure effective as of the date as then agreed upon by the Company and the Manager. The Company and the Manager agree to execute and deliver an amendment to this Agreement setting forth such revised Base Management Fee, Incentive Fee, or other compensation structure promptly upon reaching an agreement regarding same. In the event that the Company and the Manager are unable to agree to a revised Base Management Fee, Incentive Fee, or other compensation structure during such sixty (60) day period, this Agreement shall terminate on the Effective Termination Date and the Company shall be obligated to pay the Manager the Termination Fee upon the Effective Termination Date as a condition of such termination action being effective.

(d) No later than 180 days prior to the expiration of the Initial Term or the then current Automatic Renewal Term, the Manager may deliver written notice to the Company informing it of the Manager' s intention to decline to renew this Agreement, whereupon this Agreement shall not be renewed and extended and this Agreement shall terminate effective upon the Effective Termination Date next following the delivery of such notice. The Company shall not be required to pay to the Manager the Termination Fee if the Manager terminates this Agreement pursuant to this Section 13(d).

(e) Except as set forth in this Section 13, a nonrenewal of this Agreement pursuant to this Section 13 shall be without any further liability or obligation of either party to the other, except as provided in Section 8, Section 9, Section 11 and Section 15.

(f) Notwithstanding any other provision of this Agreement to the contrary, this Agreement may not be terminated for any reason, other than pursuant to Section 14, prior to the fifth anniversary of the Effective Date.

14. Termination for Cause.

(a) The Company may terminate this Agreement effective upon 30 days' prior written notice of termination from the Company to the Manager (a "Cause Termination Notice"), without payment of any Termination Fee, if (i) the Manager, its agents or assignees breaches any material provision of this Agreement and such breach shall continue for a period of 30 days after written notice thereof specifying such breach and requesting that the same be remedied in such 30-day period (or 45 days after written notice of such breach if the Manager takes steps to cure such breach within 30 days of the written notice), (ii) there is a commencement of any proceeding relating to the Manager' s bankruptcy or insolvency, including an order for relief in an involuntary bankruptcy case or the Manager authorizing or filing a voluntary bankruptcy petition, (iii) any Manager Change of Control which a majority of the Independent Directors determines is materially detrimental to the Company or its Subsidiaries taken as a whole, (iv) the Manager is unable to perform its obligations under this Agreement; (v) the dissolution of the Manager, or (vi) the Manager commits fraud against the Company, misappropriates or embezzles funds of the Company, or acts, or fails to act, in a manner constituting gross negligence, or acts in a manner constituting bad faith or willful misconduct, in the performance of its duties under this Agreement; provided, however, that if any of the actions or omissions described in this clause (vi) are caused by an employee and/or officer of the Manager or one of its Affiliates and the Manager takes all necessary and appropriate action against such person and cures the damage caused by such actions or omissions within 30 days of the Manager' s actual knowledge of its commission or omission, the Company shall not have the right to terminate this Agreement pursuant to this Section 14(a)(vi) and any Cause Termination Notice previously given in reliance on this clause (vi) automatically shall be deemed to have been rescinded and nugatory.

(b) The Manager may terminate this Agreement effective upon 60 days' prior written notice of termination to the Company in the event that the Company shall default in the performance of any material term, condition or covenant contained in this Agreement and such default shall continue for a period of 30 days after written notice thereof specifying such default and requesting that the same be remedied in such 30-day period. The Company is required to pay to the Manager the Termination Fee if the termination of this Agreement is made pursuant to this Section 14(b).

(c) The Manager may terminate this Agreement if the Company becomes required to register as an investment company under the Investment Company Act, with such termination deemed to occur immediately before such event, in which case the Company shall not be required to pay the Termination Fee.

15. Action Upon Termination.

From and after the effective Date of Termination of this Agreement pursuant to Sections 13 or 14, the Manager shall not be entitled to compensation for further services hereunder other than payment of all compensation accruing for services rendered to the Date of Termination; provided, that if this Agreement is (x) terminated or not renewed pursuant to Section 13(b)(i), 13(c), or Section 14(b), the Manager shall also be entitled to receive the Termination Fee. Upon any such termination, the Manager shall forthwith:

(a) after deducting any accrued compensation and reimbursement for its expenses that have been submitted to the Company prior to the effective Date of Termination, pay over to the Company and each Subsidiary all money collected and held for the account of the Company and such Subsidiary pursuant to this Agreement;

(b) deliver to the Board of Directors a full accounting, including a statement showing all payments collected by the Manager and a statement of all money held by the Manager, covering the period following the date of the last accounting furnished to the Board of Directors with respect to the Company and the Subsidiaries;

(c) deliver to the Board of Directors all property and documents of the Company and the Subsidiaries then in the custody of the Manager; and

(d) cooperate with the Company and the Subsidiaries to provide an orderly management transition, including the transition to a new manager of control of the assets of the Company and the Subsidiaries.

16. Internalization.

(a) No later than 90 days following an Internalization Event, the Manager shall delivered a written offer to the Company to enter into an Internalization Transaction (the "Internalization Offer"). Upon receipt of the Manager' s initial Internalization Offer, a special committee comprised solely of Independent Directors (the "Special Committee") may accept the Internalization Officer or submit a counteroffer to the Manager.

(b) The offer price for any Internalization Transaction (the "Offer Price") shall be equal to the lesser of the following amounts:

(i) one times the Base Management Fee earned by the Manager during the 12-month period ended as of the end of the most recently completed fiscal quarter prior to the date on which a definitive agreement relating to the Internalization Transaction is entered into; and

(ii) 2% of the Company' s equity market capitalization based on the volume-weighted average price of the Common Stock on the NYSE over 20 consecutive trading days ended on the date immediately preceding the date on which a definitive agreement relating to the Internalization Transaction is entered into;

provided that the Offer Price shall not exceed the amount that will allow the Internalization Transaction to be accretive on an estimated FFO per share basis over the 12-month period beginning on the first day of the quarter following the closing of the Internalization Transaction, as determined by the Special Committee based on discussions with the Manager.

(c) Consummation of any Internalization Transaction shall be conditioned upon:

(i) the Special Committee' s receipt of a fairness opinion from a nationally recognized investment banking firm to the effect that the consideration to be paid by the Company for the assets or equity of the Manager is fair, from a financial point of view, to holders of the Common Stock who are not affiliated with the Manager or its Affiliates;

(ii) approval of the Internalization Transaction by the Special Committee and the Board of Directors; and

(iii) approval by holders of Common Stock casting a majority of all the votes cast on the matter (excluding for this purpose shares of common stock beneficially owned by any of the Manager, Avanath Capital Management, LLC, MacFarlane Partners, LLC or their Affiliates) at a meeting of stockholders of the Company duly called and at which a quorum is present.

(d) The consideration in any Internalization Transaction shall be payable in shares of Common Stock or limited partnership interests in Aspire Real Estate Investors, L.P., a Delaware limited partnership, that are redeemable for cash, or, at the Company' s election, shares of Common Stock in an amount equal to the price agreed upon between the parties (the "Internalization Price") divided by the volume-weighted average price of the Common Stock on the NYSE during the 20 consecutive trading days immediately preceding the closing date of the Internalization Transaction (as adjusted to account for the conversion ratio applicable to limited partnership interests in Aspire Real Estate Investors, L.P., a Delaware limited partnership, in the event such limited partnership interests are issued as consideration in the Internalization Transaction). Notwithstanding the foregoing, the Special Committee can choose to substitute some or all of the consideration with cash at its sole election.

(e) If the conditions set forth in Section 16(c) are not satisfied and an Internalization Transaction is not consummated within 180 days following the Internalization Event, the Manager shall annually submit a new Internalization Offer, with an Internalization Price based on the framework set forth in this Section 16, not later than 30 days prior to the next anniversary of the Internalization Event until termination of this Agreement. The Special Committee and the Manager shall follow the same process with respect to each Internalization Offer, and any Internalization Transaction shall be subject to the conditions set forth in this Section 16.

17. Assignment.

The Manager may not assign its duties under this Agreement unless such assignment is consented to in writing by a majority of the Directors. However, the Manager may assign to one or more of its Affiliates performance of any of its responsibilities hereunder without the approval of the Directors so long as the Manager remains liable for any such Affiliate' s performance and such assignment does not require the Company' s approval under the Investment Advisers Act of 1940.

18. Release of Money or other Property Upon Written Request.

The Manager agrees that any money or other property of the Company or any Subsidiary held by the Manager under this Agreement shall be held by the Manager as custodian for the Company or any Subsidiary, and the Manager' s records shall be clearly and appropriately marked to reflect the ownership of such money or other property by the Company. Upon the receipt by the Manager of a written request signed by a duly authorized officer of the Company requesting the Manager to release to the Company any money or other property then held by the Manager for the account of the Company under this Agreement, the Manager shall release such money or other property to the Company within a reasonable period of time, but in no event later than thirty (30) days following such request. The Manager and its Affiliates, directors, officers, managers and employees will not be liable to the Company, any Subsidiary, the Manager or any of their directors, officers, shareholders, managers, employees, owners or partners for any acts or omissions by the Company in connection with the money or other property released to the Company in accordance with the terms hereof. The Company shall indemnify the Manager and its Affiliates, officers, directors, employees, agents and successors and assigns against any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever which arise in connection with the Manager' s release of such money or other property to the Company in accordance with the terms of this Section 18. Indemnification pursuant to this Section 18 shall be in addition to any right of the Manager to indemnification under Section 11.

19. Representations and Warranties.

(a) The Company hereby makes the following representations and warranties to the Manager, all of which shall survive the execution and delivery of this Agreement:

(i) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland. The Company has all power and authority required to execute and deliver this Agreement and to perform all its duties and obligations hereunder.

(ii) The execution, delivery, and performance of this Agreement by the Company have been duly authorized by all necessary action on the part of the Company.

(iii) This Agreement constitutes a legal, valid, and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency, receivership and similar laws from time to time in effect and general principles of equity, including, without limitation, those relating to the availability of specific performance.

(b) The Manager hereby makes the following representations and warranties to the Company, all of which shall survive the execution and delivery of this Agreement:

(i) The Manager is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. The Manager has all power and authority required to execute and deliver this Agreement and to perform all its duties and obligations hereunder, subject only to its qualifying to do business and obtaining all requisite permits and licenses required as a result of or relating to the nature or location of any investments of the Company or any of its Affiliates (which it shall do promptly after being required to do so).

(ii) The execution, delivery, and performance of this Agreement by the Manager have been duly authorized by all necessary action on the part of the Manager.

(iii) This Agreement constitutes a legal, valid, and binding agreement of the Manager enforceable against the Manager in accordance with its terms, except as limited by bankruptcy, insolvency, receivership and similar laws from time to time in effect and general principles of equity, including, without limitation, those relating to the availability of specific performance.

20. Notices.

Unless expressly provided otherwise in this Agreement, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when delivered against receipt or upon actual receipt of (a) personal delivery, (b) delivery by a reputable overnight courier, (c) delivery by email but only if receipt of such transmission is confirmed, or (d) delivery by registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

The Company:
Aspire Real Estate Investors, Inc.
1920 Main Street, Suite 150
Irvine, California 92614
Attention: Jun Sakumoto
Email: jsakumoto@avanath.com

With copies to (which shall not constitute notice):

c/o Vinson & Elkins L.L.P. 901
East Byrd Street, Suite 1500
Richmond, Virginia 23219
Attention: Daniel M. LeBey, Esq.
Email: dlebey@velaw.com

The Manager:
Aspire REIT Manager, LLC
1920 Main Street, Suite 150
Irvine, California 92614
Attention: Jun Sakumoto
Email: jsakumoto@avanath.com

Any party may change the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 20 for the giving of notice.

21. Binding Nature of Agreement; Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns as provided in this Agreement.

22. Entire Agreement; Amendments.

This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter of this Agreement. The express terms of this Agreement control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms of this Agreement. This Agreement may not be modified or amended other than by an agreement in writing signed by the parties hereto.

23. Governing Law; Jurisdiction.

This Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Maryland without giving effect to such state' s laws and principles regarding the conflict of interest laws. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of Maryland and the United States District Court in the District of Maryland for the purpose of any action or judgment relating to or arising out of this Agreement or any of the transactions contemplated hereby and to the lay of venue in such court.

24. Waiver of Jury Trial.

EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND, THEREFORE, EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY ACTION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

25. Indulgences, Not Waivers.

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

26. Titles Not to Affect Interpretation.

The titles of sections, paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation of this Agreement.

27. Execution in Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

28. Severability.

The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

29. Principles of Construction.

Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires. All references to recitals, sections, paragraphs and schedules are to the recitals, sections, paragraphs and schedules in or to this Agreement unless otherwise specified.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE COMPANY:

ASPIRE REAL ESTATE INVESTORS, INC.

By: ____________________________
Name:
Title:

THE MANAGER:

ASPIRE REIT MANAGER, LLC

By: ____________________________
Name:
Title:

[Signature Page to Management Agreement]

Exhibit A

INVESTMENT GUIDELINES OF ASPIRE REAL ESTATE INVESTORS, INC.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in that certain Management Agreement, dated as of [ ], 2020, as may be amended from time to time, by and among Aspire Real Estate Investors, Inc., a Maryland corporation (the "Company"), and Aspire REIT Manager, LLC, a Delaware limited liability company (the "Manager").

1. No investment shall be made that would cause the Company to fail to qualify as a REIT under the Code;

2. No investment shall be made that would cause the Company to fail to qualify as an Opportunity Fund under the Code;

3. No investment shall be made that would cause the Company to be regulated as an investment company under the Investment Company Act;

4. Approved investments include the acquisition of undeveloped or partially developed land and the development thereof, and the acquisition of residential real estate properties that involve substantial redevelopment or development.

5. Any loan transaction to or from the Company, on the one hand, and the Manager and its Affiliates, on the other hand, must be approved by at least a majority of the Independent Directors.

These investment guidelines may be changed by the Company' s Board of Directors without the approval of the Company' s stockholders.

Exhibit 10.2

EQUITY INTERESTS PURCHASE AND SALE AGREEMENT

PURCHASER: **ASPIRE REAL ESTATE INVESTORS, L.P.**
1920 Main Street, Suite 150
Irvine, California 92614
Attention: Wesley Wilson
Tel: (949) ###-####
Email: #######@avanath.com

With a copy to: Vinson & Elkins L.L.P.
2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
Attention: Russell W. Oshman
Tel: (214) ###-####
Email: #######@velaw.com

SELLER: **AVANATH AFFORDABLE HOUSING I, LLC**
c/o Avanath Capital Management, LLC
1920 Main Street, Suite 150
Irvine, California 92614
Attention: Wesley Wilson
Tel: (949) ###-####
Email: #######@avanath.com

TITLE COMPANY: **CHICAGO TITLE INSURANCE COMPANY**
711 Third Avenue
New York, New York 10017
Attention: Matthew Bliwise
Tel: (212) ###-####
Email: ####.#######@ctt.com

EFFECTIVE DATE: November 5, 2020.

CLOSING DATE: Unless otherwise mutually agreed to by Purchaser and Seller, the Closing Date shall occur on the earlier of (i) ten days following the date upon which all Regulatory Approvals (defined below) have been obtained and (ii) December 15, 2020.

PURCHASE PRICE: $ 82,500,000.00

Section 1. **Sale and Purchase**. Seller agrees to sell, and Purchaser agrees to purchase, as provided in this Equity Interests Purchase and Sale Agreement (this "**Agreement**") and for the Purchase Price, all of the issued and outstanding membership or partnership interests (as applicable, the "**Equity Interests**") of the limited liability companies and limited partnerships owned by Seller and listed on Schedule 1 attached hereto (the "**Applicable Entities**"). As part of the foregoing purchase and sale of the Equity Interests, Purchaser will acquire, indirectly:

(a) all of the Applicable Entities' right, title and interest in and to the following property (collectively, the "**Property**"):

(i) the tracts or parcels of land located at the addresses listed in Schedule 1(a)(i) hereto (the property located at each address listed on such Schedule 1(a)(i) is referred to in this Agreement as an "**Individual Site**"), and described in Exhibit A hereto, together with all rights and interests appurtenant thereto, including with respect to adjacent streets, alleys, rights-of-way, and any adjacent strips and gores of real estate (the "**Land**"); all improvements located on the Land (the "**Improvements**"); and all rights, titles, and interests appurtenant to the Land and Improvements;

(ii) all tangible personal property and fixtures of any kind owned by the Applicable Entities and attached to or used in connection with the Land or Improvements (the "**Personalty**");

(iii) all of the Applicable Entities' right, title and interest in and to: all unexpired leases, franchises, licenses, occupancy agreements or other agreements demising space in, providing for the use or occupancy of, or otherwise similarly affecting or relating to, the Land and/or the Improvements (each, a "**Lease**" and, collectively, the "**Leases**"), other than, and specifically excluding, any License Agreement (defined below); all rents under the Leases prepaid for any period subsequent to the Closing Date; and all deposits, security or otherwise ("**Lease Deposits**"), made by tenants under the Leases (each, a "**Tenant**" and, collectively, the "**Tenants**") and held by the applicable Applicable Entity (as landlord) under the Leases;

(iv) all of the Applicable Entities' right, title and interest in and to: all unexpired licenses, leases or other agreements for rooftop space or equipment, telecommunications equipment, cable access, laundry machines, vending machines, computers, copiers, scanners, printers, fax machines, or other equipment or facilities that are located on, at or within the Land (each, a "**License Agreement**" and, collectively, the "**License Agreement**"); all rents, fees or other payments under the License Agreement prepaid for any period subsequent to the Closing Date; and all deposits, security or otherwise ("**License Deposits**"), made by licensees under the License Agreements (each, a "**Licensee**" and, collectively, the "**Licensees**") and held by the applicable Applicable Entity (as licensor) under the License Agreements; and

(v) all of the following items, to the extent used in connection with the Land, Improvements, Personalty, Leases, Lease Deposits, License Agreements or License Deposits (collectively, the "**Assignment Property**"): (A) contracts or agreements, such as maintenance, service, or utility contracts (the "**Property Agreements**"), other than, and expressly excluding, any property management contracts or agreements (the "**Excluded Property Agreements**"), which shall be terminated by the Applicable Entities, at their sole cost and expense, at or prior to Closing, (B) warranties, guaranties, indemnities, and claims, (C) licenses, permits, or similar documents, (D) plans, drawings, specifications, surveys, engineering reports, and other technical information, (E) insurance policies and (F) any intangible personal property owned or held by any Applicable Entity.

Section 2. **Tax Treatment**. For U.S. federal income tax purposes (a) to the extent that an Applicable Entity is a disregarded entity for U.S. federal income tax purposes, the purchase of all of the issued and outstanding Equity Interests in such Applicable Entity shall be treated as a purchase of the Property owned or otherwise held by such Applicable Entity, and (b) to the extent that an Applicable Entity is a partnership for U.S. federal income tax purposes, the purchase of all of the issued and outstanding Equity Interests in such Applicable Entity shall be treated as a purchase of the Property owned or otherwise held by such Applicable Entity for U.S. federal income tax purposes under Revenue Ruling 99-6, Situation 2.

Section 3. **Due Diligence Materials**. Prior to the Effective Date, Seller has delivered or caused to be delivered to Purchaser all items set forth on Schedule 3 attached hereto (collectively, the "**Due Diligence Materials**"). Purchaser acknowledges that it has reviewed the Due Diligence Materials prior to the Effective Date, and, by its execution hereof, Purchaser waives any right it may have to terminate this Agreement as a result of matters disclosed by such Due Diligence Materials, other than with respect to Non-Permitted Encumbrances (defined below) to the extent expressly set forth in Schedule 4(a) below.

Section 4. **Title and Survey Matters**.

(a) Prior to the Effective Date, Purchaser has reviewed existing title work and surveys with respect to the Property, and Purchaser has approved the proforma owner' s policies of title insurance or commitments for title insurance attached hereto as Exhibit B (as applicable, the "**Approved Title Insurance Documents**"). All exceptions and other title matters set forth in the Approved Title Insurance Documents are referred to herein as "**Permitted Encumbrances**"; all other exceptions or title matters that are not set forth in the Approved Title Insurance Documents are referred to herein as "**Non-Permitted Encumbrances**". If Seller does not cause all of the Non-Permitted Encumbrances to be removed, cured or insured around on or prior to the Closing Date, then Purchaser may elect to exercise any of the following remedies: (i) partially terminate this Agreement solely with respect to the Individual Site(s) encumbered or affected by the applicable Non-Permitted Encumbrances, if, but only if, such partial termination would not result in a failure of the OZ Qualification Condition (as defined in Section 5(b)(ii) below), in which event Purchaser and Seller shall proceed to Closing with respect to the remainder of the Property (subject to Section 5), except that the Purchase Price will be reduced by the portion thereof that is allocated to the terminated Individual Site(s) as set forth on Schedule 1(a)(i) hereto, (ii) terminate this Agreement in its entirety, in which event neither party shall have any further rights or obligations under this Agreement except for those which expressly survive termination, or (iii) proceed to Closing on the entirety of the Property, in which event the Non-Permitted Encumbrances shall be Permitted Encumbrances.

(b) Prior to the Effective Date, Purchaser has requested that Seller obtain the estoppel certificates listed on Schedule 4(b) attached hereto ("**Association Estoppels**") from certain owners' associations, architectural control or review committees, declarants or other similar persons or entities under any restrictive covenants encumbering the Property. To the extent Seller has not requested such Association Estoppels from the applicable persons or entities prior to the Effective Date, Purchaser shall make such requests promptly after the Effective Date and thereafter use commercially reasonable efforts to cause the applicable persons or entities to execute the same. Upon execution thereof (if executed), Seller shall promptly forward any Association Estoppels to Purchaser. Notwithstanding the foregoing, the failure of Seller to obtain any such Association Estoppels shall not be a breach, default or a failure of a closing condition hereunder.

(c) Prior to the Effective Date, Purchaser has conducted such investigations, studies and tests with respect to the Property as Purchaser deemed necessary or appropriate. By its execution hereof, Purchaser waives any right it may have to terminate this Agreement as a result of matters disclosed by any such investigations, studies and tests, other than with respect to Non-Permitted Encumbrances to the extent expressly set forth in Section 4(a) above.

(d) As Is Condition.

(i) **EXCEPT TO THE EXTENT OF THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE DOCUMENTS TO BE EXECUTED AND DELIVERED BY OR ON BEHALF OF SELLER AT CLOSING (THE "CLOSING DOCUMENTS"), PURCHASER SHALL ACCEPT THE PROPERTY AT THE CLOSING IN AN "AS-IS, WHERE-IS" CONDITION, WITH ALL DEFECTS, FAULTS AND LIABILITIES, KNOWN OR UNKNOWN, DISCLOSED OR UNDISCLOSED, SOLELY IN RELIANCE ON PURCHASER' S OWN INVESTIGATION, ANALYSIS AND INSPECTION OF THE PROPERTY, WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, OF ANY KIND WHATSOEVER, BY SELLER, ITS PARTNERS, SHAREHOLDERS, ATTORNEYS, AFFILIATES, AGENTS, BROKERS, CONSULTANTS, COUNSEL, EMPLOYEES, OFFICERS, DIRECTORS, MEMBERS, MANAGERS, OR TRUSTEES OR ANY OTHER SELLER PARTY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PURCHASER ACKNOWLEDGES THAT, EXCEPT FOR THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY OF THE CLOSING DOCUMENTS, SELLER EXPRESSLY DISCLAIMS AND NEGATES ANY LIABILITY AND ANY IMPLIED OR EXPRESS WARRANTY WITH RESPECT TO THE CONDITION OF THE PROPERTY, ITS SUITABILITY FOR PURCHASER' S OR THE APPLICABLE ENTITIES' INTENDED USE, ITS COMPLIANCE WITH ANY ZONING OR OTHER RULES, REGULATIONS, LAWS OR STATUTES APPLICABLE TO THE PROPERTY, OR ANY OTHER MATTER OR THING RELATING TO THE PROPERTY, INCLUDING, WITHOUT LIMITATION: (A) THE EXISTENCE, RELEASE OR ABSENCE OF HAZARDOUS MATERIALS (DEFINED BELOW) UPON OR UNDER THE PROPERTY OR ANY PORTION THEREOF OR IN THE VICINITY THEREOF; (B) GEOLOGICAL CONDITIONS, INCLUDING WITHOUT LIMITATION, SUBSIDENCE, SUBSURFACE CONDITIONS, GROUND WATER, WATER TABLE, UNDERGROUND WATER RESERVOIRS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER AND FAULTING; (C)**

WHETHER OR NOT AND TO THE EXTENT TO WHICH THE PROPERTY OR ANY PORTION THEREOF IS AFFECTED BY ANY STREAM (SURFACE OR UNDERGROUND), BODY OF WATER, FLOOD PRONE AREA, FLOOD PLAIN, FLOODWAY, SPECIAL FLOOD HAZARD OR NATURAL HAZARD AREA; (D) DRAINAGE; (E) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, PAST SOIL REPAIRS, SOIL ADDITIONS OR CONDITIONS OF SOIL FILL, OR SUSCEPTIBILITY TO LANDSLIDES, OR THE SUFFICIENCY OF ANY UNDERSHORING; (F) USAGES OF ADJOINING PROPERTIES; (G) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, SQUARE FOOTAGE, DESCRIPTION, DURABILITY, STRUCTURAL INTEGRITY, INFRASTRUCTURE, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTY OR ANY PART THEREOF INCLUDING, WITHOUT LIMITATION, WHETHER OR NOT THE PROPERTY COMPLIES WITH APPLICABLE PAST, PRESENT, AND FUTURE LAWS, RULES, AND REGULATIONS, INCLUDING WITHOUT LIMITATION, BUILDING CODES, LAND USE LAWS, ENVIRONMENTAL LAWS, MATTERS DISCLOSED BY ANY ENVIRONMENTAL REPORTS INCLUDED IN ANY PROPERTY DOCUMENTS PROVIDED BY SELLER OR OBTAINED BY PURCHASER, AND THE REQUIREMENTS OF TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990,42 U.S.C. §§ 12181-12183,12186(B) - 12189 AND RELATED REGULATIONS; (H) DEVELOPMENT RIGHTS AND EXTRACTIONS; (I)WATER OR WATER RIGHTS; (J) THE DEVELOPMENT POTENTIAL FOR THE PROPERTY; (K) THE ABILITY OF PURCHASER OR THE APPLICABLE ENTITIES TO REZONE THE PROPERTY OR CHANGE THE USE OF THE PROPERTY; (L) THE ABILITY OF PURCHASER OR THE APPLICABLE ENTITIES TO ACQUIRE ADJACENT PROPERTIES; (M) THE EXISTENCE AND POSSIBLE LOCATION OF ANY UNDERGROUND STRUCTURES AND EQUIPMENT, INCLUDING WITHOUT LIMITATION, UTILITIES OR UNDERGROUND STORAGE TANKS, CLARIFIERS, AND SEPTIC SYSTEMS; (N) THE EXISTENCE AND POSSIBLE LOCATION OF ANY ENCROACHMENTS; (O) THE STATUS OF ANY LIFE-SAFETY SYSTEMS IN THE IMPROVEMENTS; (P) THE CHARACTER OF THE NEIGHBORHOOD IN WHICH THE PROPERTY IS SITUATED; (Q) ANY LATENT OR PATENT DEFECTS WITH RESPECT TO THE PROPERTY; (R) THE WATER-CONSERVING NATURE (OR LACK THEREOF) OF PLUMBING FIXTURES AT THE PROPERTY; (S) CAPACITY OF THE PROPERTY TO WITHSTAND EARTHQUAKES, FIRES, FLOODS OR OTHER NATURAL DISASTERS; (T) INFORMATION ABOUT THE PRESENCE OR ABSENCE OF REGISTERED SEX OFFENDERS AT OR NEARBY THE PROPERTY; (U) WHETHER MURDER OR OTHER CRIME HAS BEEN COMMITTED IN ANY PART OF THE PROPERTY; (V) THE PRESENCE OR ABSENCE OF LEAD-BASED PAINT; (W) COMPLIANCE WITH APPLICABLE LAW REGARDING CARBON MONOXIDE DEVICES, GARAGE DOOR OPENERS, OR CHILD-RESISTANT

POOL BARRIERS; (X) THE LOCATION OF GAS OR LIQUID TRANSMISSION PIPELINES RELATIVE TO THE PROPERTY WITH RESPECT TO NATURAL GAS, PETROLEUM PRODUCTS OR HAZARDOUS MATERIALS; (Y) PEST CONTROL; AND/OR (Z) THE MERCHANTABILITY OF THE PROPERTY OR FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE OR ARISING FROM A COURSE OF DEALING OR USE OF TRADE.

(ii) **EXCEPT FOR THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR THE CLOSING DOCUMENTS, BY CONSUMMATING THE CLOSING PURCHASER, THE APPLICABLE ENTITIES, THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND ANY OTHER PERSON OR ENTITY CLAIMING OR DERIVING RIGHTS BY, THROUGH OR UNDER PURCHASER, THE APPLICABLE ENTITIES OR ANY OF PURCHASER' S OR THE APPLICABLE ENTITIES' SUCCESSORS OR ASSIGNS (COLLECTIVELY, THE "PURCHASER PARTIES") SHALL BE DEEMED TO HAVE RELEASED AND WAIVED, AND SHALL RELEASE AND WAIVE, ANY AND ALL CLAIMS WHICH PURCHASER, THE APPLICABLE ENTITIES OR ANY OF THE PURCHASER PARTIES HAS OR MAY HAVE AGAINST SELLER, SELLER' S SUCCESSORS AND ASSIGNS, AND ANY OTHER PERSON OR ENTITY CLAIMING OR DERIVING RIGHTS BY, THROUGH OR UNDER SELLER OR ANY OF SELLER' S SUCCESSORS OR ASSIGNS (COLLECTIVELY, THE "SELLER PARTIES") AT LAW OR IN EQUITY, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, WITH RESPECT TO THE MATTERS DESCRIBED IN THIS SECTION 4(d)(ii). PURCHASER ACKNOWLEDGES AND AGREES THAT: (A) PURCHASER IS AN EXPERIENCED AND SOPHISTICATED OWNER OF REAL PROPERTY; (B) PURCHASER HAS EXPRESSLY NEGOTIATED THE LIMITATIONS OF LIABILITY CONTAINED IN THIS SECTION; (C) THE LIMITATIONS CONTAINED IN THIS SECTION ARE REASONABLE; AND (D) SELLER HAS AGREED TO ENTER INTO THIS AGREEMENT IN CONSIDERATION FOR AND IN RELIANCE UPON THE FOREGOING LIMITATIONS OF LIABILITY, AND THAT THE CONSIDERATION UNDER THIS AGREEMENT IS BASED IN PART ON SAID LIMITATIONS OF LIABILITY. THE PROVISIONS OF THIS SECTION SHALL APPLY TO ANY CLAIM, LOSS OR DAMAGE, IRRESPECTIVE OF ITS CAUSE OR ORIGIN, AND REGARDLESS OF WHETHER IT IS BASED ON STRICT LIABILITY OR RESULTS FROM THE PASSIVE OR ACTIVE NEGLIGENCE OR INTENTIONAL CONDUCT OF SELLER. BY CONSUMMATING THE CLOSING, PURCHASER SHALL BE DEEMED TO ASSUME, AND SHALL ASSUME, THE RESPONSIBILITY AND RISKS OF ALL DEFECTS AND CONDITIONS, INCLUDING SUCH DEFECTS AND CONDITIONS, IF ANY, THAT CANNOT BE OBSERVED BY CASUAL INSPECTION. IN CONNECTION WITH THE FOREGOING, PURCHASER ACKNOWLEDGES THAT IT IS AWARE THAT IT OR ITS ATTORNEYS, ACCOUNTANTS OR OTHER CONSULTANTS, AGENTS OR REPRESENTATIVES MAY HEREAFTER DISCOVER FACTS IN ADDITION TO**

OR DIFFERENT FROM THOSE WHICH IT NOW KNOWS OR BELIEVES TO EXIST WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, BUT THAT BY CONSUMMATING THE CLOSING IT WILL BE DEEMED TO BE PURCHASER' S INTENTION, AND SHALL BE PURCHASER' S INTENTION, TO FULLY, FINALLY, AND FOREVER SETTLE AND RELEASE ALL OF THE CLAIMS, DISPUTES, AND DIFFERENCES, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, WHICH NOW EXIST OR MAY EXIST HEREAFTER BETWEEN PURCHASER AND THE SELLER PARTIES WITH REGARD TO THE PROPERTY AND/OR THE APPLICABLE ENTITIES (EXCEPT WITH RESPECT TO THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR THE CLOSING DOCUMENTS). THIS AGREEMENT SHALL BE AND REMAIN IN EFFECT AS A FULL AND COMPLETE RELEASE NOTWITHSTANDING THE DISCOVERY OR EXISTENCE OF ANY SUCH ADDITIONAL OR DIFFERENT FACTS.

(iii) **WITH RESPECT TO THE RELEASE SET FORTH HEREIN, PURCHASER HEREBY ACKNOWLEDGES THAT SUCH WAIVER AND RELEASE IS MADE WITH THE ADVICE OF COUNSEL AND WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE CONSEQUENCES AND EFFECTS OF SUCH WAIVER.**

(iv) **FOR PURPOSES OF THIS AGREEMENT, THE TERM "HAZARDOUS MATERIALS" SHALL MEAN ANY HAZARDOUS, TOXIC OR CONTAMINATED SUBSTANCE, MATERIAL, POLLUTANT, SEWAGE, WASTE, OR ANY OTHER MATTER, WHICH IS OR BECOMES DEFINED BY, REGULATED BY OR SUBJECT TO ANY ENVIRONMENTAL LAWS, INCLUDING, WITHOUT LIMITATION, (A) SUBSTANCES DEFINED AS "HAZARDOUS SUBSTANCES", "HAZARDOUS WASTES", "UNIVERSAL WASTES", MEDICAL WASTES", "EXTREMELY HAZARDOUS WASTE", "ACUTELY HAZARDOUS WASTE", "MEDICAL WASTE," "HAZARDOUS MATERIALS" OR "TOXIC SUBSTANCES", (B) ANY PETROLEUM OR PETROLEUM DERIVED PRODUCT, SUBSTANCE OR WASTE, INCLUDING CRUDE OIL OR ANY FRACTION OR ADDITIVES THEREOF, (C) ANY ASBESTOS OR ASBESTOS-CONTAINING MATERIAL, (D) PCBS OR PCB-CONTAINING MATERIALS OR FLUIDS, (E) ANY OTHER SUBSTANCE WITH RESPECT TO WHICH ANY GOVERNMENTAL AUTHORITY MAY REQUIRE ENVIRONMENTAL INVESTIGATION OR REMEDIATION, (F) MOLD, INCLUDING WITHOUT LIMITATION FUNGI, MICROBES, YEAST, MOLD, MILDEW, MUSHROOMS AND PUFFBALLS, (G) METHANE, NATURAL GAS, NATURAL GAS LIQUIDS, LIQUEFIED NATURAL GAS OR SYNTHETIC GAS (INCLUDING USABLE FOR FUEL OR MIXTURES OF NATURAL GAS OR SUCH SYNTHETIC GAS), (H) FORMALDEHYDE, AND (I) ANY RADIOACTIVE MATERIAL OR SUBSTANCE, INCLUDING WITHOUT LIMITATION RADON AND RADIONUCLIDES. THE TERM "ENVIRONMENTAL LAWS" SHALL MEAN ANY FEDERAL, STATE OR LOCAL STATUTES, LAWS,**

REGULATIONS AND PUBLICATIONS PROMULGATED PURSUANT TO THE AFORESAID LAWS AND REGULATIONS, OR ORDERS PERTAINING TO THE PROTECTION OF HUMAN HEALTH AND SAFETY, THE ENVIRONMENT AND NATURAL RESOURCES, INCLUDING WITHOUT LIMITATION THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT (42 U.S.C. § 9601, ET SEQ.)), THE RESOURCES CONSERVATION AND RECOVERY ACT OF 1976, AS AMENDED (42 U.S. 6901 ET SEQ.) THE CLEAN AIR ACT, AS AMENDED (42 U.S.C. §7401 ET SEQ.; THE FEDERAL WATER POLLUTION CONTROL ACT, AS AMENDED 33 U.S.C. §1251 ET SEQ.); THE SAFE DRINKING WATER ACT, AS AMENDED 42 U.S.C. §300F ET SEQ.); THE OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970, AS AMENDED (29 U.S.C. § 651 ET SEQ.); THE EMERGENCY PLANNING AND COMMUNITY RIGHT-TO-KNOW ACT, AS AMENDED (42 U.S.C. §11001 ET SEQ.), THE TOXIC SUBSTANCES CONTROL ACT, AS AMENDED (15 U.S.C. §2601 ET SEQ)., THE FEDERAL INSECTICIDE AND RODENTICIDE ACT, AS AMENDED (7 U.S.C. §136 ET SEQ.), HAZARDOUS MATERIALS TRANSPORTATION UNIFORM SAFETY ACT, AS AMENDED (49 U.S.C. § 5101 ET SEQ.), AND/OR THE HAZARDOUS MATERIALS TRANSPORTATION ACT (49 USC SECTION 1801, ET SEQ.).

(v) **THE PROVISIONS OF THIS SECTION 4(d) ARE A MATERIAL PART OF THE CONSIDERATION FOR SELLER' S ENTERING INTO THIS AGREEMENT, AND SHALL SURVIVE CLOSING.**

Section 5. **Closing**. The closing of the sale of the Equity Interests (the "**Closing**") shall occur at or before 12:00 p.m. Pacific Standard Time on the Closing Date through an escrow with the Title Company.

(a) **General Closing Conditions**. Without limiting any other conditions set forth in this Agreement, the obligations of each of Seller and Purchaser to consummate the Closing are conditioned upon the following: (i) the other party' s representations and warranties set forth in this Agreement shall be true and correct in all material respects as of the Effective Date and as of the Closing Date, (ii) on or prior to the Closing Date, the other party shall have tendered all deliveries required to be tendered by such party at Closing, and (iii) any and all consents that are required to be obtained from, or notices required to be delivered to, any applicable federal, state or local agency or governmental or quasi-governmental instrumentality (the "**Regulatory Agencies**") with respect to the transactions contemplated hereunder (the "**Regulatory Approvals**") shall have been received and approved by Seller and Purchaser, each in their good faith, reasonable discretion, (with respect to consents), or delivered to the applicable Regulatory Agencies (with respect to notices). All costs and expenses of pursuing and obtaining the Regulatory Approvals shall be borne by Purchaser.

(b) **Additional Conditions to Purchaser' s Obligations to Close**. Without limiting any other conditions set forth in this Agreement, the obligations of Purchaser to consummate the Closing are conditioned upon the following: (i) the Title Company being unconditionally committed to issue one or more ALTA extended coverage owner policy or policies of title insurance to the Applicable Entities in the aggregate amount of the Purchase Price, subject only to the Permitted Encumbrances (whether one or more, the "**Owner Policy**"), and (ii) immediately after Closing, and taking into account all Property being acquired (directly or indirectly) by Purchaser pursuant to this Agreement and all other property being acquired (directly or indirectly) being acquired by Purchaser pursuant to those certain Equity Interest Purchase and Sale Agreements listed on Schedule 5(b) attached hereto, Purchaser shall own, directly or indirectly, sufficient "qualified opportunity zone business property" within the meaning of Section 1400Z-2(d)(2)(D) of the Internal Revenue Code of 1986, as amended (the "**Code**") to qualify as a "qualified opportunity fund" within the meaning of Section 1400Z-2(d)(1) of the Code for U.S. federal income tax purposes, as determined in the sole discretion of Purchaser (the "**OZ Qualification Condition**").

(c) **Failure of a Closing Condition**. So long as a party is not in default (beyond any applicable notice and cure period) under this Agreement, the failure of any condition to such party' s obligation to consummate the Closing on or prior to the Closing Date (or such earlier date as may be expressly set forth in this Agreement) shall result in this Agreement being immediately terminable by such party upon delivery of written notice to the other party on or before the Closing Date (or such earlier termination deadline as may be expressly set forth in this Agreement). Alternatively, the applicable party may elect to waive the failure of the applicable Closing condition or conditions, in which event the parties shall proceed to Closing without modification of the Purchase Price and otherwise pursuant to the terms of this Agreement. Upon proper termination of this Agreement under this Section 5(c), neither party shall thereafter have any rights or obligations under this Agreement except for those which survive termination. This Section 5(c) shall survive Closing or the termination of this Agreement.

(d) **Deliveries**. At Closing: (i) Seller shall deliver to Purchaser, duly executed and sworn as applicable (A) an Assignment and Assumption of Equity Interests in the form of Exhibit B hereto (the "**Assignment**"); (B) a certificate of non-foreign status in the form prescribed by Treasury Regulations Section 1.1445-2(b)(2); (C) a current rent roll for the Property, certified by Seller as being true, correct and complete as of the Closing Date; (D) a current schedule of License Agreements for the Property, certified by Seller as being true, correct and complete as of the Closing Date; (E) the Seller' s Statement (defined below); (F) such affidavits, filings, conveyance or transfer tax forms or returns as may be required by applicable law and/or the Title Company to be delivered or executed by Seller or any Applicable Entity at Closing; and (G) such organizational, authority, or other documents or evidence as the Title Company may require from Seller or any Applicable Entity to consummate the Closing and issue the Owner Policy, including, without limitation, an affidavit of debts, liens and possession and a gap indemnity, in form reasonably approved by Seller; and (ii) Purchaser shall deliver to Seller, duly executed and sworn as applicable (A) the Purchase Price, as adjusted for prorations and other applicable matters pursuant to this Agreement; (B) two counterparts of the Assignment; (C) the Tenant/Licensee Notice; (D) the Purchaser' s Statement (defined below); (1) such affidavits, filings, conveyance or transfer tax forms or returns as may be required by applicable law and/or the Title Company to be delivered or executed by Purchaser at Closing; and (E) such organizational, authority, or other documents or evidence as the Title Company may require from Purchaser to consummate the Closing and issue the Owner Policy.

(e) **Closing Costs**. Closing costs shall be allocated between Purchaser and Seller as set forth on Schedule 5(e) attached hereto. Any closing costs not specifically allocated on Schedule 5(e) or elsewhere in this Agreement shall be allocated to the party to whom such costs are customarily allocated in commercial sales in the state and county in which the Land and Improvements are located.

(f) **Prorations Generally**. Seller and Purchaser agree to adjust, as of 11:59 p.m. on the day immediately preceding the Closing Date, all items of income and expense attributable to the Property (collectively, the "**Proration Items**"). Without limiting the generality of the foregoing, the Proration Items shall include real estate and personal property taxes and assessments (subject to the terms of Section 5(h) below), utility bills (except as hereinafter provided), collected Rents and License Fees (subject to the terms of Section 5(g) below), and insurance premiums. Seller will be charged and credited for the amount of all of the Proration Items relating to the period prior to the Closing Date, and Purchaser will be charged and credited for all of the Proration Items relating to the period from and after the Closing Date. The preliminary estimated closing prorations shall be set forth on preliminary seller' s and purchaser' s closing statements to be prepared by the Title Company and submitted to Seller and Purchaser (as applicable) for approval prior to the Closing Date. The preliminary seller' s closing statement, when approved by Seller (the "**Seller' s Statement**") shall be signed by Seller and delivered to the Title Company at or prior to Closing; the preliminary purchaser' s closing statement, when approved by Purchaser (the "**Purchaser' s Statement**" and, together with the Seller' s Statement, the "**Closing Statements**") shall be signed by Purchaser and delivered to the Title Company at or prior to Closing. The preliminary proration adjustment (which shall be subject to the final cash settlement provided for below) shall be made in accordance with the Closing Statements. The preliminary proration shall be paid at Closing by Purchaser to Seller (if the preliminary prorations result in a net credit to Seller) or by Seller to

Purchaser (if the preliminary prorations result in a net credit to Purchaser) by increasing or reducing the cash to be delivered by Purchaser in payment of the Purchase Price at the Closing. Unless otherwise set forth in this Section 5 with respect to any particular Proration Item, if the actual amounts of the Proration Items are not known as of the Closing Date, the prorations will be made at Closing on the basis of the best evidence then available; thereafter, when actual figures are received, re-prorations will be made on the basis of the actual figures, and a final cash settlement will be made between Seller and Purchaser on or prior to the date that is 180 days after the Closing Date. Prorations will be made in relation to insurance premiums paid or payable under any insurance policies being assigned to, or retained by, Purchaser or any Applicable Entity at Closing. Final readings and final billings for utilities will be made if possible as of 11:59 p.m. on the date immediately preceding the Closing Date, in which event no proration will be made at Closing with respect to such utility bills. Seller will be entitled to a credit for any and all deposits presently in effect with the utility providers. The provisions of this Section 5(f) will survive the Closing Date for 180 days. "**Rents**" shall mean and include any and all amounts paid or payable by Tenants under the Leases, including, without limitation, fixed monthly rentals, additional rentals, percentage rentals, escalation rentals (which include Tenant' s proportionate share of building operation and maintenance costs and expenses as provided for under the Lease, to the extent the same exceeds any expense stop specified in the Lease), retroactive rentals, all administrative charges, utility charges, tenant or real property association dues, storage rentals, special event proceeds, temporary rents, locker rentals, and other sums and charges payable by Tenants under the Leases or from other occupants or users of the

Property, other than, and specifically excluding, any License Fees. "**License Fees**" shall mean and include any and all amounts paid or payable by Licensees under the License Agreements, including, without limitation, fixed monthly license fees, additional license fees, percentage license fees, retroactive license fees, all administrative charges, utility charges, real property association dues, storage rentals and fees, special event proceeds, temporary license fees, telephone receipts, locker rentals, receipts from vending machines, laundry equipment, computer hardware and other equipment or facilities, and other sums and charges payable by Licensees under the License Agreements or from other occupants or users of the Property, other than, and specifically excluding, any Rents.

(g) **Proration of Rents and License Fees**. Purchaser will receive a credit on the Purchaser' s Statement for the prorated amount (as of 11:59 p.m. of the day immediately preceding the Closing Date) of all Rents and License Fees previously paid to or collected by the Applicable Entities and attributable to the Closing Date or any period thereafter. Rents and/or License Fees are "**Delinquent**" if they were due prior to the Closing Date, and payment thereof has not been received on or before the Closing Date. Delinquent Rents and/or Delinquent License Fees will not be prorated. Purchaser shall use commercially reasonable efforts to collect, or to cause the Applicable Entities to collect, any Delinquent Rents and Delinquent License Fees after Closing and, in the event that Purchaser or any Applicable Entity receives any Rents and/or License Fees in excess of the Rent or License Fee amount then due and payable to Purchaser or any Applicable Entity by the applicable Tenant or Licensee, Purchaser shall (i) first, retain such excess and apply the same to the payment of any unpaid Rent or License Fee that is due and payable by the applicable Tenant or Licensee and that is attributable to the period from and after Closing, and (ii) then, pay over any remaining excess to Seller for application to the payment of any unpaid Rent or License Fee that is due and payable by the applicable Tenant or Licensee and that is attributable to the period prior to Closing. The provisions of this Section 5(g) will survive Closing.

(h) **Reconciliation of Estimated Operating Expenses**. Certain utilities and/or other operating expenses (referred to herein as "**Estimated Operating Expenses**") attributable to the period commencing on January 1, 2020 and ending at 11:59 p.m. on the day immediately preceding the Closing Date (the "**Reconciliation Period**") have been or will be paid or reimbursed by Tenants on an estimated basis, and will not have been reconciled with actual utilities or other applicable operating expenses prior to the Closing Date. Within a reasonable time period (not to exceed 90 days) after Closing, Seller shall prepare and deliver to Purchaser a reconciliation (the "**Reconciliation**") of (i) actual utilities and other operating expenses (in each instance, to the extent initially passed through to Tenants on an estimated basis) incurred by Seller or the Applicable Entities during the Reconciliation Period ("**Actual Operating Expenses**"), against (ii) Estimated Operating Expenses charged to Tenants during the Reconciliation Period ("**Charged Operating Expenses**"), together with reasonable back-up information. Within 30 days after Seller' s delivery of the Reconciliation, (A) if Actual Operating Expenses exceeded Charged Operating Expenses, Purchaser shall pay to Seller the amount of such excess, or (B) if Charged Operating Expenses exceeded Actual Operating Expenses, Seller shall pay to Purchaser the amount of such excess. The provisions of this Section 5(h) will survive the Closing Date.

(i) **Proration of Taxes**. All ad valorem real estate and personal property taxes with respect to the Property for the current taxable year shall be prorated as of 11:59 p.m. of the day immediately preceding the Closing Date on the basis of the number of days elapsed in the current taxable year as of such time. If taxes with respect to the Property for the current taxable year are not known prior to the Closing Date, the ad valorem real estate and personal property taxes assessed against the Property for the taxable year immediately preceding the current taxable year shall be used for purposes of determining tax prorations at Closing, and taxes shall thereafter be re-prorated in accordance with Section 5(f) above within 30 days from receipt of any tax bill for the current taxable year (regardless of whether or not Section 5(f) has terminated prior to such re-proration). The provisions of this Section 5(i) will survive the Closing Date.

(j) **Rent Ready Credit**. At Closing, with respect to each Property, Purchaser shall receive a credit against the Purchase Price in the amount equal to $2,500 for each apartment unit at such Property that is vacant as of the Closing Date and that is not in "rent ready" condition for immediate occupancy by a tenant in accordance with the applicable Applicable Entity' s typical standards utilized in the ordinary course of its business. This Section 5(j) shall survive Closing.

Section 6. **Representations, Warranties, and Covenants**.

(a) **Seller' s Representations and Warranties**. Seller represents and warrants to Purchaser that:

(i) Seller and each Applicable Entity is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.

(ii) Seller has full right, power, and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions provided for herein without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties, other than obtaining or delivering (as applicable) the Regulatory Approvals. The execution, delivery and performance by Seller of this Agreement, and the consummation by Seller of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of Seller. This Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Seller, enforceable against Seller in accordance with its terms subject to principles of bankruptcy and general equitable principles.

(iii) There are no actions, suits, claims, assessments, or proceedings pending or, to Seller' s knowledge, threatened that would reasonably be expected to materially and adversely affect the ownership, operation, or maintenance of the Applicable Entities or the Property or Seller' s ability to perform hereunder.

(iv) Except for Permitted Encumbrances and as may be reflected on the Closing Statement with respect to Proration Items, all bills and other payments due and payable before the Closing Date with respect to the ownership, operation, and maintenance of the Applicable Entities and the Property have been paid or will be paid prior to the Closing Date.

(v) The rent rolls delivered to Purchaser and dated October 31, 2020 are true, correct and complete listings of all Leases, and all Tenants thereunder, as of such date, and otherwise accurately reflect, in all material respects, the subject matter thereof as of such date. Seller has delivered or made available to Purchaser true, correct and complete copies of all Leases and all amendments thereto or modifications thereof.

(vi) Seller has delivered or made available to Purchaser true, correct and complete copies of all License Agreements and all amendments thereto or modifications thereof.

(vii) Except as otherwise disclosed to Purchaser in writing, neither Seller nor any Applicable Entity has received any written notice of violation (or to the extent received, such violation has been cured) from any insurance companies, governmental agencies or authorities or from any other parties related to (A) any conditions, defects or inadequacies with respect to the Property (including health hazards or dangers, nuisance or waste), which, if not corrected, would result in termination of insurance coverage or increase its costs therefor, (B) any violation of any applicable zoning, building, health, environmental, traffic, flood control, fire safety, handicap or other law, code, ordinance, rule or regulation, or (C) any proceedings which could affect the Regulatory Approvals or cause the change, redefinition or other modification of the zoning classification of the Property.

(viii) Neither Seller nor any Applicable Entity, nor, to Seller' s knowledge, (A) any of their respective affiliates, partners, members, shareholders or other equity owners, nor (B) any of their respective employees, officers, directors, representatives or agents is, nor will they become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC' s Specially Designated Nationals and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(ix) No Applicable Entity has any right, title or interest in any property other than the Property and any Excluded Property Agreements.

(x) True, correct and complete copies of the current limited liability company agreement or limited partnership agreement (as applicable) of each Applicable Entity, with all amendments and modifications thereto, and the current certificate of formation or certificate of limited partnership (as applicable) of each Applicable Entity, with all amendments and modifications thereto, if any, and all company minutes, member or partner consents and other organizational documents (collectively, the "**Organizational Documents**") have been provided to Purchaser. The Organizational Documents are in full force and effect and, except to the extent approved by Purchaser, shall not be amended, modified, supplemented or assigned prior to Closing.

(xi) Other than the Equity Interests, neither Seller nor any other party has equity interests or rights to acquire equity interests in any Applicable Entity. None of the Applicable Entities have, or have ever had, any subsidiaries.

(xii) Seller is the record and beneficial owner of the Equity Interests and has good and valid title to the Equity Interests, free and clear of any encumbrances, except for any encumbrances imposed under the Organizational Documents. The Equity Interests are duly authorized, validly issued, fully paid and nonassessable, but are not certificated.

(xiii) Assuming that Purchaser has the requisite power and authority to be the lawful owner of the Equity Interests, upon transfer to Purchaser at the Closing of all of the Equity Interests, and upon Purchaser' s payment of the Purchase Price, Purchaser will acquire the Equity Interests, free and clear of any encumbrances, except for encumbrances imposed under applicable securities laws or the Organizational Documents.

(xiv) Except as set forth in the Organizational Documents or in any of the existing loan documents listed on Schedule 6(a)(xiv) (the "**Existing Loan Documents**") which will not be paid off on or prior to Closing, to Seller' s knowledge (A) the Equity Interests are not subject to any arrangement restricting or otherwise relating to the voting, dividend rights or disposition of the Equity Interests, and (B) there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character under which Seller or any other person or entity is or may become obligated to sell, or giving any individual or entity a right to acquire, or in any way dispose of, any of the Equity Interests owned or any securities or obligations exercisable or exchangeable for, or convertible into, any of the Equity Interests, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

(xv) The Applicable Entities have no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise, except (A) with respect to any existing loans evidenced, secured or governed by the Existing Loan Documents, (B) those which are adequately reflected and reserved against in the books, records and financial statements provided to Purchaser, (C) those which have been incurred in the ordinary course of business consistent with past practice since the date of the last delivered books, records and financial statements and which are not and could not reasonably be expected to become, individually or in the aggregate, material in amount, and (D) the ongoing indemnification obligations in connection with the Regulatory Agreements (as defined below) set forth on Schedule 6(a)(xv) (the "**Ongoing Indemnification Obligations**").

(xvi) To the extent there are any proxies to vote or other similar arrangements entered into by Seller, such proxies to vote or other similar arrangements will not affect the Equity Interests in any way on and after the Closing and will be terminated prior to Closing, and the unrestricted right of Seller to vote the Equity Interests will be transferred to Purchaser at Closing.

(xvii) Schedule 6(a)(xvii) is a true, correct and complete listing of all agreements under or pursuant to which Regulatory Approvals are required (the "**Regulatory Agreements**"), and all Regulatory Agencies thereunder, as of the date thereof, and otherwise accurately reflects, in all material respects, the subject matter thereof as of the date thereof. Seller has delivered or made available to Purchaser true, correct and complete copies of all Regulatory Agreements and all amendments thereto or modifications thereof.

(xviii) As used in this Agreement, "**Seller' s knowledge**" shall mean the actual present knowledge of Jun Sakumoto, without regard to any imputed, implied or constructive knowledge, without independent inquiry or duty of investigation of such person or any other officer, director, partner and/or member of Seller.

(b) **Seller' s Covenants**. From the Effective Date until the Closing Date, Seller and the Applicable Entities shall: (i) maintain and operate the Property in substantially the same manner as heretofore done; (ii) continue to perform their material obligations under the Leases, License Agreements and Property Agreements relative to the Property; (iii) not commit or permit to be committed any waste to the Property; (iv) not, without the prior written consent of Purchaser (which consent may be given or withheld in Purchaser' s sole and absolute discretion), (A) enter into, amend, renew, extend, cancel, terminate, or otherwise modify any Lease, License Agreement, Property Agreement or other agreement or instrument affecting the Property except in the ordinary course of business and, with respect to any Lease or License Agreement, at current rates and for a term not exceeding one year; or (B) take any other action that would encumber or bind after Closing, or that would adversely affect, the Applicable Entities, the Property or Purchaser; (v) not remove any item of the Personalty from the Land or Improvements unless it is replaced with an item of at least equal value that is properly suited for its intended purpose; and (vi) maintain all insurance policies or insurance contracts relative to the Property in full force and effect as they exist on the Effective Date.

(c) **Purchaser' s Representations and Warranties**. Purchaser represents and warrants to Seller that:

(i) Purchaser is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.

(ii) Purchaser has full right, power, and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions provided for herein without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties. The execution, delivery and performance by Purchaser of this Agreement, and the consummation by Purchaser of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of Purchaser. This Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms subject to principles of bankruptcy and general equitable principles.

(iii) There are no actions, suits, claims, assessments, or proceedings pending or, to Purchaser' s knowledge, threatened that would reasonably be expected to materially and adversely affect Purchaser' s ability to perform hereunder.

(iv) Neither Purchaser nor, to Purchaser' s knowledge (A) any of its affiliates, partners, members, shareholders or other equity owners, nor (B) any of their respective employees, officers, directors, representatives or agents is, nor will they become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of OFAC of the Department of the Treasury (including those named on OFAC' s Specially Designated Nationals and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action, and none of them is engaged or will become engaged in any dealings or transactions or be otherwise associated with such persons or entities.

(d) **Survival; Limitation of Liability**. The representations and warranties set forth in Section 6(a) and Section 6(c) shall not be deemed to be merged into or waived by the instruments of Closing, but shall survive the Closing Date for a period of six (6) months. Neither party shall have any liability after Closing for the breach of a representation or warranty hereunder of which the other party hereto had knowledge as of Closing. Notwithstanding any provision of this Agreement to the contrary, from and after the Closing the maximum aggregate liability of Seller to Purchaser for any breach or breaches of the representations and warranties set forth in Section 6(a) will be limited to an amount equal to one percent (1%) of the Purchase Price. This Section 6(d) shall survive the Closing.

(e) **Reciprocal Indemnity for Ongoing Indemnification Obligations**. From and after the Closing Date, Purchaser shall indemnify Seller and hold Seller harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorneys' fees and expenses) asserted against or incurred by Seller under or in connection with the Ongoing Indemnification Obligations to the extent arising from or out of, or otherwise relating to, any matter first arising, occurring or accruing from and after the Closing Date. From and after the Closing Date, Seller agrees to indemnify Purchaser and hold Purchaser harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorney' s fees and expenses) asserted against or incurred by Purchaser under or in connection with the Ongoing Indemnification Obligations, to the extent arising from or out of, or otherwise relating to, any matter first arising, occurring or accruing prior to the Closing Date. This Section 6(e) shall survive the Closing.

Section 7. **Remedies**.

(a) If Seller defaults under this Agreement and such default remains uncured for five (5) or more business days following written notice of such default from Purchaser, then Purchaser may, as its exclusive remedy therefor, either: (i) terminate this Agreement by notifying Seller thereof, or (ii) enforce specific performance of the obligations of Seller hereunder within ninety (90) days after the date upon which the Closing was to occur, failing which Purchaser shall be deemed to have waived the right of specific performance (provided, however, that if specific performance shall be unavailable to Purchaser, Purchaser shall be deemed to have elected to terminate this Agreement). If Purchaser terminates (or is deemed to have terminated) this Agreement pursuant to this Section 7, (A) Seller shall reimburse Purchaser for all reasonable and customary out-of-pocket third party costs and expenses incurred by Purchaser in connection with this Agreement (not to an exceed an amount equal to $50,000) and the transactions contemplated hereunder, including, without limitation, reasonable attorneys' fees for due diligence, and (B) neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.

(b) If Purchaser defaults under this Agreement, then Seller may, as its sole and exclusive remedy, terminate this Agreement by notifying Purchaser thereof, in which event (i) Purchaser shall reimburse Seller for all reasonable and customary out-of-pocket third party costs and expenses incurred by Seller in connection with this Agreement (not to an exceed an amount equal to $50,000) and the transactions contemplated hereunder, including, without limitation, reasonable attorneys' fees for due diligence, and (ii) neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.

Section 8. **Destruction, Damage, or Taking Before Closing**.

(a) **Individual Sites**. If, before the Closing Date, all or any material part of any Individual Site is destroyed or damaged, or becomes subject to condemnation or eminent domain proceedings, then Seller shall promptly notify Purchaser thereof (a "**Seller' s Notice**"). Purchaser may thereafter elect to partially terminate this Agreement with respect to the applicable Individual Site(s), or proceed with Closing on the entirety of the Property by delivering a written notice thereof to Seller within ten business days after Purchaser' s receipt of a Seller' s Notice; provided that (i) Purchaser' s failure to timely make an election shall be deemed to be Purchaser' s election to partially terminate this Agreement with respect to the applicable Individual Site(s), and (ii) Purchaser shall not be permitted to partially terminate this Agreement with respect to any Individual Site(s) pursuant to this Section 8(a) (but, for clarification, Purchaser shall, to the extent otherwise permitted thereby, be permitted to terminate this Agreement in its entirety pursuant to Section 8(b) below), if such partial termination would result in a failure of the OZ Qualification Condition. If Purchaser elects (or is deemed to have elected) to partially terminate this Agreement with respect to the applicable Individual Site(s) pursuant to this Section 8(a), then the parties shall proceed with Closing on the remainder of the Property; provided that the Purchase Price shall be reduced by the portion thereof that is allocated to the terminated Individual Site(s) as set forth on Schedule 1(a)(i) hereto. If (but only if) Purchaser elects in writing to proceed with Closing on the entirety of the Property, then the parties shall proceed with the Closing; provided that Purchaser shall receive a credit to the Purchase Price at Closing for any deductible, self-insured amount, or uninsured loss, and Purchaser shall be entitled to all insurance proceeds and/or condemnation awards in connection with the applicable casualty or condemnation. In connection therewith, Seller shall assign to Purchaser at Closing Seller' s rights to any such casualty proceeds and/or condemnation awards; provided, however, that if the applicable casualty proceeds and/or condemnation awards are not assignable, Seller shall file a claim for the applicable proceeds and/or awards, use good faith, commercially reasonable efforts to negotiate and settle such claim in consultation with, and subject to the approval of, Purchaser, and promptly pay over to Purchaser any applicable insurance proceeds and/or condemnation awards paid in respect thereof, after first recouping Seller' s reasonable out-of-pocket expenses related thereto.

(b) **Entirety of Property**. If, before the Closing Date, all or any material part of the Property (taken as a whole) is destroyed or damaged, or becomes subject to condemnation or eminent domain proceedings, then Seller shall promptly deliver a Seller' s Notice to Purchaser. Purchaser may thereafter elect to terminate this Agreement in its entirety, or proceed with Closing on the entirety of the Property by delivering a written notice thereof to Seller within ten business days after Purchaser' s receipt of a Seller' s Notice; provided that Purchaser' s failure to timely make an election shall be deemed to be Purchaser' s election to terminate this Agreement. If Purchaser elects (or is deemed to have elected) to terminate this Agreement pursuant to this Section 8(b), neither party shall have any further rights or obligations under this Agreement except for those which expressly survive termination. If (but only if) Purchaser elects in writing to proceed with Closing, then the parties shall proceed with the Closing; provided that Purchaser shall receive a credit to the Purchase Price at Closing for any deductible, self-insured amount, or uninsured loss, and Purchaser shall be entitled to all insurance proceeds and/or condemnation awards in connection with the applicable casualty or condemnation. In connection therewith, Seller shall assign to Purchaser at Closing Seller' s rights to any such casualty proceeds and/or condemnation awards; provided, however, that if the applicable casualty proceeds and/or condemnation awards are not assignable, Seller shall, file a claim for the applicable proceeds and/or awards, use good faith, commercially reasonable efforts to negotiate and settle such claim in consultation with, and subject to the approval of, Purchaser, and promptly pay over to Purchaser any applicable insurance proceeds and/or condemnation awards paid in respect thereof, after first recouping Seller' s reasonable out-of-pocket expenses related thereto.

(c) **Materiality**. A casualty or condemnation proceedings will be deemed to affect a "**material part**" of (i) an Individual Site for purposes of Section 8(a) if (A) the portion of the Individual Site destroyed, damaged or taken exceeds ten percent (10%) of the Purchase Price allocated to such Individual Site as set forth on Schedule 1(a)(i) hereto, (B) the casualty or condemnation results in the loss or material reduction in access to such Individual Site, or (C) the casualty or condemnation results in such Individual Site failing to comply with applicable zoning and land use laws relating to parking, or (ii) the Property as a whole for purposes of Section 8(b) if (A) the portion of the Property destroyed, damaged or taken exceeds ten percent (10%) of the Purchase Price, or (B) the applicable casualty or condemnation proceedings affect a material part of an Individual Site (or Individual Sites), and the partial termination of this Agreement with respect to such Individual Site(s) would result in a failure of the OZ Qualification Condition.

Section 9. **Notices**. All notices must be in writing and given at the applicable party' s addresses stated on the first page of this Agreement. All notices provided or permitted to be given under this Agreement may be served by depositing same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such party by a nationally-recognized, overnight delivery service (e.g., FedEx); or by electronic mail transmission during normal business hours with a confirmation copy delivered by another method permitted under this Section 9. Notice given in accordance herewith shall be effective upon delivery to the physical or electronic mail address of the addressee. Notices given by counsel to Purchaser shall be deemed given by Purchaser, and notices given by counsel to Seller shall be deemed given by Seller. Any party may change its notice address by delivering a notice of such change to the other party in accordance with this Section 9.

Section 10. **Press Releases**. Neither party shall issue a press release or otherwise make any disclosure to the media, whether before or after Closing, related to the ownership or occupancy of the Property, the existence or terms of this Agreement (including specifically, but without limitation, the Purchase Price), or the Closing of the transactions contemplated by this Agreement, without the other party' s prior written consent, unless such disclosure is required under applicable law (including, without limitation, applicable securities laws). The parties acknowledge and agree that a breach of the requirements set forth in this Section 10 will cause immediate and irreparable harm and significant injury to the non-breaching party, the extent of which will be difficult to ascertain. Accordingly, notwithstanding anything in this Agreement to the contrary and in addition to any other rights or remedies expressly set forth in this Agreement, in the event of a breach of this Section 10, the non-breaching party shall be entitled to immediate injunctive and other equitable relief. This Section 10 shall survive Closing or the termination of this Agreement.

Section 11. **Miscellaneous**.

(a) **Entireties**. This Agreement contains the entire agreement of the parties pertaining to the Property and the Equity Interests.

(b) **Modifications**. This Agreement may only be modified by a written document signed by both parties.

(c) **Commissions**. Seller and Purchaser shall defend, indemnify, and hold harmless the other from and against all claims by third parties for brokerage, commission, finder' s, or other fees relative to this Agreement or the sale of Equity Interests and/or the Property and alleged to be due by, through or under the indemnifying party, and all court costs, attorneys' fees, and other costs or expenses actually incurred and arising therefrom.

(d) **Tax Treatment of Indemnities**. For all tax purposes, Seller and Purchaser agree to treat (and will cause each of their respective affiliates to treat) any indemnification payment made pursuant to this Agreement or the Closing Documents as an adjustment to the Purchase Price. This Section 11(d) shall survive the Closing.

(e) **Non-Business Day**. If the final date of any period provided herein for the performance of an obligation or for the taking of any other action falls on a Saturday, a Sunday, or a day on which a majority of the U.S. Federal Reserve Banks are closed for normal business operations, then the end of such period shall be extended to the next day that is not a Saturday, a Sunday or such a Federal Reserve Bank holiday.

(f) **Permitted Assignment**. Purchaser may assign its rights under this Agreement to any affiliated entity which directly or indirectly controls, is controlled by or is under common control with Purchaser, without the consent of Seller. Any other assignment by Purchaser to a non-affiliated entity shall require Seller’ s prior consent, not to be unreasonably withheld, conditioned, or delayed.

(g) **Attorneys’ Fees**. In the event of litigation between the parties in connection with this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys’ fees and costs from the non-prevailing party. The obligation in the immediately preceding sentence shall survive any termination of this Agreement or the Closing.

(h) **Governing Law; Jurisdiction**. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located. The proper place of venue for any legal proceeding regarding this Agreement shall be Orange County, California. The provisions of this Section 11(h) will survive any termination of this Agreement or the Closing.

(i) **WAIVER OF JURY TRIAL**. TO THE MAXIMUM EXTENT PERMITTED BY LAW, SELLER AND PURCHASER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR COUNTERCLAIM ARISING IN CONNECTION WITH, OUT OF OR OTHERWISE RELATING TO THIS AGREEMENT. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING OR THE EARLIER TERMINATION OF THIS AGREEMENT.

(j) **Multiple Counterparts**. This Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. To facilitate execution of this Agreement, the parties may execute and exchange, by electronic mail transmission, counterparts of the signature pages to this Agreement.

(k) **Time is of the Essence**. Time is of the essence with respect to the performance of each action or obligation permitted or required under this Agreement.

(l) **Independent Consideration**. Notwithstanding any provision of this Agreement to the contrary, in any instance in which this Agreement is terminated or is deemed terminated at any time prior to the Closing other than as a result of a default by Seller, Purchaser shall deliver to Seller the amount of $100.00 as independent consideration for Seller’ s performance hereunder.

Section 12. **Escrow Provisions**. An escrow for the purchase and sale of the Equity Interests has been established at the Title Company. This Agreement, together with such further instructions, if any, as the parties shall provide to the Title Company by written agreement, shall constitute the escrow instructions to the Title Company, including without limitation the standard printed general escrow instructions of Title Company which are incorporated herein by this reference, provided that to the extent of any inconsistency between the provisions contained herein and the provisions contained in such standard general escrow instructions, the provisions contained herein shall prevail.

Section 13. **State-Specific Provisions**.

(a) **Conflicts and Inconsistencies**. In the event of any conflicts or inconsistencies between the terms and provisions of this Section 13 and the terms and provisions of the remainder of this Agreement, the terms and provisions of this Section 13 shall govern and control.

(b) **Radon Gas Notice**. In compliance with Section 404.056, Florida Statutes, Purchaser is hereby made aware of the following: **RADON GAS IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT.**

(c) **Owner Policy**. Notwithstanding Section 5(b)(i) to the contrary, with respect to any Individual Site located in the State of Texas, the Owner Policy shall not be an ALTA extended-coverage owner policy but shall instead be a Texas standard form owner policy.

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SELLER:

AVANATH AFFORDABLE HOUSING I, LLC,
a Delaware limited liability company

By: Avanath Capital Management LLC, Series A, a Series of Delaware series limited liability company, its managing member

By: /s/ R. Wesley Wilson
Name: R. Wesley Wilson
Title: Chief Financial Officer

PURCHASER:

ASPIRE REAL ESTATE INVESTORS, L.P., a Delaware limited partnership

By: Aspire Real Estate TRS, LLC, a Delaware limited liability company, its general partner

By: Aspire Real Estate Investors, Inc., a Maryland corporation, its sole member

By: /s/ R. Wesley Wilson
Name: R. Wesley Wilson
Title: Executive Vice President, Chief Financial Officer and Treasurer

TITLE COMPANY JOINDER

Title Company joins this Agreement to evidence its agreement to perform the duties and obligations of Title Company set forth herein and to acknowledge receipt of a fully-executed copy of this Agreement.

Dated: November __, 2020.

CHICAGO TITLE INSURANCE COMPANY

By: ________________________
Name: ________________________
Title: ________________________

SCHEDULE 1

APPLICABLE ENTITIES

1. Avanath Naperville, LLC, a Delaware limited liability company

2. Avanath Cooper’ s Crossing, LLC, a Delaware limited liability company

3. Avanath Wellington, LLC, a Delaware limited liability company

EXHIBIT A

PROPERTY DESCRIPTION

EXHIBIT B

APPROVED TITLE INSURANCE DOCUMENTS

EXHIBIT C

ASSIGNMENT AND ASSUMPTION OF EQUITY INTERESTS

THIS ASSIGNMENT AND ASSUMPTION OF EQUITY INTERESTS (this "**Assignment**") dated as of __________, 202_ (the "**Effective Date**"), is made between **AVANATH AFFORDABLE HOUSING I, LLC**, a Delaware limited liability company ("**Assignor**"), and **ASPIRE REAL ESTATE INVESTORS, L.P.**, a Delaware limited partnership ("**Assignee**").

RECITALS:

A. Assignor owns all of the issued and outstanding membership or partnership interests (as applicable, the "**Equity Interests**") of the limited liability companies and limited partnerships set forth on Exhibit A attached hereto (the "**Subject Entities**").

B. Assignor and Assignee entered into an Equity Purchase and Sale Agreement dated as of , 2020 (as amended, assigned or otherwise modified, the "**Purchase Agreement**"), pursuant to which Assignee agreed to purchase the Equity Interests from Assignor on the terms and conditions contained therein.

C. Assignor desires to assign to Assignee, and Assignee desires to accept and assume from Assignor, all of Assignor' s right, title and interest in and to the Equity Interests on the terms and conditions below.

D. As a result of such assignment and assumption, Assignee will own, directly, all of the Equity Interests of the Subject Entities.

AGREEMENTS:

ACCORDINGLY, the parties hereby agree as follows:

1. **Assignment and Assumption of Equity Interests**. Assignor, without representation or warranty except as provided in the Purchase Agreement, hereby assigns to Assignee all of Assignor' s right, title, and interest in and to the Equity Interests, and Assignee hereby accepts such assignment and assumes all of the obligations of the owner of the Equity Interests arising from and after the Effective Date.

2. **Effect of Assignment**. As a result of the assignments effected by this Assignment, as of the Effective Date, (a) Assignee shall be admitted as a member or partner (as applicable) of each Subject Entity, such admission shall hereby be deemed evidenced by this Assignment, and this Assignment shall be included in the books and records of each Subject Entity to reflect such admission, and (b) Assignor shall cease to be a member or partner (as applicable) of each Subject Entity (and shall cease to have or exercise any right or power as a member or partner, as applicable, of the Subject Entities) and cease to have any right, title or interest in or to the Equity Interests.

3. **Indemnification**. Assignee agrees to indemnify Assignor and hold Assignor harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorneys' fees and

expenses) asserted against or incurred by Assignor by reason of or arising out of any failure by Assignee to perform the obligations assumed by Assignee hereunder. Assignor agrees to indemnify Assignee and hold Assignee harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorney’ s fees and expenses) asserted against or incurred by Assignee by reason of or arising out of any failure by Assignor to perform the obligations of the owner of the Equity Interests, to the extent accruing prior to the date hereof. The indemnity obligations under this Section 3 shall survive for a period of six months after the date hereof.

4. **Binding Effect; Governing Law**. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment shall be governed and construed in accordance with the laws of the state of Delaware.

5. **Further Assurances**. Assignor shall promptly execute and deliver to Assignee any additional instrument or other document which Assignee reasonably requests to evidence or better effect the assignment contained herein.

6. **Counterparts**. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[Signature page follows]

Assignor and Assignee have executed this Assignment as of the Effective Date.

ASSIGNOR:

AVANATH AFFORDABLE HOUSING I, LLC, a Delaware limited liability company

By: Avanath Capital Management LLC, Series A, a Series of Delaware series limited liability company, its managing member

By: ____________________
Name: ____________________
Title: ____________________

ASSIGNEE:

ASPIRE REAL ESTATE INVESTORS, L.P., a Delaware limited partnership

By: Aspire Real Estate TRS, LLC, a Delaware limited liability company, its general partner

By: Aspire Real Estate Investors, Inc., a Maryland corporation, its sole member

By: ____________________
Name: R. Wesley Wilson
Title: Executive Vice President, Chief Financial Officer and Treasurer

Exhibit A − Subject Entities

Exhibit 10.3

EQUITY INTERESTS PURCHASE AND SALE AGREEMENT

PURCHASER:

ASPIRE REAL ESTATE INVESTORS, L.P.
1920 Main Street, Suite 150
Irvine, California 92614
Attention: Wesley Wilson
Tel: (949) ###-####
Email: #######@avanath.com

With a copy to:

Vinson & Elkins L.L.P.
2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
Attention: Russell W. Oshman
Tel: (214) ###-####
Email: #######@velaw.com

SELLER:

Individually or collectively, as the context may require, the persons and/or entities executing this Agreement (defined below) as "Seller(s)" and listed as "Seller(s)" on Schedule 1 attached hereto
c/o Avanath Capital Management, LLC
1920 Main Street, Suite 150
Irvine, California 92614
Attention: Wesley Wilson
Tel: (949) ###-####
Email: #######@avanath.com

TITLE COMPANY:

CHICAGO TITLE INSURANCE COMPANY
711 Third Avenue
New York, New York 10017
Attention: Matthew Bliwise
Tel: (212) ###-####
Email: ####.#######@ctt.com

EFFECTIVE DATE: November 5, 2020.

CLOSING DATE: Unless otherwise mutually agreed to by Purchaser and Seller, the Closing Date shall occur on the earlier of (i) ten days following the date upon which all Regulatory Approvals (defined below) have been obtained and (ii) December 15, 2020.

PURCHASE PRICE: $176,415,555.00.

Section 1. **Sale and Purchase**. Seller agrees to sell, and Purchaser agrees to purchase, as provided in this Equity Interests Purchase and Sale Agreement (this "**Agreement**") and for the Purchase Price, the applicable Seller' s ownership percentage (as set forth on Schedule 1 attached hereto) of the issued and outstanding membership or partnership interests (as applicable, the "**Equity Interests**") of the limited liability companies and limited partnerships listed on Schedule 1 attached hereto (the "**Subject Entities**"). As part of the foregoing purchase and sale of the Equity Interests, Purchaser will acquire, indirectly:

(a) the applicable Subject Entity' s ownership percentage (as set forth on Schedule 1(a) attached hereto) of the issued and outstanding partnership interests of the limited partnerships listed on Schedule 1(a) attached hereto (the "**Subsidiaries**" and, together with the Subject Entities, the "**Applicable Entities**"). Notwithstanding anything in this Agreement to the contrary, the Oak Village Subsidiary (as defined on Schedule 1(a) attached hereto) shall be deemed to be a Subject Entity solely for purposes of obligating Purchaser to acquire, and Seller to sell, the Oak Village Economic GP Interest (as defined on Schedule 1 attached hereto); for all other purposes under this Agreement, the Oak Village Subsidiary shall be deemed to be a Subsidiary of the Oak Village LP Subject Entity; and

(b) all of the Real Property Owners' (defined below), right, title and interest in and to the following property (collectively, the "**Property**"):

(i) the tracts or parcels of land located at the addresses listed in Schedule 1(b)(i) hereto (the property located at each address listed on such Schedule 1(b)(i) is referred to in this Agreement as an "**Individual Site**"), and described in Exhibit A hereto, together with all rights and interests appurtenant thereto, including with respect to adjacent streets, alleys, rights-of-way, and any adjacent strips and gores of real estate (the "**Land**"); all improvements located on the Land (the "**Improvements**"); and all rights, titles, and interests appurtenant to the Land and Improvements;

(ii) all tangible personal property and fixtures of any kind owned by the Real Property Owners and attached to or used in connection with the Land or Improvements (the "**Personalty**");

(iii) all of the Real Property Owners' right, title and interest in and to: all unexpired leases, franchises, licenses, occupancy agreements or other agreements demising space in, providing for the use or occupancy of, or otherwise similarly affecting or relating to, the Land and/or the Improvements (each, a "**Lease**" and, collectively, the "**Leases**"), other than, and specifically excluding, any License Agreement (defined below); all rents under the Leases prepaid for any period subsequent to the Closing Date; and all deposits, security or otherwise ("**Lease Deposits**"), made by tenants under the Leases (each, a "**Tenant**" and, collectively, the "**Tenants**") and held by the applicable Real Property Owner (as landlord) under the Leases;

(iv) all of the Real Property Owners' right, title and interest in and to: all unexpired licenses, leases or other agreements for rooftop space or equipment, telecommunications equipment, cable access, laundry machines, vending machines, computers, copiers, scanners, printers, fax machines, or other equipment or facilities that are located on, at or within the Land (each, a "**License Agreement**" and, collectively, the "**License Agreement**"); all rents, fees or other payments under the License Agreement prepaid for any period subsequent to the Closing Date; and all deposits, security or otherwise ("**License Deposits**"), made by licensees under the License Agreements (each, a “**Licensee**” and, collectively, the “**Licensees**”) and held by the applicable Real Property Owner (as licensor) under the License Agreements; and

(v) all of the following items, to the extent used in connection with the Land, Improvements, Personalty, Leases, Lease Deposits, License Agreements or License Deposits (collectively, the “**Assignment Property**”): (A) contracts or agreements, such as maintenance, service, or utility contracts (the “**Property Agreements**”), other than, and expressly excluding, any property management contracts or agreements (the “**Excluded Property Agreements**”), which shall be terminated by the Real Property Owners, at their sole cost and expense, at or prior to Closing, (B) warranties, guaranties, indemnities, and claims, (C) licenses, permits, or similar documents, (D) plans, drawings, specifications, surveys, engineering reports, and other technical information, (E) insurance policies and (F) any intangible personal property owned or held by any Real Property Owner.

As used herein, the term “**Real Property Owner**” shall mean any Applicable Entity that owns the Land and Improvements (or any portion thereof), and “**Real Property Owners**” shall mean, collectively, all Applicable Entities that own the Land and Improvements (or any portion thereof).

Section 2. **Tax Treatment**. For U.S. federal income tax purposes (a) to the extent that a Subject Entity is a disregarded entity for U.S. federal income tax purposes, the purchase of all of the issued and outstanding Equity Interests in such Subject Entity shall be treated as a purchase of the Property owned or otherwise held by such Subject Entity, and (b) to the extent that a Subject Entity is a partnership for U.S. federal income tax purposes, the purchase of all of the issued and outstanding Equity Interests in such Subject Entity shall be treated as a purchase of the Property owned or otherwise held by such Subject Entity for U.S. federal income tax purposes under Revenue Ruling 99-6, Situation 2.

Section 3. **Due Diligence Materials**. Prior to the Effective Date, Seller has delivered or caused to be delivered to Purchaser all items set forth on Schedule 3 attached hereto (collectively, the “**Due Diligence Materials**”). Purchaser acknowledges that it has reviewed the Due Diligence Materials prior to the Effective Date, and, by its execution hereof, Purchaser waives any right it may have to terminate this Agreement as a result of matters disclosed by such Due Diligence Materials, other than with respect to Non-Permitted Encumbrances (defined below) to the extent expressly set forth in Schedule 4(a) below.

Section 4. **Title and Survey Matters**.

(a) Prior to the Effective Date, Purchaser has reviewed existing title work and surveys with respect to the Property, and Purchaser has approved the proforma owner’ s policies of title insurance or commitments for title insurance attached hereto as Exhibit B (the “**Approved Title Insurance Documents**”). All exceptions and other title matters set forth in the Approved Title Insurance Documents are referred to herein as “**Permitted Encumbrances**”; all other exceptions or title matters that are not set forth in the Approved Title Insurance Documents are referred to herein as “**Non-Permitted Encumbrances**”. If Seller does not cause all of the Non-Permitted Encumbrances to be removed, cured or insured around on or prior to the Closing Date, then Purchaser may elect to exercise any of the following remedies: (i) partially terminate this Agreement solely with respect to the Individual Site(s) encumbered or affected by the applicable Non-Permitted Encumbrances, if, but only if, such partial termination would not result in a failure of the OZ Qualification Condition (as defined in Section 5(b)(ii) below), in which event Purchaser and Seller shall proceed to Closing with respect to the remainder of the Property (subject to Section 5), except that the Purchase Price will be reduced by the portion thereof that is allocated to the terminated Individual Site(s) as set forth on Schedule 1(b)(i) hereto, (ii) terminate this Agreement in its entirety, in which event neither party shall have any further rights or obligations under this Agreement except for those which expressly survive termination, or (iii) proceed to Closing on the entirety of the Property, in which event the Non-Permitted Encumbrances shall be Permitted Encumbrances.

(b) Prior to the Effective Date, Purchaser has requested that Seller obtain the estoppel certificates listed on Schedule 4(b) attached hereto ("**Association Estoppels**") from certain owners' associations, architectural control or review committees, declarants or other similar persons or entities under any restrictive covenants encumbering the Property. To the extent Seller has not requested such Association Estoppels from the applicable persons or entities prior to the Effective Date, Purchaser shall make such requests promptly after the Effective Date and thereafter use commercially reasonable efforts to cause the applicable persons or entities to execute the same. Upon execution thereof (if executed), Seller shall promptly forward any Association Estoppels to Purchaser. Notwithstanding the foregoing, the failure of Seller to obtain any such Association Estoppels shall not be a breach, default or a failure of a closing condition hereunder.

(c) Prior to the Effective Date, Purchaser has conducted such investigations, studies and tests with respect to the Property as Purchaser deemed necessary or appropriate. By its execution hereof, Purchaser waives any right it may have to terminate this Agreement as a result of matters disclosed by any such investigations, studies and tests, other than with respect to Non-Permitted Encumbrances to the extent expressly set forth in Section 4(a) above.

(d) As Is Condition.

(i) **EXCEPT TO THE EXTENT OF THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE DOCUMENTS TO BE EXECUTED AND DELIVERED BY OR ON BEHALF OF SELLER AT CLOSING (THE "CLOSING DOCUMENTS"), PURCHASER SHALL ACCEPT THE PROPERTY AT THE CLOSING IN AN "AS-IS, WHERE-IS" CONDITION, WITH ALL DEFECTS, FAULTS AND LIABILITIES, KNOWN OR UNKNOWN, DISCLOSED OR UNDISCLOSED, SOLELY IN RELIANCE ON PURCHASER' S OWN INVESTIGATION, ANALYSIS AND INSPECTION OF THE PROPERTY, WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, OF ANY KIND WHATSOEVER, BY SELLER, ITS PARTNERS, SHAREHOLDERS, ATTORNEYS, AFFILIATES, AGENTS, BROKERS, CONSULTANTS, COUNSEL, EMPLOYEES, OFFICERS, DIRECTORS, MEMBERS, MANAGERS, OR TRUSTEES OR ANY OTHER SELLER PARTY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PURCHASER ACKNOWLEDGES THAT, EXCEPT FOR THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY**

SET FORTH IN THIS AGREEMENT OR IN ANY OF THE CLOSING DOCUMENTS, SELLER EXPRESSLY DISCLAIMS AND NEGATES ANY LIABILITY AND ANY IMPLIED OR EXPRESS WARRANTY WITH RESPECT TO THE CONDITION OF THE PROPERTY, ITS SUITABILITY FOR PURCHASER' S OR THE REAL PROPERTY OWNERS' INTENDED USE, ITS COMPLIANCE WITH ANY ZONING OR OTHER RULES, REGULATIONS, LAWS OR STATUTES APPLICABLE TO THE PROPERTY, OR ANY OTHER MATTER OR THING RELATING TO THE PROPERTY, INCLUDING, WITHOUT LIMITATION: (A) THE EXISTENCE, RELEASE OR ABSENCE OF HAZARDOUS MATERIALS (DEFINED BELOW) UPON OR UNDER THE PROPERTY OR ANY PORTION THEREOF OR IN THE VICINITY THEREOF; (B) GEOLOGICAL CONDITIONS, INCLUDING WITHOUT LIMITATION, SUBSIDENCE, SUBSURFACE CONDITIONS, GROUND WATER, WATER TABLE, UNDERGROUND WATER RESERVOIRS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER AND FAULTING; (C) WHETHER OR NOT AND TO THE EXTENT TO WHICH THE PROPERTY OR ANY PORTION THEREOF IS AFFECTED BY ANY STREAM (SURFACE OR UNDERGROUND), BODY OF WATER, FLOOD PRONE AREA, FLOOD PLAIN, FLOODWAY, SPECIAL FLOOD HAZARD OR NATURAL HAZARD AREA; (D) DRAINAGE; (E) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, PAST SOIL REPAIRS, SOIL ADDITIONS OR CONDITIONS OF SOIL FILL, OR SUSCEPTIBILITY TO LANDSLIDES, OR THE SUFFICIENCY OF ANY UNDERSHORING; (F) USAGES OF ADJOINING PROPERTIES; (G) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, SQUARE FOOTAGE, DESCRIPTION, DURABILITY, STRUCTURAL INTEGRITY, INFRASTRUCTURE, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTY OR ANY PART THEREOF INCLUDING, WITHOUT LIMITATION, WHETHER OR NOT THE PROPERTY COMPLIES WITH APPLICABLE PAST, PRESENT, AND FUTURE LAWS, RULES, AND REGULATIONS, INCLUDING WITHOUT LIMITATION, BUILDING CODES, LAND USE LAWS, ENVIRONMENTAL LAWS, MATTERS DISCLOSED BY ANY ENVIRONMENTAL REPORTS INCLUDED IN ANY PROPERTY DOCUMENTS PROVIDED BY SELLER OR OBTAINED BY PURCHASER, AND THE REQUIREMENTS OF TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990,42 U.S.C. §§ 12181-12183,12186(B) - 12189 AND RELATED REGULATIONS; (H) DEVELOPMENT RIGHTS AND EXTRACTIONS; (I)WATER OR WATER RIGHTS; (J) THE DEVELOPMENT POTENTIAL FOR THE PROPERTY; (K) THE ABILITY OF PURCHASER OR THE REAL PROPERTY OWNERS TO REZONE THE PROPERTY OR CHANGE THE USE OF THE PROPERTY; (L) THE ABILITY OF PURCHASER OR THE REAL PROPERTY OWNERS TO ACQUIRE ADJACENT PROPERTIES; (M) THE EXISTENCE AND POSSIBLE LOCATION OF ANY UNDERGROUND STRUCTURES AND EQUIPMENT, INCLUDING WITHOUT LIMITATION,

UTILITIES OR UNDERGROUND STORAGE TANKS, CLARIFIERS, AND SEPTIC SYSTEMS; (N) THE EXISTENCE AND POSSIBLE LOCATION OF ANY ENCROACHMENTS; (O) THE STATUS OF ANY LIFE-SAFETY SYSTEMS IN THE IMPROVEMENTS; (P) THE CHARACTER OF THE NEIGHBORHOOD IN WHICH THE PROPERTY IS SITUATED; (Q) ANY LATENT OR PATENT DEFECTS WITH RESPECT TO THE PROPERTY; (R) THE WATER-CONSERVING NATURE (OR LACK THEREOF) OF PLUMBING FIXTURES AT THE PROPERTY; (S) CAPACITY OF THE PROPERTY TO WITHSTAND EARTHQUAKES, FIRES, FLOODS OR OTHER NATURAL DISASTERS; (T) INFORMATION ABOUT THE PRESENCE OR ABSENCE OF REGISTERED SEX OFFENDERS AT OR NEARBY THE PROPERTY; (U) WHETHER MURDER OR OTHER CRIME HAS BEEN COMMITTED IN ANY PART OF THE PROPERTY; (V) THE PRESENCE OR ABSENCE OF LEAD-BASED PAINT; (W) COMPLIANCE WITH APPLICABLE LAW REGARDING CARBON MONOXIDE DEVICES, GARAGE DOOR OPENERS, OR CHILD-RESISTANT POOL BARRIERS; (X) THE LOCATION OF GAS OR LIQUID TRANSMISSION PIPELINES RELATIVE TO THE PROPERTY WITH RESPECT TO NATURAL GAS, PETROLEUM PRODUCTS OR HAZARDOUS MATERIALS; (Y) PEST CONTROL; AND/OR (Z) THE MERCHANTABILITY OF THE PROPERTY OR FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE OR ARISING FROM A COURSE OF DEALING OR USE OF TRADE.

(ii) **EXCEPT FOR THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR THE CLOSING DOCUMENTS, BY CONSUMMATING THE CLOSING PURCHASER, THE APPLICABLE ENTITIES, THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND ANY OTHER PERSON OR ENTITY CLAIMING OR DERIVING RIGHTS BY, THROUGH OR UNDER PURCHASER, THE APPLICABLE ENTITIES OR ANY OF PURCHASER' S OR THE APPLICABLE ENTITIES' SUCCESSORS OR ASSIGNS (COLLECTIVELY, THE "PURCHASER PARTIES") SHALL BE DEEMED TO HAVE RELEASED AND WAIVED, AND SHALL RELEASE AND WAIVE, ANY AND ALL CLAIMS WHICH PURCHASER, THE APPLICABLE ENTITIES OR ANY OF THE PURCHASER PARTIES HAS OR MAY HAVE AGAINST SELLER, SELLER' S SUCCESSORS AND ASSIGNS, AND ANY OTHER PERSON OR ENTITY CLAIMING OR DERIVING RIGHTS BY, THROUGH OR UNDER SELLER OR ANY OF SELLER' S SUCCESSORS OR ASSIGNS (COLLECTIVELY, THE "SELLER PARTIES") AT LAW OR IN EQUITY, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, WITH RESPECT TO THE MATTERS DESCRIBED IN THIS SECTION 4(d)(ii). PURCHASER ACKNOWLEDGES AND AGREES THAT: (A) PURCHASER IS AN EXPERIENCED AND SOPHISTICATED OWNER OF REAL PROPERTY; (B) PURCHASER HAS EXPRESSLY NEGOTIATED THE LIMITATIONS OF LIABILITY CONTAINED IN THIS SECTION; (C) THE LIMITATIONS CONTAINED IN THIS SECTION ARE REASONABLE; AND (D) SELLER HAS AGREED TO ENTER INTO THIS AGREEMENT IN CONSIDERATION FOR**

AND IN RELIANCE UPON THE FOREGOING LIMITATIONS OF LIABILITY, AND THAT THE CONSIDERATION UNDER THIS AGREEMENT IS BASED IN PART ON SAID LIMITATIONS OF LIABILITY. THE PROVISIONS OF THIS SECTION SHALL APPLY TO ANY CLAIM, LOSS OR DAMAGE, IRRESPECTIVE OF ITS CAUSE OR ORIGIN, AND REGARDLESS OF WHETHER IT IS BASED ON STRICT LIABILITY OR RESULTS FROM THE PASSIVE OR ACTIVE NEGLIGENCE OR INTENTIONAL CONDUCT OF SELLER. BY CONSUMMATING THE CLOSING, PURCHASER SHALL BE DEEMED TO ASSUME, AND SHALL ASSUME, THE RESPONSIBILITY AND RISKS OF ALL DEFECTS AND CONDITIONS, INCLUDING SUCH DEFECTS AND CONDITIONS, IF ANY, THAT CANNOT BE OBSERVED BY CASUAL INSPECTION. IN CONNECTION WITH THE FOREGOING, PURCHASER ACKNOWLEDGES THAT IT IS AWARE THAT IT OR ITS ATTORNEYS, ACCOUNTANTS OR OTHER CONSULTANTS, AGENTS OR REPRESENTATIVES MAY HEREAFTER DISCOVER FACTS IN ADDITION TO OR DIFFERENT FROM THOSE WHICH IT NOW KNOWS OR BELIEVES TO EXIST WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, BUT THAT BY CONSUMMATING THE CLOSING IT WILL BE DEEMED TO BE PURCHASER' S INTENTION, AND SHALL BE PURCHASER' S INTENTION, TO FULLY, FINALLY, AND FOREVER SETTLE AND RELEASE ALL OF THE CLAIMS, DISPUTES, AND DIFFERENCES, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, WHICH NOW EXIST OR MAY EXIST HEREAFTER BETWEEN PURCHASER AND THE SELLER PARTIES WITH REGARD TO THE PROPERTY AND/OR THE APPLICABLE ENTITIES (EXCEPT WITH RESPECT TO THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR THE CLOSING DOCUMENTS). THIS AGREEMENT SHALL BE AND REMAIN IN EFFECT AS A FULL AND COMPLETE RELEASE NOTWITHSTANDING THE DISCOVERY OR EXISTENCE OF ANY SUCH ADDITIONAL OR DIFFERENT FACTS.

(iii) **WITH RESPECT TO THE RELEASE SET FORTH HEREIN, PURCHASER HEREBY ACKNOWLEDGES THAT SUCH WAIVER AND RELEASE IS MADE WITH THE ADVICE OF COUNSEL AND WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE CONSEQUENCES AND EFFECTS OF SUCH WAIVER.**

(iv) **FOR PURPOSES OF THIS AGREEMENT, THE TERM "HAZARDOUS MATERIALS" SHALL MEAN ANY HAZARDOUS, TOXIC OR CONTAMINATED SUBSTANCE, MATERIAL, POLLUTANT, SEWAGE, WASTE, OR ANY OTHER MATTER, WHICH IS OR BECOMES DEFINED BY, REGULATED BY OR SUBJECT TO ANY ENVIRONMENTAL LAWS, INCLUDING, WITHOUT LIMITATION, (A) SUBSTANCES DEFINED AS "HAZARDOUS SUBSTANCES", "HAZARDOUS WASTES", "UNIVERSAL WASTES", MEDICAL WASTES", "EXTREMELY HAZARDOUS WASTE", "ACUTELY HAZARDOUS WASTE", "MEDICAL WASTE," "HAZARDOUS**

MATERIALS" OR "TOXIC SUBSTANCES", (B) ANY PETROLEUM OR PETROLEUM DERIVED PRODUCT, SUBSTANCE OR WASTE, INCLUDING CRUDE OIL OR ANY FRACTION OR ADDITIVES THEREOF, (C) ANY ASBESTOS OR ASBESTOS-CONTAINING MATERIAL, (D) PCBS OR PCB-CONTAINING MATERIALS OR FLUIDS, (E) ANY OTHER SUBSTANCE WITH RESPECT TO WHICH ANY GOVERNMENTAL AUTHORITY MAY REQUIRE ENVIRONMENTAL INVESTIGATION OR REMEDIATION, (F) MOLD, INCLUDING WITHOUT LIMITATION FUNGI, MICROBES, YEAST, MOLD, MILDEW, MUSHROOMS AND PUFFBALLS, (G) METHANE, NATURAL GAS, NATURAL GAS LIQUIDS, LIQUEFIED NATURAL GAS OR SYNTHETIC GAS (INCLUDING USABLE FOR FUEL OR MIXTURES OF NATURAL GAS OR SUCH SYNTHETIC GAS), (H) FORMALDEHYDE, AND (I) ANY RADIOACTIVE MATERIAL OR SUBSTANCE, INCLUDING WITHOUT LIMITATION RADON AND RADIONUCLIDES. THE TERM "ENVIRONMENTAL LAWS" SHALL MEAN ANY FEDERAL, STATE OR LOCAL STATUTES, LAWS, REGULATIONS AND PUBLICATIONS PROMULGATED PURSUANT TO THE AFORESAID LAWS AND REGULATIONS, OR ORDERS PERTAINING TO THE PROTECTION OF HUMAN HEALTH AND SAFETY, THE ENVIRONMENT AND NATURAL RESOURCES, INCLUDING WITHOUT LIMITATION THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT (42 U.S.C. § 9601, ET SEQ.)), THE RESOURCES CONSERVATION AND RECOVERY ACT OF 1976, AS AMENDED (42 U.S. 6901 ET SEQ.) THE CLEAN AIR ACT, AS AMENDED (42 U.S.C. §7401 ET SEQ.; THE FEDERAL WATER POLLUTION CONTROL ACT, AS AMENDED 33 U.S.C. §1251 ET SEQ.); THE SAFE DRINKING WATER ACT, AS AMENDED 42 U.S.C. §300F ET SEQ.); THE OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970, AS AMENDED (29 U.S.C. § 651 ET SEQ.); THE EMERGENCY PLANNING AND COMMUNITY RIGHT-TO-KNOW ACT, AS AMENDED (42 U.S.C. §11001 ET SEQ.), THE TOXIC SUBSTANCES CONTROL ACT, AS AMENDED (15 U.S.C. §2601 ET SEQ)., THE FEDERAL INSECTICIDE AND RODENTICIDE ACT, AS AMENDED (7 U.S.C. §136 ET SEQ.), HAZARDOUS MATERIALS TRANSPORTATION UNIFORM SAFETY ACT, AS AMENDED (49 U.S.C. § 5101 ET SEQ.), AND/OR THE HAZARDOUS MATERIALS TRANSPORTATION ACT (49 USC SECTION 1801, ET SEQ.).

(v) **THE PROVISIONS OF THIS SECTION 4(d) ARE A MATERIAL PART OF THE CONSIDERATION FOR SELLER' S ENTERING INTO THIS AGREEMENT, AND SHALL SURVIVE CLOSING.**

Section 5. **Closing**. The closing of the sale of the Equity Interests (the "**Closing**") shall occur at or before 12:00 p.m. Pacific Standard Time on the Closing Date through an escrow with the Title Company.

(a) **General Closing Conditions**. Without limiting any other conditions set forth in this Agreement, the obligations of each of Seller and Purchaser to consummate the Closing are conditioned upon the following: (i) the other party' s representations and warranties set forth in this Agreement shall be true and correct in all material respects as of the Effective Date and as of the Closing Date, (ii) on or prior to the Closing Date, the other party shall have tendered all deliveries required to be tendered by such party at Closing, and (iii) any and all consents that are required to be obtained from, or notices required to be delivered to, any applicable federal, state or local agency or governmental or quasi-governmental instrumentality (the "**Regulatory Agencies**") with respect to the transactions contemplated hereunder (the "**Regulatory Approvals**") shall have been received and approved by Seller and Purchaser, each in their good faith, reasonable discretion, (with respect to consents), or delivered to the applicable Regulatory Agencies (with respect to notices). All costs and expenses of pursuing and obtaining the Regulatory Approvals shall be borne by Purchaser.

(b) **Additional Conditions to Purchaser' s Obligations to Close**. Without limiting any other conditions set forth in this Agreement, the obligations of Purchaser to consummate the Closing are conditioned upon the following: (i) the Title Company being unconditionally committed to issue one or more ALTA extended coverage owner policy or policies of title insurance to the Real Property Owners in the aggregate amount of the Purchase Price, subject only to the Permitted Encumbrances (whether one or more, the "**Owner Policy**"), (ii) immediately after Closing, and taking into account all Property being acquired (directly or indirectly) by Purchaser pursuant to this Agreement and all other property being acquired (directly or indirectly) being acquired by Purchaser pursuant to those certain Equity Interest Purchase and Sale Agreements listed on Schedule 5(b) attached hereto, Purchaser shall own, directly or indirectly, sufficient "qualified opportunity zone business property" within the meaning of Section 1400Z-2(d)(2)(D) of the Internal Revenue Code of 1986, as amended (the "**Code**") to qualify as a "qualified opportunity fund" within the meaning of Section 1400Z-2(d)(1) of the Code for U.S. federal income tax purposes, as determined in the sole discretion of Purchaser (the "**OZ Qualification Condition**"), and (iii) COR Community Development Corporation' s interest in the Oak Village Subsidiary shall have been converted to a non-economic general partnership interest (the "**Oak Village Non-Economic GP Interest**"), such that, immediately upon consummation of the Closing, Seller and/or an Applicable Entity (or Applicable Entities) will own all of the economic interests in the Oak Village Subsidiary.

(c) **Failure of a Closing Condition**. So long as a party is not in default (beyond any applicable notice and cure period) under this Agreement, the failure of any condition to such party' s obligation to consummate the Closing on or prior to the Closing Date (or such earlier date as may be expressly set forth in this Agreement) shall result in this Agreement being immediately terminable by such party upon delivery of written notice to the other party on or before the Closing Date (or such earlier termination deadline as may be expressly set forth in this Agreement). Alternatively, the applicable party may elect to waive the failure of the applicable Closing condition or conditions, in which event the parties shall proceed to Closing without modification of the Purchase Price and otherwise pursuant to the terms of this Agreement. Upon proper termination of this Agreement under this Section 5(c), neither party shall thereafter have any rights or obligations under this Agreement except for those which survive termination. This Section 5(c) shall survive Closing or the termination of this Agreement.

(d) **Deliveries**. At Closing: (i) Seller shall deliver to Purchaser, duly executed and sworn as applicable (A) an Assignment and Assumption of Equity Interests with respect to each Subject Entity in the form of Exhibit B hereto (the "**Assignment**"); (B) a certificate of non-foreign status from each Seller in the form prescribed by Treasury Regulations Section 1.1445-2(b)(2); (C) a current rent roll for the Property, certified by Seller as being true, correct and complete as of the Closing Date; (D) a current schedule of License Agreements for the Property, certified by Seller as being true, correct and complete as of the Closing Date; (E) the Seller' s Statement (defined below); (F) such affidavits, filings, conveyance or transfer tax forms or returns as may be required by applicable law and/or the Title Company to be delivered or executed by Seller or any Applicable Entity at Closing; and (G) such organizational, authority, or other documents or evidence as the Title Company may require from Seller or any Applicable Entity to consummate the Closing and issue the Owner Policy, including, without limitation, an affidavit of debts, liens and possession and a gap indemnity, in form reasonably approved by Seller; and (ii) Purchaser shall deliver to Seller, duly executed and sworn as applicable (A) the Purchase Price, as adjusted for prorations and other applicable matters pursuant to this Agreement; (B) two counterparts of the Assignment; (C) the Tenant/Licensee Notice; (D) the Purchaser' s Statement (defined below); (1) such affidavits, filings, conveyance or transfer tax forms or returns as may be required by applicable law and/or the Title Company to be delivered or executed by Purchaser at Closing; and (E) such organizational, authority, or other documents or evidence as the Title Company may require from Purchaser to consummate the Closing and issue the Owner Policy.

(e) **Closing Costs**. Closing costs shall be allocated between Purchaser and Seller as set forth on Schedule 5(e) attached hereto. Any closing costs not specifically allocated on Schedule 5(e) or elsewhere in this Agreement shall be allocated to the party to whom such costs are customarily allocated in commercial sales in the state and county in which the Land and Improvements are located.

(f) **Prorations Generally**. Seller and Purchaser agree to adjust, as of 11:59 p.m. on the day immediately preceding the Closing Date, all items of income and expense attributable to the Property (collectively, the "**Proration Items**"). Without limiting the generality of the foregoing, the Proration Items shall include real estate and personal property taxes and assessments (subject to the terms of Section 5(h) below), utility bills (except as hereinafter provided), collected Rents and License Fees (subject to the terms of Section 5(g) below), and insurance premiums. Seller will be charged and credited for the amount of all of the Proration Items relating to the period prior to the Closing Date, and Purchaser will be charged and credited for all of the Proration Items relating to the period from and after the Closing Date. The preliminary estimated closing prorations shall be set forth on preliminary seller' s and purchaser' s closing statements to be prepared by the Title Company and submitted to Seller and Purchaser (as applicable) for approval prior to the Closing Date. The preliminary seller' s closing statement, when approved by Seller (the "**Seller' s Statement**") shall be signed by Seller and delivered to the Title Company at or prior to Closing; the preliminary purchaser' s closing statement, when approved by Purchaser (the "**Purchaser' s Statement**" and, together with the Seller' s Statement, the "**Closing Statements**") shall be signed by Purchaser and delivered to the Title Company at or prior to Closing. The preliminary proration adjustment (which shall be subject to the final cash settlement provided for below) shall be made in accordance with the Closing Statements. The preliminary proration shall be paid at Closing by Purchaser to Seller (if the preliminary prorations result in a net credit to Seller) or by Seller to Purchaser (if the preliminary prorations result in a net credit to Purchaser) by increasing or reducing the cash to be delivered by Purchaser in payment of the Purchase Price at the Closing. Unless otherwise set forth in this Section 5 with respect to any particular Proration Item, if the actual amounts of the Proration Items are not known as of the Closing Date, the prorations will be made at Closing on the basis of the best evidence then available; thereafter, when actual figures are received, re-prorations will be made on the basis of the actual figures, and a final cash settlement will be made between Seller and Purchaser on or prior to the date that is 180 days after the Closing Date. Prorations will be made in relation to insurance premiums paid or payable under any insurance policies being assigned to, or retained by, Purchaser or any Applicable Entity at Closing. Final readings and final billings for utilities will be made if possible as of 11:59 p.m. on the date immediately preceding the Closing Date, in which event no proration will be made at Closing with respect to such utility bills. Seller will be entitled to a credit for any and all deposits presently in effect with the utility providers. The provisions of this Section 5(f) will survive the Closing Date for 180 days. "**Rents**" shall mean and include any and all amounts paid or payable by Tenants under the Leases, including, without limitation, fixed monthly rentals, additional rentals, percentage rentals, escalation rentals (which include Tenant' s proportionate share of building operation and maintenance costs and expenses as provided for under the Lease, to the extent the same exceeds any expense stop specified in the Lease), retroactive rentals, all administrative charges, utility charges, tenant or real property association dues, storage rentals, special event proceeds, temporary rents, locker rentals, and other sums and charges payable by Tenants under the Leases or from other occupants or users of the Property, other than, and specifically excluding, any License Fees. "**License Fees**" shall mean and include any and all amounts paid or payable by Licensees under the License Agreements, including, without limitation, fixed monthly license fees, additional license fees, percentage license fees, retroactive license fees, all administrative charges, utility charges, real property association dues, storage rentals and fees, special event proceeds, temporary license fees, telephone receipts, locker rentals, receipts from vending machines, laundry equipment, computer hardware and other equipment or facilities, and other sums and charges payable by Licensees under the License Agreements or from other occupants or users of the Property, other than, and specifically excluding, any Rents.

(g) **Proration of Rents and License Fees**. Purchaser will receive a credit on the Purchaser' s Statement for the prorated amount (as of 11:59 p.m. of the day immediately preceding the Closing Date) of all Rents and License Fees previously paid to or collected by the Real Property Owners and attributable to the Closing Date or any period thereafter. Rents and/or License Fees are "**Delinquent**" if they were due prior to the Closing Date, and payment thereof has not been received on or before the Closing Date. Delinquent Rents and/or Delinquent License Fees will not be prorated. Purchaser shall use commercially reasonable efforts to collect, or to cause the Real Property Owners to collect, any Delinquent Rents and Delinquent License Fees after Closing and, in the event that Purchaser or any Real Property Owner receives any Rents and/or License Fees in excess of the Rent or License Fee amount then due and payable to Purchaser or any Real Property Owner by the applicable Tenant or Licensee, Purchaser shall (i) first, retain such excess and apply the same to the payment of any unpaid Rent or License Fee that is due and payable by the applicable Tenant or Licensee and that is attributable to the period from and after Closing, and (ii) then, pay over any remaining excess to Seller for application to the payment of any unpaid Rent or License Fee that is due and payable by the applicable Tenant or Licensee and that is attributable to the period prior to Closing. The provisions of this Section 5(g) will survive Closing.

(h) **Reconciliation of Estimated Operating Expenses**. Certain utilities and/or other operating expenses (referred to herein as "**Estimated Operating Expenses**") attributable to the period commencing on January 1, 2020 and ending at 11:59 p.m. on the day immediately preceding the Closing Date (the "**Reconciliation Period**") have been or will be paid or reimbursed by Tenants on an estimated basis, and will not have been reconciled with actual utilities or other applicable operating expenses prior to the Closing Date. Within a reasonable time period (not to exceed 90 days) after Closing, Seller shall prepare and deliver to Purchaser a reconciliation (the "**Reconciliation**") of (i) actual utilities and other operating expenses (in each instance, to the extent initially passed through to Tenants on an estimated basis) incurred by Seller or the Real Property Owners during the Reconciliation Period ("**Actual Operating Expenses**"), against (ii) Estimated Operating Expenses charged to Tenants during the Reconciliation Period ("**Charged Operating Expenses**"), together with reasonable back-up information. Within 30 days after Seller' s delivery of the Reconciliation, (A) if Actual Operating Expenses exceeded Charged Operating Expenses, Purchaser shall pay to Seller the amount of such excess, or (B) if Charged Operating Expenses exceeded Actual Operating Expenses, Seller shall pay to Purchaser the amount of such excess. The provisions of this Section 5(h) will survive the Closing Date.

(i) **Proration of Taxes**. All ad valorem real estate and personal property taxes with respect to the Property for the current taxable year shall be prorated as of 11:59 p.m. of the day immediately preceding the Closing Date on the basis of the number of days elapsed in the current taxable year as of such time. If taxes with respect to the Property for the current taxable year are not known prior to the Closing Date, the ad valorem real estate and personal property taxes assessed against the Property for the taxable year immediately preceding the current taxable year shall be used for purposes of determining tax prorations at Closing, and taxes shall thereafter be re-prorated in accordance with Section 5(f) above within 30 days from receipt of any tax bill for the current taxable year (regardless of whether or not Section 5(f) has terminated prior to such re-proration). The provisions of this Section 5(i) will survive the Closing Date.

(j) **Rent Ready Credit**. At Closing, with respect to each Property, Purchaser shall receive a credit against the Purchase Price in the amount equal to $2,500 for each apartment unit at such Property that is vacant as of the Closing Date and that is not in "rent ready" condition for immediate occupancy by a tenant in accordance with the applicable Real Property Owner' s typical standards utilized in the ordinary course of its business. This Section 5(j) shall survive Closing.

Section 6. **Representations, Warranties, and Covenants**.

(a) **Seller' s Representations and Warranties**. Seller represents and warrants to Purchaser that:

(i) Seller and each Applicable Entity is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.

(ii) Seller has full right, power, and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions provided for herein without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties, other than obtaining or delivering (as applicable) the

Regulatory Approvals. The execution, delivery and performance by Seller of this Agreement, and the consummation by Seller of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of Seller. This Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Seller, enforceable against Seller in accordance with its terms subject to principles of bankruptcy and general equitable principles.

(iii) There are no actions, suits, claims, assessments, or proceedings pending or, to Seller' s knowledge, threatened that would reasonably be expected to materially and adversely affect the ownership, operation, or maintenance of the Applicable Entities or the Property or Seller' s ability to perform hereunder.

(iv) Except for Permitted Encumbrances and as may be reflected on the Closing Statement with respect to Proration Items, all bills and other payments due and payable before the Closing Date with respect to the ownership, operation, and maintenance of the Applicable Entities and the Property have been paid or will be paid prior to the Closing Date.

(v) The rent rolls delivered to Purchaser and dated October 31, 2020 are true, correct and complete listings of all Leases, and all Tenants thereunder, as of such date, and otherwise accurately reflect, in all material respects, the subject matter thereof as of such date. Seller has delivered or made available to Purchaser true, correct and complete copies of all Leases and all amendments thereto or modifications thereof.

(vi) Seller has delivered or made available to Purchaser true, correct and complete copies of all License Agreements and all amendments thereto or modifications thereof.

(vii) Except as otherwise disclosed to Purchaser in writing, neither Seller nor any Applicable Entity has received any written notice of violation (or to the extent received, such violation has been cured) from any insurance companies, governmental agencies or authorities or from any other parties related to (A) any conditions, defects or inadequacies with respect to the Property (including health hazards or dangers, nuisance or waste), which, if not corrected, would result in termination of insurance coverage or increase its costs therefor, (B) any violation of any applicable zoning, building, health, environmental, traffic, flood control, fire safety, handicap or other law, code, ordinance, rule or regulation, or (C) any proceedings which could affect the Regulatory Approvals or cause the change, redefinition or other modification of the zoning classification of the Property.

(viii) Neither Seller nor any Applicable Entity, nor, to Seller' s knowledge, (A) any of their respective affiliates, partners, members, shareholders or other equity owners, nor (B) any of their respective employees, officers, directors, representatives or agents is, nor will they become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control

(“**OFAC**”) of the Department of the Treasury (including those named on OFAC’ s Specially Designated Nationals and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(ix) No Applicable Entity has any right, title or interest in any property other than the Property and any Excluded Property Agreements.

(x) True, correct and complete copies of the current limited liability company agreement or limited partnership agreement (as applicable) of each Applicable Entity, with all amendments and modifications thereto, and the current certificate of formation or certificate of limited partnership (as applicable) of each Applicable Entity, with all amendments and modifications thereto, if any, and all company minutes, member or partner consents and other organizational documents (collectively, the “**Organizational Documents**”) have been provided to Purchaser. The Organizational Documents are in full force and effect and, except to the extent approved by Purchaser, shall not be amended, modified, supplemented or assigned prior to Closing.

(xi) Other than the Equity Interests and the Oak Village Non-Economic GP Interest, neither Seller nor any other party has equity interests or rights to acquire equity interests in any Applicable Entity. Other than the Subsidiaries, none of the Applicable Entities have, or have ever had, any subsidiaries.

(xii) Seller is the record and beneficial owner of the Equity Interests and has good and valid title to the Equity Interests, free and clear of any encumbrances, except for any encumbrances imposed under the Organizational Documents. The Equity Interests are duly authorized, validly issued, fully paid and nonassessable, but are not certificated.

(xiii) Assuming that Purchaser has the requisite power and authority to be the lawful owner of the Equity Interests, upon transfer to Purchaser at the Closing of all of the Equity Interests, and upon Purchaser’ s payment of the Purchase Price, Purchaser will acquire the Equity Interests, free and clear of any encumbrances, except for encumbrances imposed under applicable securities laws or the Organizational Documents.

(xiv) Except as set forth in the Organizational Documents or in any of the existing loan documents listed on Schedule 6(a)(xiv) (the “**Existing Loan Documents**”) which will not be paid off on or prior to Closing, to Seller’ s knowledge (A) the Equity Interests are not subject to any arrangement restricting or otherwise relating to the voting, dividend rights or disposition of the Equity Interests, and (B) there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character under which Seller or any other person or entity is or may become obligated to sell, or giving any individual or entity a right to acquire, or in any way dispose of, any of the Equity Interests owned or any securities or obligations exercisable or exchangeable for, or convertible into, any of the Equity Interests, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

(xv) The Applicable Entities have no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise, except (A) with respect to any existing loans evidenced, secured or governed by the Existing Loan Documents, (B) those which are adequately reflected and reserved against in the books, records and financial statements provided to Purchaser, (C) those which have been incurred in the ordinary course of business consistent with past practice since the date of the last delivered books, records and financial statements and which are not and could not reasonably be expected to become, individually or in the aggregate, material in amount, and (D) the ongoing indemnification obligations in connection with the Regulatory Agreements (as defined below) set forth on Schedule 6(a)(xv) (the "**Ongoing Indemnification Obligations**").

(xvi) To the extent there are any proxies to vote or other similar arrangements entered into by Seller, such proxies to vote or other similar arrangements will not affect the Equity Interests in any way on and after the Closing and will be terminated prior to Closing, and the unrestricted right of Seller to vote the Equity Interests will be transferred to Purchaser at Closing.

(xvii) Schedule 6(a)(xvii) is a true, correct and complete listing of all agreements under or pursuant to which Regulatory Approvals are required (the "**Regulatory Agreements**"), and all Regulatory Agencies thereunder, as of the date thereof, and otherwise accurately reflects, in all material respects, the subject matter thereof as of the date thereof. Seller has delivered or made available to Purchaser true, correct and complete copies of all Regulatory Agreements and all amendments thereto or modifications thereof.

(xviii) As used in this Agreement, "**Seller' s knowledge**" shall mean the actual present knowledge of Jun Sakumoto, without regard to any imputed, implied or constructive knowledge, without independent inquiry or duty of investigation of such person or any other officer, director, partner and/or member of Seller.

(b) **Seller' s Covenants**. From the Effective Date until the Closing Date, Seller and the Applicable Entities shall: (i) maintain and operate the Property in substantially the same manner as heretofore done; (ii) continue to perform their material obligations under the Leases, License Agreements and Property Agreements relative to the Property; (iii) not commit or permit to be committed any waste to the Property; (iv) not, without the prior written consent of Purchaser (which consent may be given or withheld in Purchaser' s sole and absolute discretion), (A) enter into, amend, renew, extend, cancel, terminate, or otherwise modify any Lease, License Agreement, Property Agreement or other agreement or instrument affecting the Property except in the ordinary course of business and, with respect to any Lease or License Agreement, at current rates and for a term not exceeding one year; or (B) take any other action that would encumber or bind after Closing, or that would adversely affect, the Applicable Entities, the Property or Purchaser; (v) not remove any item of the Personalty from the Land or Improvements unless it is replaced with an item of at least equal value that is properly suited for its intended purpose; and (vi) maintain all insurance policies or insurance contracts relative to the Property in full force and effect as they exist on the Effective Date.

(c) **Purchaser' s Representations and Warranties**. Purchaser represents and warrants to Seller that:

(i) Purchaser is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.

(ii) Purchaser has full right, power, and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions provided for herein without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties. The execution, delivery and performance by Purchaser of this Agreement, and the consummation by Purchaser of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of Purchaser. This Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms subject to principles of bankruptcy and general equitable principles.

(iii) There are no actions, suits, claims, assessments, or proceedings pending or, to Purchaser' s knowledge, threatened that would reasonably be expected to materially and adversely affect Purchaser' s ability to perform hereunder.

(iv) Neither Purchaser nor, to Purchaser' s knowledge (A) any of its affiliates, partners, members, shareholders or other equity owners, nor (B) any of their respective employees, officers, directors, representatives or agents is, nor will they become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of OFAC of the Department of the Treasury (including those named on OFAC' s Specially Designated Nationals and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action, and none of them is engaged or will become engaged in any dealings or transactions or be otherwise associated with such persons or entities.

(d) **Survival; Limitation of Liability**. The representations and warranties set forth in Section 6(a) and Section 6(c) shall not be deemed to be merged into or waived by the instruments of Closing, but shall survive the Closing Date for a period of six (6) months. Neither party shall have any liability after Closing for the breach of a representation or warranty hereunder of which the other party hereto had knowledge as of Closing. Notwithstanding any provision of this Agreement to the contrary, from and after the Closing the maximum aggregate liability of Seller to Purchaser for any breach or breaches of the representations and warranties set forth in Section 6(a) will be limited to an amount equal to one percent (1%) of the Purchase Price. This Section 6(d) shall survive the Closing.

(e) **Reciprocal Indemnity for Ongoing Indemnification Obligations**. From and after the Closing Date, Purchaser shall indemnify Seller and hold Seller harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorneys' fees and expenses) asserted against or incurred by Seller under or in connection with the Ongoing Indemnification Obligations to the extent arising from or out of, or otherwise relating to, any matter first arising, occurring or accruing from and after the Closing Date. From and after the Closing Date, Seller agrees to indemnify Purchaser and hold Purchaser harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorney' s fees and expenses) asserted against or incurred by Purchaser under or in connection with the Ongoing Indemnification Obligations, to the extent arising from or out of, or otherwise relating to, any matter first arising, occurring or accruing prior to the Closing Date. This Section 6(e) shall survive the Closing.

Section 7. **Remedies**.

(a) If Seller defaults under this Agreement and such default remains uncured for five (5) or more business days following written notice of such default from Purchaser, then Purchaser may, as its exclusive remedy therefor, either: (i) terminate this Agreement by notifying Seller thereof, or (ii) enforce specific performance of the obligations of Seller hereunder within ninety (90) days after the date upon which the Closing was to occur, failing which Purchaser shall be deemed to have waived the right of specific performance (provided, however, that if specific performance shall be unavailable to Purchaser, Purchaser shall be deemed to have elected to terminate this Agreement). If Purchaser terminates (or is deemed to have terminated) this Agreement pursuant to this Section 7, (A) Seller shall reimburse Purchaser for all reasonable and customary out-of-pocket third party costs and expenses incurred by Purchaser in connection with this Agreement (not to an exceed an amount equal to $50,000) and the transactions contemplated hereunder, including, without limitation, reasonable attorneys' fees for due diligence, and (B) neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.

(b) If Purchaser defaults under this Agreement, then Seller may, as its sole and exclusive remedy, terminate this Agreement by notifying Purchaser thereof, in which event (i) Purchaser shall reimburse Seller for all reasonable and customary out-of-pocket third party costs and expenses incurred by Seller in connection with this Agreement (not to an exceed an amount equal to $50,000) and the transactions contemplated hereunder, including, without limitation, reasonable attorneys' fees for due diligence, and (ii) neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.

Section 8. **Destruction, Damage, or Taking Before Closing**.

(a) **Individual Sites**. If, before the Closing Date, all or any material part of any Individual Site is destroyed or damaged, or becomes subject to condemnation or eminent domain proceedings, then Seller shall promptly notify Purchaser thereof (a "**Seller' s Notice**"). Purchaser may thereafter elect to partially terminate this Agreement with respect to the applicable Individual Site(s), or proceed with Closing on the entirety of the Property by delivering a written notice thereof to Seller within ten business days after Purchaser' s receipt of a Seller' s Notice; provided that (i) Purchaser' s failure to timely make an election shall be deemed to be Purchaser' s election to partially terminate this Agreement with respect to the applicable Individual Site(s), and (ii) Purchaser shall not be permitted to partially terminate this Agreement with respect to any Individual Site(s) pursuant to this Section 8(a) (but, for clarification, Purchaser shall, to the extent otherwise permitted thereby, be permitted to terminate this Agreement in its entirety pursuant to Section 8(b) below), if such partial termination would result in a failure of the OZ Qualification Condition. If Purchaser elects (or is deemed to have elected) to partially terminate this Agreement with respect to the applicable Individual Site(s) pursuant to this Section 8(a), then the parties shall proceed with Closing on the remainder of the Property; provided that the Purchase Price shall be reduced by the portion thereof that is allocated to the terminated Individual Site(s) as set forth on Schedule 1(b)(i) hereto. If (but only if) Purchaser elects in writing to proceed with Closing on the entirety of the Property, then the parties shall proceed with the Closing; provided that Purchaser shall receive a credit to the Purchase Price at Closing for any deductible, self-insured amount, or uninsured loss, and Purchaser shall be entitled to all insurance proceeds and/or condemnation awards in connection with the applicable casualty or condemnation. In connection therewith, Seller shall assign to Purchaser at Closing Seller' s rights to any such casualty proceeds and/or condemnation awards; provided, however, that if the applicable casualty proceeds and/or condemnation awards are not assignable, Seller shall file a claim for the applicable proceeds and/or awards, use good faith, commercially reasonable efforts to negotiate and settle such claim in consultation with, and subject to the approval of, Purchaser, and promptly pay over to Purchaser any applicable insurance proceeds and/or condemnation awards paid in respect thereof, after first recouping Seller' s reasonable out-of-pocket expenses related thereto.

(b) **Entirety of Property**. If, before the Closing Date, all or any material part of the Property (taken as a whole) is destroyed or damaged, or becomes subject to condemnation or eminent domain proceedings, then Seller shall promptly deliver a Seller' s Notice to Purchaser. Purchaser may thereafter elect to terminate this Agreement in its entirety, or proceed with Closing on the entirety of the Property by delivering a written notice thereof to Seller within ten business days after Purchaser' s receipt of a Seller' s Notice; provided that Purchaser' s failure to timely make an election shall be deemed to be Purchaser' s election to terminate this Agreement. If Purchaser elects (or is deemed to have elected) to terminate this Agreement pursuant to this Section 8(b), neither party shall have any further rights or obligations under this Agreement except for those which expressly survive termination. If (but only if) Purchaser elects in writing to proceed with Closing, then the parties shall proceed with the Closing; provided that Purchaser shall receive a credit to the Purchase Price at Closing for any deductible, self-insured amount, or uninsured loss, and Purchaser shall be entitled to all insurance proceeds and/or condemnation awards in connection with the applicable casualty or condemnation. In connection therewith, Seller shall assign to Purchaser at Closing Seller' s rights to any such casualty proceeds and/or condemnation awards; provided, however, that if the applicable casualty proceeds and/or condemnation awards are not assignable, Seller shall, file a claim for the applicable proceeds and/or awards, use good faith, commercially reasonable efforts to negotiate and settle such claim in consultation with, and subject to the approval of, Purchaser, and promptly pay over to Purchaser any applicable insurance proceeds and/or condemnation awards paid in respect thereof, after first recouping Seller' s reasonable out-of-pocket expenses related thereto.

(c) **Materiality**. A casualty or condemnation proceedings will be deemed to affect a "**material part**" of (i) an Individual Site for purposes of Section 8(a) if (A) the portion of the Individual Site destroyed, damaged or taken exceeds ten percent (10%) of the Purchase Price allocated to such Individual Site as set forth on Schedule 1(b)(i) hereto, (B) the casualty or condemnation results in the loss or material reduction in access to such Individual Site, or (C) the casualty or condemnation results in such Individual Site failing to comply with applicable zoning and land use laws relating to parking, or (ii) the Property as a whole for purposes of Section 8(b) if (A) the portion of the Property destroyed, damaged or taken exceeds ten percent (10%) of the Purchase Price, or (B) the applicable casualty or condemnation proceedings affect a material part of an Individual Site (or Individual Sites), and the partial termination of this Agreement with respect to such Individual Site(s) would result in a failure of the OZ Qualification Condition.

Section 9. **Notices**. All notices must be in writing and given at the applicable party' s addresses stated on the first page of this Agreement. All notices provided or permitted to be given under this Agreement may be served by depositing same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such party by a nationally-recognized, overnight delivery service (e.g., FedEx); or by electronic mail transmission during normal business hours with a confirmation copy delivered by another method permitted under this Section 9. Notice given in accordance herewith shall be effective upon delivery to the physical or electronic mail address of the addressee. Notices given by counsel to Purchaser shall be deemed given by Purchaser, and notices given by counsel to Seller shall be deemed given by Seller. Any party may change its notice address by delivering a notice of such change to the other party in accordance with this Section 9.

Section 10. **Press Releases**. Neither party shall issue a press release or otherwise make any disclosure to the media, whether before or after Closing, related to the ownership or occupancy of the Property, the existence or terms of this Agreement (including specifically, but without limitation, the Purchase Price), or the Closing of the transactions contemplated by this Agreement, without the other party' s prior written consent, unless such disclosure is required under applicable law (including, without limitation, applicable securities laws). The parties acknowledge and agree that a breach of the requirements set forth in this Section 10 will cause immediate and irreparable harm and significant injury to the non-breaching party, the extent of which will be difficult to ascertain. Accordingly, notwithstanding anything in this Agreement to the contrary and in addition to any other rights or remedies expressly set forth in this Agreement, in the event of a breach of this Section 10, the non-breaching party shall be entitled to immediate injunctive and other equitable relief. This Section 10 shall survive Closing or the termination of this Agreement.

Section 11. **Miscellaneous**.

(a) **Entireties**. This Agreement contains the entire agreement of the parties pertaining to the Property and the Equity Interests.

(b) **Modifications**. This Agreement may only be modified by a written document signed by both parties.

(c) **Commissions**. Seller and Purchaser shall defend, indemnify, and hold harmless the other from and against all claims by third parties for brokerage, commission, finder' s, or other fees relative to this Agreement or the sale of Equity Interests and/or the Property and alleged to be due by, through or under the indemnifying party, and all court costs, attorneys' fees, and other costs or expenses actually incurred and arising therefrom.

(d) **Tax Treatment of Indemnities**. For all tax purposes, Seller and Purchaser agree to treat (and will cause each of their respective affiliates to treat) any indemnification payment made pursuant to this Agreement or the Closing Documents as an adjustment to the Purchase Price. This Section 11(d) shall survive the Closing.

(e) **Non-Business Day**. If the final date of any period provided herein for the performance of an obligation or for the taking of any other action falls on a Saturday, a Sunday, or a day on which a majority of the U.S. Federal Reserve Banks are closed for normal business operations, then the end of such period shall be extended to the next day that is not a Saturday, a Sunday or such a Federal Reserve Bank holiday.

(f) **Permitted Assignment**. Purchaser may assign its rights under this Agreement to any affiliated entity which directly or indirectly controls, is controlled by or is under common control with Purchaser, without the consent of Seller. Any other assignment by Purchaser to a non-affiliated entity shall require Seller' s prior consent, not to be unreasonably withheld, conditioned, or delayed.

(g) **Attorneys' Fees**. In the event of litigation between the parties in connection with this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party. The obligation in the immediately preceding sentence shall survive any termination of this Agreement or the Closing.

(h) **Governing Law; Jurisdiction**. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located. The proper place of venue for any legal proceeding regarding this Agreement shall be Orange County, California. The provisions of this Section 11(h) will survive any termination of this Agreement or the Closing.

(i) **WAIVER OF JURY TRIAL**. TO THE MAXIMUM EXTENT PERMITTED BY LAW, SELLER AND PURCHASER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR COUNTERCLAIM ARISING IN CONNECTION WITH, OUT OF OR OTHERWISE RELATING TO THIS AGREEMENT. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING OR THE EARLIER TERMINATION OF THIS AGREEMENT.

(j) **Multiple Counterparts**. This Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. To facilitate execution of this

Agreement, the parties may execute and exchange, by electronic mail transmission, counterparts of the signature pages to this Agreement.

(k) **Time is of the Essence**. Time is of the essence with respect to the performance of each action or obligation permitted or required under this Agreement.

(l) **Independent Consideration**. Notwithstanding any provision of this Agreement to the contrary, in any instance in which this Agreement is terminated or is deemed terminated at any time prior to the Closing other than as a result of a default by Seller, Purchaser shall deliver to Seller the amount of $100.00 as independent consideration for Seller' s performance hereunder.

Section 12. **Escrow Provisions**. An escrow for the purchase and sale of the Equity Interests has been established at the Title Company. This Agreement, together with such further instructions, if any, as the parties shall provide to the Title Company by written agreement, shall constitute the escrow instructions to the Title Company, including without limitation the standard printed general escrow instructions of Title Company which are incorporated herein by this reference, provided that to the extent of any inconsistency between the provisions contained herein and the provisions contained in such standard general escrow instructions, the provisions contained herein shall prevail.

Section 13. **State-Specific Provisions**.

(a) **Conflicts and Inconsistencies**. In the event of any conflicts or inconsistencies between the terms and provisions of this Section 13 and the terms and provisions of the remainder of this Agreement, the terms and provisions of this Section 13 shall govern and control.

(b) **Liquidated Damages**. The following provision is added to the end of Section 7:

THE AMOUNT OF LIQUIDATED DAMAGES IS REASONABLE CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING AS OF THE DATE OF THIS AGREEMENT, INCLUDING THAT ASCERTAINING THE AMOUNT OF SELLER' S ACTUAL DAMAGES WOULD BE EXTREMELY DIFFICULT, COSTLY AND INCONVENIENT. BY INITIALING THIS SECTION IMMEDIATELY BELOW, SELLER AND PURCHASER ACKNOWLEDGE THEIR APPROVAL OF THIS LIQUIDATED DAMAGES PROVISION.

RW	RW
Seller' s Initials	Purchaser' s Initials

(c) **Natural Hazard Disclosure Statement**. Purchaser and Seller acknowledge that Seller may be required to disclose if any Property lies within the following natural hazard areas or zones: (i) a special flood hazard area designated by the Federal Emergency

Management Agency (California Civil Code Section 1103(c)(1)); (ii) an area of potential flooding (California Government Code Section 8589.4); (iii) a very high fire hazard severity zone (California Government Code Section 51178 et seq.); (iv) a wild land area that may contain substantial forest fire risks and hazards (Public Resources Code Section 4135; (v) earthquake fault zone (Public Resources Code Section 2622); or (vi) a seismic hazard zone (Public Resources Code Section 2696) (sometimes all of the preceding are herein collectively called the "**Natural Hazard Matters**"). A written report has been prepared by the Title Company (or an affiliate thereof) or a third party (in its capacity as the preparer of such report, the "**Natural Hazard Expert**") regarding the results of its full examination of the maps and other information specifically made available to the public by government agencies for the purposes of enabling Seller to fulfill its disclosure obligations, if and to the extent such obligations exist, with respect to the natural hazards referred to in California Civil Code Section 1103 et seq. and to report the result of its examination to Purchaser and Seller in writing (the "**Natural Hazard Disclosure Statement**"). Purchaser acknowledges that it has received a copy of the Natural Hazard Disclosure Statement prior to the Effective Date and that such Natural Hazard Disclosure Statement fully and completely discharges Seller from its disclosure obligations referred to herein, if and to the extent any such obligations exist. Purchaser further acknowledges, for the purpose of this Agreement, the provisions of Civil Code Section 1103.4 regarding nonliability of Seller for errors or omissions not within its personal knowledge shall be deemed to apply and the Natural Hazard Expert shall be deemed to be an expert, dealing with matters within the scope of its expertise with respect to the examination and written report regarding the natural hazards referred to above.

(d) **Energy Use Disclosures**. Purchaser acknowledges and agrees that (i) it has received all disclosures and other documentation or information for the Property required under Section 25402.10 of the California Public Resources Code and its implementing regulations, (ii) Seller has not made and will not make any representations or warranties regarding such disclosures, documentation or information, (iii) such disclosure information is for the current occupancy and use of the Property, (iv) the energy profile of the Property will vary depending on any future occupancy and/or use of the Property, and (v) Seller makes no claims, representations or warranties regarding the future energy profile of the Property.

(e) **Proposition 13**. Purchaser acknowledges that the consummation of the Closing and/or any post-Closing improvements made to the Property located in the State of California may result in the real property taxes assessed against the Property located in the State of California being increased pursuant to Proposition 13, an amendment to the Constitution of the State of California enacted by the voters of the State of California on June 6, 1978. Any such increased real property tax assessments shall not be subject to proration at Closing (or re-proration after Closing), and shall be the sole responsibility of Purchaser (and/or the Applicable Entities) from and after the Closing Date. This Section 13(e) shall survive the Closing.

(f) **Waivers and Releases**. With respect to any waivers and releases set forth in this Agreement relating to unknown and unsuspected claims, Purchaser hereby acknowledges that such waivers and releases are being made after obtaining the advice of counsel and with the full knowledge and understanding that the consequences and effects of such waivers, and that such waivers are made with the full knowledge, understanding and agreement that California Civil Code

Section 1542 provides as follows, and that the protections afforded by said Code Section are hereby waived:

> “**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**”

The foregoing waiver shall be deemed to be restated and re-made as of, and shall survive, Closing.

RW
Purchaser’ s Initials

(g) **Radon Gas Notice**. In compliance with Section 404.056, Florida Statutes, Purchaser is hereby made aware of the following: **RADON GAS IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT.**

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SELLER

AVANATH AFFORDABLE HOUSING II, LLC,
a Delaware limited liability company
By: Avanath AH MM II, LLC, a Delaware limited liability company, its managing member

By: /s/ R. Wesley Wilson
Name: R. Wesley Wilson
Title: Chief Financial Officer

AVANATH II SMRS CO-INVESTMENT FUND, LLC, a Delaware limited liability company
By: Avanath II SMRS Co-Investment Fund MM, LLC, a Delaware limited liability company, its managing member

By: /s/ R. Wesley Wilson
Name: R. Wesley Wilson
Title: Chief Financial Officer

AVANATH AH II HOLDCO, INC., a Delaware corporation

By: /s/ R. Wesley Wilson
Name: R. Wesley Wilson
Title: Chief Financial Officer

AVANATH OAK VILLAGE GP, LLC, a Delaware limited liability company

By: Avanath AH II Holdco, Inc., a Delaware corporation, its sole member

By: /s/ R. Wesley Wilson
Name: R. Wesley Wilson
Title: Chief Financial Officer

AVANATH SEAPORT MM, LLC, a
Delaware limited liability company

By: Avanath Affordable Housing II, LLC, a Delaware limited liability company, its managing member
By: Avanath AH MM II, LLC, a Delaware limited liability company, its managing member

By: /s/ R. Wesley Wilson
Name: R. Wesley Wilson
Title: Chief Financial Officer

PURCHASER:

ASPIRE REAL ESTATE INVESTORS, L.P., a
Delaware limited partnership
By: Aspire Real Estate TRS, LLC, a Delaware limited liability company, its general partner
By: Aspire Real Estate Investors, Inc., a Maryland corporation, its sole member

By: /s/ R. Wesley Wilson
Name: R. Wesley Wilson
Title: Executive Vice President, Chief Financial Officer and Treasurer

TITLE COMPANY JOINDER

Title Company joins this Agreement to evidence its agreement to perform the duties and obligations of Title Company set forth herein and to acknowledge receipt of a fully-executed copy of this Agreement.

Dated: November ___ , 2020.

CHICAGO TITLE INSURANCE COMPANY

By: ____________________________
Name: ____________________________
Title: ____________________________

SCHEDULE 1

SELLERS AND SUBJECT ENTITIES

Seller(s)	Subject Entity	Ownership Percentage
Avanath Affordable Housing II, LLC	Avanath Woodside, LLC, a Delaware limited liability company	100%
Avanath Affordable Housing II, LLC, and Avanath II SMRS Co-Investment Fund, LLC	Avanath Geneva, LLC, a Delaware limited liability company	100%
Avanath AH II Holdco, Inc.	Avanath Cypress LP, LLC, a Delaware limited liability company	100%
Avanath AH II Holdco, Inc.	Avanath Cypress GP, LLC, a Delaware limited liability company	100%
Avanath AH II Holdco, Inc.	Avanath Oak Village LP, LLC, a Delaware limited liability company (the "**Oak Village LP Subject Entity**")	100%
Avanath Oak Village GP, LLC	Oak Village Preservation, LP, a Delaware limited partnership	1% Administrative General Partnership Interest (the "**Oak Village Economic GP Interest**")
Avanath Seaport MM, LLC	Avanath Seaport, LLC, a Delaware limited liability company	100%

EXHIBIT A
PROPERTY DESCRIPTION

EXHIBIT B

APPROVED TITLE INSURANCE DOCUMENTS

EXHIBIT C

ASSIGNMENT AND ASSUMPTION OF EQUITY INTERESTS

THIS ASSIGNMENT AND ASSUMPTION OF EQUITY INTERESTS (this "**Assignment**") dated as of ___________, 202_ (the "**Effective Date**"), is made between ________, a __________ ("**Assignor**"), and **ASPIRE REAL ESTATE INVESTORS, L.P.**, a Delaware limited partnership ("**Assignee**").

RECITALS:

A. Assignor owns the ownership percentage set forth on Exhibit A attached hereto of the issued and outstanding membership or partnership interests (as applicable, the "**Equity Interests**") of the limited liability companies and limited partnerships set forth on Exhibit A attached hereto (the "**Subject Entities**").

B. [***FOR WATERFORD AND OAK VILLAGE ASSIGNMENTS ONLY, ADD:*** The Subject Entities own the ownership percentages set forth on Exhibit B attached hereto of the issued and outstanding partnership interests of the limited partnerships set forth on Exhibit B attached hereto (the "**Subsidiaries**")].

C. Assignor, Assignee and the other Sellers (as defined in the Purchase Agreement) a party thereto entered into an Equity Purchase and Sale Agreement dated as of November ___, 2020 (as amended, assigned or otherwise modified, the "**Purchase Agreement**"), pursuant to which Assignee agreed to purchase the Equity Interests from Assignor on the terms and conditions contained therein.

D. Assignor desires to assign to Assignee, and Assignee desires to accept and assume from Assignor, all of Assignor' s right, title and interest in and to the Equity Interests on the terms and conditions below.

E. [***FOR ASSIGNMENTS OTHER THAN WATERFORD AND OAK VILLAGE*:** As a result of such assignment and assumption, Assignee will own, directly, all of the Equity Interests of the Subject Entities.]

[***FOR WATERFORD AND OAK VILLAGE ASSIGNMENTS ONLY*:** As a result of such assignment and assumption, Assignee will own, directly and/or indirectly, (1) all of the Equity Interests of the Subject Entities, and (2) all of the issued and outstanding partnership interests of the Subsidiaries] [***FOR OAK VILLAGE ASSIGNMENT ONLY, ADD:*** , other than, and expressly excluding, the Oak Village Non-Economic GP Interest (as defined in the Purchase Agreement)].

AGREEMENTS:

ACCORDINGLY, the parties hereby agree as follows:

1. **Assignment and Assumption of Equity Interests**. Assignor, without representation or warranty except as provided in the Purchase Agreement, hereby assigns to Assignee all of Assignor' s right, title, and interest in and to the Equity Interests, and Assignee

hereby accepts such assignment and assumes all of the obligations of the owner of the Equity Interests arising from and after the Effective Date.

2. **Effect of Assignment**. As a result of the assignments effected by this Assignment, as of the Effective Date, (a) Assignee shall be admitted as a member or partner (as applicable) of each Subject Entity, such admission shall hereby be deemed evidenced by this Assignment, and this Assignment shall be included in the books and records of each Subject Entity to reflect such admission, and (b) Assignor shall cease to be a member or partner (as applicable) of each Subject Entity (and shall cease to have or exercise any right or power as a member or partner, as applicable, of the Subject Entities) and cease to have any right, title or interest in or to the Equity Interests.

3. **Indemnification**. Assignee agrees to indemnify Assignor and hold Assignor harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorneys' fees and expenses) asserted against or incurred by Assignor by reason of or arising out of any failure by Assignee to perform the obligations assumed by Assignee hereunder. Assignor agrees to indemnify Assignee and hold Assignee harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorney' s fees and expenses) asserted against or incurred by Assignee by reason of or arising out of any failure by Assignor to perform the obligations of the owner of the Equity Interests, to the extent accruing prior to the date hereof. The indemnity obligations under this Section 3 shall survive for a period of six months after the date hereof.

4. **Binding Effect; Governing Law**. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment shall be governed and construed in accordance with the laws of the state of Delaware.

5. **Further Assurances**. Assignor shall promptly execute and deliver to Assignee any additional instrument or other document which Assignee reasonably requests to evidence or better effect the assignment contained herein.

6. **Counterparts**. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[Signature page follows]

Assignor and Assignee have executed this Assignment as of the Effective Date.

ASSIGNOR:

______________________________,
a ______________________________

By: ______________________
Name: ______________________
Title: ______________________

ASSIGNEE:

ASPIRE REAL ESTATE INVESTORS, L.P., a
Delaware limited partnership
By: Aspire Real Estate TRS, LLC, a Delaware limited liability company, its general partner
By: Aspire Real Estate Investors, Inc., a Maryland corporation, its sole member

By: ______________________
Name: R. Wesley Wilson
Title: Executive Vice President, Chief Financial Officer and Treasurer

Exhibit A − Subject Entities
[***FOR WATERFORD AND OAK VILLAGE ASSIGNMENTS ONLY:*** Exhibit B − Subsidiaries]

Exhibit 10.4

EQUITY INTERESTS PURCHASE AND SALE AGREEMENT

PURCHASER:

ASPIRE REAL ESTATE INVESTORS, L.P.
1920 Main Street, Suite 150
Irvine, California 92614
Attention: Wesley Wilson
Tel: (949) ###-####
Email: #######@avanath.com

With a copy to:

Vinson & Elkins L.L.P.
2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
Attention: Russell W. Oshman
Tel: (214) ###-####
Email: #######@velaw.com

SELLER:

AVANATH DEVELOPMENT, LLC
c/o Avanath Capital Management, LLC
1920 Main Street, Suite 150
Irvine, California 92614
Attention: Wesley Wilson
Tel: (949) ###-####
Email: #######@avanath.com

TITLE COMPANY:

CHICAGO TITLE INSURANCE COMPANY
711 Third Avenue
New York, New York 10017
Attention: Matthew Bliwise
Tel: (212) ###-####
Email: ####.#######@ctt.com

EFFECTIVE DATE: November 5, 2020.

CLOSING DATE: Unless otherwise mutually agreed to by Purchaser and Seller, the Closing Date shall occur on December 15, 2020.

PURCHASE PRICE: $150,000.00.

Section 1. **Sale and Purchase**. Seller agrees to sell, and Purchaser agrees to purchase, as provided in this Equity Interests Purchase and Sale Agreement (this "**Agreement**") and for the Purchase Price, Seller' s ownership percentage (as set forth on Schedule 1 attached hereto) of the issued and outstanding membership or partnership interests (as applicable, the "**Equity Interests**") of the limited liability companies and limited partnerships listed on Schedule 1 attached hereto (the "**Subject Entities**"). As part of the foregoing purchase and sale of the Equity Interests, Purchaser will acquire, indirectly:

(a) the applicable Subject Entity' s ownership percentage (as set forth on Schedule 1(a) attached hereto) of the issued and outstanding partnership interests of the limited partnerships listed on Schedule 1(a) attached hereto (the "**Subsidiaries**" and, together with the Subject Entities, the "**Applicable Entities**"). Notwithstanding anything in this Agreement to the contrary, the Woodside Subsidiary (as defined on Schedule 1(a) attached hereto) shall be deemed to be a Subject Entity solely for purposes of obligating Purchaser to acquire, and Seller to sell, the Woodside GP Equity Interest (as defined on Schedule 1 attached hereto); for all other purposes under this Agreement, the Woodside Subsidiary shall be deemed to be a Subsidiary of the Woodside LP Entity (as defined on Schedule 1 attached hereto);

(b) all of the Real Property Owners' (defined below) right, title and interest in and to the following property (collectively, the "**Owned Property**"):

(i) the tracts or parcels of land owned by the Real Property Owners and located at the addresses listed in Schedule 1(b)(i) hereto (the property located at each address listed on such Schedule 1(b)(i) is referred to in this Agreement as an "**Owned Individual Site**"), and described in Exhibit A hereto, together with all rights and interests appurtenant thereto, including with respect to adjacent streets, alleys, rights-of-way, and any adjacent strips and gores of real estate (the "**Owned Land**"); all improvements located on the Owned Land (the "**Owned Improvements**"); and all rights, titles, and interests appurtenant to the Owned Land and Owned Improvements;

(ii) all tangible personal property and fixtures of any kind owned by the Real Property Owners and attached to or used in connection with the Owned Land or Owned Improvements (the "**Personalty**");

(iii) all of the Real Property Owners' right, title and interest in and to: all unexpired leases, franchises, licenses, occupancy agreements or other agreements demising space in, providing for the use or occupancy of, or otherwise similarly affecting or relating to, the Owned Land and/or the Owned Improvements (each, a "**Lease**" and, collectively, the "**Leases**"), other than, and specifically excluding, any License Agreement (defined below); all rents under the Leases prepaid for any period subsequent to the Closing Date; and all deposits, security or otherwise ("**Lease Deposits**"), made by tenants under the Leases (each, a "**Tenant**" and, collectively, the "**Tenants**") and held by the applicable Real Property Owner (as landlord) under the Leases;

(iv) all of the Real Property Owners' right, title and interest in and to: all unexpired licenses, leases or other agreements for rooftop space or equipment, telecommunications equipment, cable access, laundry machines, vending machines, computers, copiers, scanners, printers, fax machines, or other equipment or facilities that are located on, at or within the Owned Land (each, a "**License Agreement**" and, collectively, the "**License Agreement**"); all rents, fees or other payments under the License Agreement prepaid for any period subsequent to the Closing Date; and all deposits, security or otherwise ("**License Deposits**"), made by licensees under the License Agreements (each, a "**Licensee**" and, collectively, the "**Licensees**") and held by the applicable Real Property Owner (as licensor) under the License Agreements; and

(v) all of the following items, to the extent used in connection with the Owned Land, Owned Improvements, Owned Personalty, Leases, Lease Deposits, License Agreements or License Deposits (collectively, the "**Owned Assignment Property**"): (A) contracts or agreements, such as maintenance, service, or utility contracts (the "**Owned Property Agreements**"), other than, and expressly excluding, any property management contracts or agreements (the "**Excluded Owned Property Agreements**"), which shall be terminated by the Real Property Owners, at their sole cost and expense, at or prior to Closing, (B) warranties, guaranties, indemnities, and claims, (C) licenses, permits, or similar documents, (D) plans, drawings, specifications, surveys, engineering reports, and other technical information, (E) insurance policies and (F) any intangible personal property owned or held by any Real Property Owner; and

(c) all of the Real Property Owners' right, title and interest in and to the purchase and sale agreements listed on Schedule 1(c) attached hereto (the "**Purchase Agreements**"), together with all of the Real Property Owners' right, title and interest under the Purchase Agreements to acquire the following property (the "**Acquisition Property**" and, together with the Purchase Agreements and the Owned Property, the "**Property**"):

(i) the tracts or parcels of land to be acquired by the Real Property Owners and located at the addresses listed in Schedule 1(c)(i) hereto (the property located at each address listed on such Schedule 1(c)(i) is referred to in this Agreement as an "**Acquisition Individual Site**" and, together with the Owned Individual Sites, each individually an "**Individual Site**" and, collectively, the "**Individual Sites**"), and described in Exhibit B hereto, together with all rights and interests appurtenant thereto, including with respect to adjacent streets, alleys, rights-of-way, and any adjacent strips and gores of real estate (the "**Acquisition Land**" and, together with the Owned Land, the "**Land**"); all improvements located on the Acquisition Land (the "**Acquisition Improvements**" and, together with the Owned Improvements, the "**Improvements**"); and all rights, titles, and interests appurtenant to the Acquisition Land and Acquisition Improvements;

(ii) all tangible personal property and fixtures of any kind to be acquired by the Real Property Owners and attached to or used in connection with the Acquisition Land or Acquisition Improvements (the "**Acquisition Personalty**" and, together with the Owned Personalty, the "**Personalty**");

(iii) all of the following items to be acquired by the Real Property Owners, to the extent used in connection with the Acquisition Land, Acquisition Improvements or Acquisition Personalty (collectively, the "**Acquisition Assignment**

Property” and, together with the Owned Assignment Property, the “**Assignment Property**”): (A) contracts or agreements, such as maintenance, service, or utility contracts (the “**Acquisition Property Agreements**” and, together with the Owned Property Agreements, the “**Property Agreements**”), other than, and expressly excluding, any property management contracts or agreements (the “**Excluded Acquisition Property Agreements**” and, together with the Excluded Owned Property Agreements, the “**Excluded Property Agreements**”), which shall be terminated by the Real Property Owners, at their sole cost and expense, at or prior to Closing, (B) warranties, guaranties, indemnities, and claims, (C) licenses, permits, or similar documents, (D) plans, drawings, specifications, surveys, engineering reports, and other technical information, (E) insurance policies and (F) any intangible personal property owned or held by any Real Property Owner.

As used herein, the term “**Real Property Owner**” shall mean any Applicable Entity that owns, or has the right (pursuant to a Purchase Agreement) to acquire, the Land and Improvements (or any portion thereof), and “**Real Property Owners**” shall mean, collectively, all Applicable Entities that own or have the right (pursuant to a Purchase Agreement) to acquire the Land and Improvements (or any portion thereof)

Section 2. **Tax Treatment**. For U.S. federal income tax purposes (a) to the extent that a Subject Entity is a disregarded entity for U.S. federal income tax purposes, the purchase of all of the issued and outstanding Equity Interests in such Subject Entity shall be treated as a purchase of the Property owned or otherwise held by such Subject Entity, and (b) to the extent that a Subject Entity is a partnership for U.S. federal income tax purposes, the purchase of all of the issued and outstanding Equity Interests in such Subject Entity shall be treated as a purchase of the Property owned or otherwise held by such Subject Entity for U.S. federal income tax purposes under Revenue Ruling 99-6, Situation 2.

Section 3. **Due Diligence Materials**. Prior to the Effective Date, Seller has delivered or caused to be delivered to Purchaser all items set forth on Schedule 3 attached hereto (collectively, the “**Due Diligence Materials**”). Purchaser acknowledges that it has reviewed the Due Diligence Materials prior to the Effective Date, and, by its execution hereof, Purchaser waives any right it may have to terminate this Agreement as a result of matters disclosed by such Due Diligence Materials, other than with respect to Non-Permitted Encumbrances (defined below) to the extent expressly set forth in Schedule 4(a) below.

Section 4. **Title and Survey Matters**.

(a) Prior to the Effective Date, Purchaser has reviewed existing title work and surveys with respect to the Property, and Purchaser has approved the commitments for title insurance, proforma owner' s policies of title insurance and owner' s policies of title insurance attached hereto as Exhibit C (the “**Approved Title Insurance Documents**”). As between Purchaser or Seller on one hand, and the third party sellers under the applicable Purchase Agreements on the other hand, nothing herein shall constitute waiver of any rights thereunder or approval of any title matters for the Acquisition Property. All exceptions and other title matters set forth in the Approved Title Insurance Documents are referred to herein as “**Permitted**

Encumbrances"; all other exceptions or title matters that are not set forth in the Approved Title Insurance Documents are referred to herein as "**Non-Permitted Encumbrances**". If Seller does not cause all of the Non-Permitted Encumbrances to be removed, cured or insured around on or prior to the Closing Date, then Purchaser may elect to exercise any of the following remedies: (i) partially terminate this Agreement solely with respect to the Individual Site(s) encumbered or affected by the applicable Non-Permitted Encumbrances, if, but only if, such partial termination would not result in a failure of the OZ Qualification Condition (as defined in Section 5(b)(ii) below), in which event Purchaser and Seller shall proceed to Closing with respect to the remainder of the Property (subject to Section 5), except that the Purchase Price will be reduced by the portion thereof that is allocated to the terminated Individual Site(s) as set forth on Schedule 1(b)(i) or 1(c)(i) hereto (as applicable), (ii) terminate this Agreement in its entirety, in which event neither party shall have any further rights or obligations under this Agreement except for those which expressly survive termination, or (iii) proceed to Closing on the entirety of the Property, in which event the Non-Permitted Encumbrances shall be Permitted Encumbrances.

(b) Prior to the Effective Date, Purchaser has requested that Seller obtain the estoppel certificates listed on Schedule 4(b) attached hereto ("**Association Estoppels**") from certain owners' associations, architectural control or review committees, declarants or other similar persons or entities under any restrictive covenants encumbering the Property. To the extent Seller has not requested such Association Estoppels from the applicable persons or entities prior to the Effective Date, Purchaser shall make such requests promptly after the Effective Date and thereafter use commercially reasonable efforts to cause the applicable persons or entities to execute the same. Upon execution thereof (if executed), Seller shall promptly forward any Association Estoppels to Purchaser. Notwithstanding the foregoing, the failure of Seller to obtain any such Association Estoppels shall not be a breach, default or a failure of a closing condition hereunder.

(c) Prior to the Effective Date, Purchaser has conducted such investigations, studies and tests with respect to the Property as Purchaser deemed necessary or appropriate. By its execution hereof, Purchaser waives any right it may have to terminate this Agreement as a result of matters disclosed by any such investigations, studies and tests, other than with respect to Non-Permitted Encumbrances to the extent expressly set forth in Section 4(a) above.

(d) As Is Condition.

(i) **EXCEPT TO THE EXTENT OF THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE DOCUMENTS TO BE EXECUTED AND DELIVERED BY OR ON BEHALF OF SELLER AT CLOSING (THE "CLOSING DOCUMENTS"), PURCHASER SHALL ACCEPT THE PROPERTY AT THE CLOSING IN AN "AS-IS, WHERE-IS" CONDITION, WITH ALL DEFECTS, FAULTS AND LIABILITIES, KNOWN OR UNKNOWN, DISCLOSED OR UNDISCLOSED, SOLELY IN RELIANCE ON PURCHASER' S OWN INVESTIGATION, ANALYSIS AND INSPECTION OF THE PROPERTY, WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, OF ANY KIND WHATSOEVER, BY SELLER, ITS PARTNERS, SHAREHOLDERS, ATTORNEYS, AFFILIATES, AGENTS,**

BROKERS, CONSULTANTS, COUNSEL, EMPLOYEES, OFFICERS, DIRECTORS, MEMBERS, MANAGERS, OR TRUSTEES OR ANY OTHER SELLER PARTY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PURCHASER ACKNOWLEDGES THAT, EXCEPT FOR THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY OF THE CLOSING DOCUMENTS, SELLER EXPRESSLY DISCLAIMS AND NEGATES ANY LIABILITY AND ANY IMPLIED OR EXPRESS WARRANTY WITH RESPECT TO THE CONDITION OF THE PROPERTY, ITS SUITABILITY FOR PURCHASER' S OR THE REAL PROPERTY OWNERS' INTENDED USE, ITS COMPLIANCE WITH ANY ZONING OR OTHER RULES, REGULATIONS, LAWS OR STATUTES APPLICABLE TO THE PROPERTY, OR ANY OTHER MATTER OR THING RELATING TO THE PROPERTY, INCLUDING, WITHOUT LIMITATION: (A) THE EXISTENCE, RELEASE OR ABSENCE OF HAZARDOUS MATERIALS (DEFINED BELOW) UPON OR UNDER THE PROPERTY OR ANY PORTION THEREOF OR IN THE VICINITY THEREOF; (B) GEOLOGICAL CONDITIONS, INCLUDING WITHOUT LIMITATION, SUBSIDENCE, SUBSURFACE CONDITIONS, GROUND WATER, WATER TABLE, UNDERGROUND WATER RESERVOIRS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER AND FAULTING; (C) WHETHER OR NOT AND TO THE EXTENT TO WHICH THE PROPERTY OR ANY PORTION THEREOF IS AFFECTED BY ANY STREAM (SURFACE OR UNDERGROUND), BODY OF WATER, FLOOD PRONE AREA, FLOOD PLAIN, FLOODWAY, SPECIAL FLOOD HAZARD OR NATURAL HAZARD AREA; (D) DRAINAGE; (E) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, PAST SOIL REPAIRS, SOIL ADDITIONS OR CONDITIONS OF SOIL FILL, OR SUSCEPTIBILITY TO LANDSLIDES, OR THE SUFFICIENCY OF ANY UNDERSHORING; (F) USAGES OF ADJOINING PROPERTIES; (G) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, SQUARE FOOTAGE, DESCRIPTION, DURABILITY, STRUCTURAL INTEGRITY, INFRASTRUCTURE, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTY OR ANY PART THEREOF INCLUDING, WITHOUT LIMITATION, WHETHER OR NOT THE PROPERTY COMPLIES WITH APPLICABLE PAST, PRESENT, AND FUTURE LAWS, RULES, AND REGULATIONS, INCLUDING WITHOUT LIMITATION, BUILDING CODES, LAND USE LAWS, ENVIRONMENTAL LAWS, MATTERS DISCLOSED BY ANY ENVIRONMENTAL REPORTS INCLUDED IN ANY PROPERTY DOCUMENTS PROVIDED BY SELLER OR OBTAINED BY PURCHASER, AND THE REQUIREMENTS OF TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990,42 U.S.C. §§ 12181-12183,12186(B) - 12189 AND RELATED REGULATIONS; (H) DEVELOPMENT RIGHTS AND EXTRACTIONS; (I)WATER OR WATER RIGHTS; (J) THE DEVELOPMENT POTENTIAL FOR THE PROPERTY; (K) THE ABILITY OF PURCHASER OR THE REAL

PROPERTY OWNERS TO REZONE THE PROPERTY OR CHANGE THE USE OF THE PROPERTY; (L) THE ABILITY OF PURCHASER OR THE REAL PROPERTY OWNERS TO ACQUIRE ADJACENT PROPERTIES; (M) THE EXISTENCE AND POSSIBLE LOCATION OF ANY UNDERGROUND STRUCTURES AND EQUIPMENT, INCLUDING WITHOUT LIMITATION, UTILITIES OR UNDERGROUND STORAGE TANKS, CLARIFIERS, AND SEPTIC SYSTEMS; (N) THE EXISTENCE AND POSSIBLE LOCATION OF ANY ENCROACHMENTS; (O) THE STATUS OF ANY LIFE-SAFETY SYSTEMS IN THE IMPROVEMENTS; (P) THE CHARACTER OF THE NEIGHBORHOOD IN WHICH THE PROPERTY IS SITUATED; (Q) ANY LATENT OR PATENT DEFECTS WITH RESPECT TO THE PROPERTY; (R) THE WATER-CONSERVING NATURE (OR LACK THEREOF) OF PLUMBING FIXTURES AT THE PROPERTY; (S) CAPACITY OF THE PROPERTY TO WITHSTAND EARTHQUAKES, FIRES, FLOODS OR OTHER NATURAL DISASTERS; (T) INFORMATION ABOUT THE PRESENCE OR ABSENCE OF REGISTERED SEX OFFENDERS AT OR NEARBY THE PROPERTY; (U) WHETHER MURDER OR OTHER CRIME HAS BEEN COMMITTED IN ANY PART OF THE PROPERTY; (V) THE PRESENCE OR ABSENCE OF LEAD-BASED PAINT; (W) COMPLIANCE WITH APPLICABLE LAW REGARDING CARBON MONOXIDE DEVICES, GARAGE DOOR OPENERS, OR CHILD-RESISTANT POOL BARRIERS; (X) THE LOCATION OF GAS OR LIQUID TRANSMISSION PIPELINES RELATIVE TO THE PROPERTY WITH RESPECT TO NATURAL GAS, PETROLEUM PRODUCTS OR HAZARDOUS MATERIALS; (Y) PEST CONTROL; AND/OR (Z) THE MERCHANTABILITY OF THE PROPERTY OR FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE OR ARISING FROM A COURSE OF DEALING OR USE OF TRADE.

(ii) **EXCEPT FOR THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR THE CLOSING DOCUMENTS, BY CONSUMMATING THE CLOSING PURCHASER, THE APPLICABLE ENTITIES, THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND ANY OTHER PERSON OR ENTITY CLAIMING OR DERIVING RIGHTS BY, THROUGH OR UNDER PURCHASER, THE APPLICABLE ENTITIES OR ANY OF PURCHASER' S OR THE APPLICABLE ENTITIES' SUCCESSORS OR ASSIGNS (COLLECTIVELY, THE "PURCHASER PARTIES") SHALL BE DEEMED TO HAVE RELEASED AND WAIVED, AND SHALL RELEASE AND WAIVE, ANY AND ALL CLAIMS WHICH PURCHASER, THE APPLICABLE ENTITIES OR ANY OF THE PURCHASER PARTIES HAS OR MAY HAVE AGAINST SELLER, SELLER' S SUCCESSORS AND ASSIGNS, AND ANY OTHER PERSON OR ENTITY CLAIMING OR DERIVING RIGHTS BY, THROUGH OR UNDER SELLER OR ANY OF SELLER' S SUCCESSORS OR ASSIGNS (COLLECTIVELY, THE "SELLER PARTIES") AT LAW OR IN EQUITY, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, WITH RESPECT TO THE MATTERS DESCRIBED IN THIS SECTION 4(d)(ii). PURCHASER ACKNOWLEDGES AND AGREES THAT: (A) PURCHASER IS AN**

EXPERIENCED AND SOPHISTICATED OWNER OF REAL PROPERTY; (B) PURCHASER HAS EXPRESSLY NEGOTIATED THE LIMITATIONS OF LIABILITY CONTAINED IN THIS SECTION; (C) THE LIMITATIONS CONTAINED IN THIS SECTION ARE REASONABLE; AND (D) SELLER HAS AGREED TO ENTER INTO THIS AGREEMENT IN CONSIDERATION FOR AND IN RELIANCE UPON THE FOREGOING LIMITATIONS OF LIABILITY, AND THAT THE CONSIDERATION UNDER THIS AGREEMENT IS BASED IN PART ON SAID LIMITATIONS OF LIABILITY. THE PROVISIONS OF THIS SECTION SHALL APPLY TO ANY CLAIM, LOSS OR DAMAGE, IRRESPECTIVE OF ITS CAUSE OR ORIGIN, AND REGARDLESS OF WHETHER IT IS BASED ON STRICT LIABILITY OR RESULTS FROM THE PASSIVE OR ACTIVE NEGLIGENCE OR INTENTIONAL CONDUCT OF SELLER. BY CONSUMMATING THE CLOSING, PURCHASER SHALL BE DEEMED TO ASSUME, AND SHALL ASSUME, THE RESPONSIBILITY AND RISKS OF ALL DEFECTS AND CONDITIONS, INCLUDING SUCH DEFECTS AND CONDITIONS, IF ANY, THAT CANNOT BE OBSERVED BY CASUAL INSPECTION. IN CONNECTION WITH THE FOREGOING, PURCHASER ACKNOWLEDGES THAT IT IS AWARE THAT IT OR ITS ATTORNEYS, ACCOUNTANTS OR OTHER CONSULTANTS, AGENTS OR REPRESENTATIVES MAY HEREAFTER DISCOVER FACTS IN ADDITION TO OR DIFFERENT FROM THOSE WHICH IT NOW KNOWS OR BELIEVES TO EXIST WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, BUT THAT BY CONSUMMATING THE CLOSING IT WILL BE DEEMED TO BE PURCHASER' S INTENTION, AND SHALL BE PURCHASER' S INTENTION, TO FULLY, FINALLY, AND FOREVER SETTLE AND RELEASE ALL OF THE CLAIMS, DISPUTES, AND DIFFERENCES, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, WHICH NOW EXIST OR MAY EXIST HEREAFTER BETWEEN PURCHASER AND THE SELLER PARTIES WITH REGARD TO THE PROPERTY AND/OR THE APPLICABLE ENTITIES (EXCEPT WITH RESPECT TO THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR THE CLOSING DOCUMENTS). THIS AGREEMENT SHALL BE AND REMAIN IN EFFECT AS A FULL AND COMPLETE RELEASE NOTWITHSTANDING THE DISCOVERY OR EXISTENCE OF ANY SUCH ADDITIONAL OR DIFFERENT FACTS.

(iii) **WITH RESPECT TO THE RELEASE SET FORTH HEREIN, PURCHASER HEREBY ACKNOWLEDGES THAT SUCH WAIVER AND RELEASE IS MADE WITH THE ADVICE OF COUNSEL AND WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE CONSEQUENCES AND EFFECTS OF SUCH WAIVER.**

(iv) **FOR PURPOSES OF THIS AGREEMENT, THE TERM "HAZARDOUS MATERIALS" SHALL MEAN ANY HAZARDOUS, TOXIC OR CONTAMINATED SUBSTANCE, MATERIAL, POLLUTANT, SEWAGE, WASTE, OR ANY OTHER MATTER, WHICH IS OR BECOMES DEFINED BY,**

REGULATED BY OR SUBJECT TO ANY ENVIRONMENTAL LAWS, INCLUDING, WITHOUT LIMITATION, (A) SUBSTANCES DEFINED AS "HAZARDOUS SUBSTANCES", "HAZARDOUS WASTES", "UNIVERSAL WASTES", MEDICAL WASTES", "EXTREMELY HAZARDOUS WASTE", "ACUTELY HAZARDOUS WASTE", "MEDICAL WASTE," "HAZARDOUS MATERIALS" OR "TOXIC SUBSTANCES", (B) ANY PETROLEUM OR PETROLEUM DERIVED PRODUCT, SUBSTANCE OR WASTE, INCLUDING CRUDE OIL OR ANY FRACTION OR ADDITIVES THEREOF, (C) ANY ASBESTOS OR ASBESTOS-CONTAINING MATERIAL, (D) PCBS OR PCB-CONTAINING MATERIALS OR FLUIDS, (E) ANY OTHER SUBSTANCE WITH RESPECT TO WHICH ANY GOVERNMENTAL AUTHORITY MAY REQUIRE ENVIRONMENTAL INVESTIGATION OR REMEDIATION, (F) MOLD, INCLUDING WITHOUT LIMITATION FUNGI, MICROBES, YEAST, MOLD, MILDEW, MUSHROOMS AND PUFFBALLS, (G) METHANE, NATURAL GAS, NATURAL GAS LIQUIDS, LIQUEFIED NATURAL GAS OR SYNTHETIC GAS (INCLUDING USABLE FOR FUEL OR MIXTURES OF NATURAL GAS OR SUCH SYNTHETIC GAS), (H) FORMALDEHYDE, AND (I) ANY RADIOACTIVE MATERIAL OR SUBSTANCE, INCLUDING WITHOUT LIMITATION RADON AND RADIONUCLIDES. THE TERM "ENVIRONMENTAL LAWS" SHALL MEAN ANY FEDERAL, STATE OR LOCAL STATUTES, LAWS, REGULATIONS AND PUBLICATIONS PROMULGATED PURSUANT TO THE AFORESAID LAWS AND REGULATIONS, OR ORDERS PERTAINING TO THE PROTECTION OF HUMAN HEALTH AND SAFETY, THE ENVIRONMENT AND NATURAL RESOURCES, INCLUDING WITHOUT LIMITATION THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT (42 U.S.C. § 9601, ET SEQ.)), THE RESOURCES CONSERVATION AND RECOVERY ACT OF 1976, AS AMENDED (42 U.S. 6901 ET SEQ.) THE CLEAN AIR ACT, AS AMENDED (42 U.S.C. §7401 ET SEQ.; THE FEDERAL WATER POLLUTION CONTROL ACT, AS AMENDED 33 U.S.C. §1251 ET SEQ.); THE SAFE DRINKING WATER ACT, AS AMENDED 42 U.S.C. §300F ET SEQ.); THE OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970, AS AMENDED (29 U.S.C. § 651 ET SEQ.); THE EMERGENCY PLANNING AND COMMUNITY RIGHT-TO-KNOW ACT, AS AMENDED (42 U.S.C. §11001 ET SEQ.), THE TOXIC SUBSTANCES CONTROL ACT, AS AMENDED (15 U.S.C. §2601 ET SEQ)., THE FEDERAL INSECTICIDE AND RODENTICIDE ACT, AS AMENDED (7 U.S.C. §136 ET SEQ.), HAZARDOUS MATERIALS TRANSPORTATION UNIFORM SAFETY ACT, AS AMENDED (49 U.S.C. § 5101 ET SEQ.), AND/OR THE HAZARDOUS MATERIALS TRANSPORTATION ACT (49 USC SECTION 1801, ET SEQ.).

(v) **THE PROVISIONS OF THIS SECTION 4(d) ARE A MATERIAL PART OF THE CONSIDERATION FOR SELLER' S ENTERING INTO THIS AGREEMENT, AND SHALL SURVIVE CLOSING.**

Section 5. **Closing**. The closing of the sale of the Equity Interests (the "**Closing**") shall occur at or before 12:00 p.m. Pacific Standard Time on the Closing Date through an escrow with the Title Company.

(a) **General Closing Conditions**. Without limiting any other conditions set forth in this Agreement, the obligations of each of Seller and Purchaser to consummate the Closing are conditioned upon the following: (i) the other party' s representations and warranties set forth in this Agreement shall be true and correct in all material respects as of the Effective Date and as of the Closing Date, (ii) on or prior to the Closing Date, the other party shall have tendered all deliveries required to be tendered by such party at Closing, and (iii) any and all consents that are required to be obtained from, or notices required to be delivered to, any applicable federal, state or local agency or governmental or quasi-governmental instrumentality (the "**Regulatory Agencies**") with respect to the transactions contemplated hereunder (the "**Regulatory Approvals**") shall have been received and approved by Seller and Purchaser, each in their good faith, reasonable discretion, (with respect to consents), or delivered to the applicable Regulatory Agencies (with respect to notices). All costs and expenses of pursuing and obtaining the Regulatory Approvals shall be borne by Purchaser.

(b) **Additional Conditions to Purchaser' s Obligations to Close**. Without limiting any other conditions set forth in this Agreement, the obligations of Purchaser to consummate the Closing are conditioned upon the following: (i) the Title Company being unconditionally committed to issue one or more ALTA extended coverage owner policy or policies of title insurance for the Owned Property to the Real Property Owners in the aggregate amount of the Purchase Price, subject only to the Permitted Encumbrances (whether one or more, the "**Owner Policy**"), and (ii) immediately after Closing, and taking into account all Property being acquired (directly or indirectly) by Purchaser pursuant to this Agreement and all other property being acquired (directly or indirectly) being acquired by Purchaser pursuant to those certain Equity Interest Purchase and Sale Agreements listed on Schedule 5(b) attached hereto, Purchaser shall own, directly or indirectly, sufficient "qualified opportunity zone business property" within the meaning of Section 1400Z-2(d)(2)(D) of the Internal Revenue Code of 1986, as amended (the "**Code**") to qualify as a "qualified opportunity fund" within the meaning of Section 1400Z-2(d)(1) of the Code for U.S. federal income tax purposes, as determined in the sole discretion of Purchaser (the "**OZ Qualification Condition**").

(c) **Failure of a Closing Condition**. So long as a party is not in default (beyond any applicable notice and cure period) under this Agreement, the failure of any condition to such party' s obligation to consummate the Closing on or prior to the Closing Date (or such earlier date as may be expressly set forth in this Agreement) shall result in this Agreement being immediately terminable by such party upon delivery of written notice to the other party on or before the Closing Date (or such earlier termination deadline as may be expressly set forth in this Agreement). Alternatively, the applicable party may elect to waive the failure of the applicable Closing condition or conditions, in which event the parties shall proceed to Closing without modification of the Purchase Price and otherwise pursuant to the terms of this Agreement. Upon proper termination of this Agreement under this Section 5(c), neither party shall thereafter have any rights or obligations under this Agreement except for those which survive termination. This Section 5(c) shall survive Closing or the termination of this Agreement.

(d) **Deliveries**. At Closing: (i) Seller shall deliver to Purchaser, duly executed and sworn as applicable (A) an Assignment and Assumption of Equity Interests with respect to each Subject Entity in the form of **Error! Reference source not found.** hereto (the "**Assignment**"); (B) a certificate of non-foreign status in the form prescribed by Treasury Regulations Section 1.1445-2(b)(2); (C) a current rent roll for the Property, certified by Seller as being true, correct and complete as of the Closing Date; (D) a current schedule of License Agreements for the Property, certified by Seller as being true, correct and complete as of the Closing Date; (E) the Seller' s Statement (defined below); (F) such affidavits, filings, conveyance or transfer tax forms or returns as may be required by applicable law and/or the Title Company to be delivered or executed by Seller or any Applicable Entity at Closing; and (G) such organizational, authority, or other documents or evidence as the Title Company may require from Seller or any Applicable Entity to consummate the Closing and issue the Owner Policy, including, without limitation, an affidavit of debts, liens and possession and a gap indemnity, in form reasonably approved by Seller; and (ii) Purchaser shall deliver to Seller, duly executed and sworn as applicable (A) the Purchase Price, as adjusted for prorations and other applicable matters pursuant to this Agreement; (B) two counterparts of the Assignment; (C) the Tenant/Licensee Notice; (D) the Purchaser' s Statement (defined below); (1) such affidavits, filings, conveyance or transfer tax forms or returns as may be required by applicable law and/or the Title Company to be delivered or executed by Purchaser at Closing; and (E) such organizational, authority, or other documents or evidence as the Title Company may require from Purchaser to consummate the Closing and issue the Owner Policy.

(e) **Closing Costs**. Closing costs shall be allocated between Purchaser and Seller as set forth on Schedule 5(e) attached hereto. Any closing costs not specifically allocated on Schedule 5(e) or elsewhere in this Agreement shall be allocated to the party to whom such costs are customarily allocated in commercial sales in the state and county in which the Land and Improvements are located.

(f) **Prorations Generally**. Seller and Purchaser agree to adjust, as of 11:59 p.m. on the day immediately preceding the Closing Date, all items of income and expense attributable to the Owned Property (collectively, the "**Proration Items**"). Without limiting the generality of the foregoing, the Proration Items shall include real estate and personal property taxes and assessments (subject to the terms of Section 5(h) below), utility bills (except as hereinafter provided), collected Rents and License Fees (subject to the terms of Section 5(g) below), and insurance premiums. Seller will be charged and credited for the amount of all of the Proration Items relating to the period prior to the Closing Date, and Purchaser will be charged and credited for all of the Proration Items relating to the period from and after the Closing Date. The preliminary estimated closing prorations shall be set forth on preliminary seller' s and purchaser' s closing statements to be prepared by the Title Company and submitted to Seller and Purchaser (as applicable) for approval prior to the Closing Date. The preliminary seller' s closing statement, when approved by Seller (the "**Seller' s Statement**") shall be signed by Seller and delivered to the Title Company at or prior to Closing; the preliminary purchaser' s closing statement, when approved by Purchaser (the "**Purchaser' s Statement**" and, together with the Seller' s Statement, the "**Closing Statements**") shall be signed by Purchaser and delivered to the Title Company at or prior to Closing. The preliminary proration adjustment (which shall be subject to the final cash settlement provided for below) shall be made in accordance with the Closing Statements. The preliminary proration shall be paid at Closing by Purchaser to Seller (if the preliminary prorations result in a net credit to Seller) or by Seller to Purchaser (if the preliminary prorations result in a net credit to Purchaser) by increasing or reducing the cash to be delivered by Purchaser in payment of the Purchase Price at the Closing. Unless otherwise set forth in this Section 5 with respect to any particular Proration Item, if the actual amounts of the Proration Items are not known as of the Closing Date, the prorations will be made at Closing on the basis of the best evidence then available; thereafter, when actual figures are received, re-prorations will be made on the basis of the actual figures, and a final cash settlement will be made between Seller and Purchaser on or prior to the date that is 180 days after the Closing Date. Prorations will be made in relation to insurance premiums paid or payable under any insurance policies being assigned to, or retained by, Purchaser or any Applicable Entity at Closing. Final readings and final billings for utilities will be made if possible as of 11:59 p.m. on the date immediately preceding the Closing Date, in which event no proration will be made at Closing with respect to such utility bills. Seller will be entitled to a credit for any and all deposits presently in effect with the utility providers. The provisions of this Section 5(f) will survive the Closing Date for 180 days. "**Rents**" shall mean and include any and all amounts paid or payable by Tenants under the Leases, including, without limitation, fixed monthly rentals, additional rentals, percentage rentals, escalation rentals (which include Tenant' s proportionate share of building operation and maintenance costs and expenses as provided for under the Lease, to the extent the same exceeds any expense stop specified in the Lease), retroactive rentals, all administrative charges, utility charges, tenant or real property association dues, storage rentals, special event proceeds, temporary rents, locker rentals, and other sums and charges payable by Tenants under the Leases or from other occupants or users of the Owned Property, other than, and specifically excluding, any License Fees. "**License Fees**" shall mean and include any and all amounts paid or payable by Licensees under the License Agreements, including, without limitation, fixed monthly license fees, additional license fees, percentage license fees, retroactive license fees, all administrative charges, utility charges, real property association dues, storage rentals and fees, special event proceeds, temporary license fees, telephone receipts, locker rentals, receipts from vending machines, laundry equipment, computer hardware and other equipment or facilities, and other sums and charges payable by Licensees under the License Agreements or from other occupants or users of the Owned Property, other than, and specifically excluding, any Rents.

(g) **Proration of Rents and License Fees**. Purchaser will receive a credit on the Purchaser' s Statement for the prorated amount (as of 11:59 p.m. of the day immediately preceding the Closing Date) of all Rents and License Fees previously paid to or collected by the Real Property Owners and attributable to the Closing Date or any period thereafter. Rents and/or License Fees are "**Delinquent**" if they were due prior to the Closing Date, and payment thereof has not been received on or before the Closing Date. Delinquent Rents and/or Delinquent License Fees will not be prorated. Purchaser shall use commercially reasonable efforts to collect, or to cause the Real Property Owners to collect, any Delinquent Rents and Delinquent License Fees after Closing and, in the event that Purchaser or any Real Property Owner receives any Rents and/or License Fees in excess of the Rent or License Fee amount then due and payable to Purchaser or any Real Property Owner by the applicable Tenant or Licensee, Purchaser shall (i) first, retain such excess and apply the same to the payment of any unpaid Rent or License Fee that is due and payable by the applicable Tenant or Licensee and that is attributable to the period from and after Closing, and (ii) then, pay over any remaining excess to Seller for application to the payment of any unpaid Rent or License Fee that is due and payable by the applicable Tenant or Licensee and that is attributable to the period prior to Closing. The provisions of this Section 5(g) will survive Closing.

(h) **Reconciliation of Estimated Operating Expenses**. Certain utilities and/or other operating expenses (referred to herein as "**Estimated Operating Expenses**") attributable to the period commencing on January 1, 2020 and ending at 11:59 p.m. on the day immediately preceding the Closing Date (the "**Reconciliation Period**") have been or will be paid or reimbursed by Tenants on an estimated basis, and will not have been reconciled with actual utilities or other applicable operating expenses prior to the Closing Date. Within a reasonable time period (not to exceed 90 days) after Closing, Seller shall prepare and deliver to Purchaser a reconciliation (the "**Reconciliation**") of (i) actual utilities and other operating expenses (in each instance, to the extent initially passed through to Tenants on an estimated basis) incurred by Seller or the Real Property Owners during the Reconciliation Period ("**Actual Operating Expenses**"), against (ii) Estimated Operating Expenses charged to Tenants during the Reconciliation Period ("**Charged Operating Expenses**"), together with reasonable back-up information. Within 30 days after Seller' s delivery of the Reconciliation, (A) if Actual Operating Expenses exceeded Charged Operating Expenses, Purchaser shall pay to Seller the amount of such excess, or (B) if Charged Operating Expenses exceeded Actual Operating Expenses, Seller shall pay to Purchaser the amount of such excess. The provisions of this Section 5(h) will survive the Closing Date.

(i) **Proration of Taxes**. All ad valorem real estate and personal property taxes with respect to the Owned Property for the current taxable year shall be prorated as of 11:59 p.m. of the day immediately preceding the Closing Date on the basis of the number of days elapsed in the current taxable year as of such time. If taxes with respect to the Owned Property for the current taxable year are not known prior to the Closing Date, the ad valorem real estate and personal property taxes assessed against the Owned Property for the taxable year immediately preceding the current taxable year shall be used for purposes of determining tax prorations at Closing, and taxes shall thereafter be re-prorated in accordance with Section 5(f) above within 30 days from receipt of any tax bill for the current taxable year (regardless of whether or not Section 5(f) has terminated prior to such re-proration). The provisions of this Section 5(i) will survive the Closing Date.

(j) **Rent Ready Credit**. At Closing, with respect to each Owned Property, Purchaser shall receive a credit against the Purchase Price in the amount equal to $2,500 for each apartment unit at such Owned Property that is vacant as of the Closing Date and that is not in "rent ready" condition for immediate occupancy by a tenant in accordance with the applicable Real Property Owner' s typical standards utilized in the ordinary course of its business. This Section 5(j) shall survive Closing.

Section 6. **Representations, Warranties, and Covenants**.

(a) **Seller' s Representations and Warranties**. Seller represents and warrants to Purchaser that:

(i) Seller and each Applicable Entity is or will be duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.

(ii) Seller has full right, power, and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions provided for herein without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties, other than obtaining or delivering (as applicable) the Regulatory Approvals. The execution, delivery and performance by Seller of this Agreement, and the consummation by Seller of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of Seller. This Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Seller, enforceable against Seller in accordance with its terms subject to principles of bankruptcy and general equitable principles.

(iii) There are no actions, suits, claims, assessments, or proceedings pending or, to Seller' s knowledge, threatened that would reasonably be expected to materially and adversely affect the ownership, operation, or maintenance of the Applicable Entities or the Property or Seller' s ability to perform hereunder.

(iv) Except for Permitted Encumbrances and as may be reflected on the Closing Statement with respect to Proration Items, all bills and other payments due and payable before the Closing Date with respect to the ownership, operation, and maintenance of the Applicable Entities and the Property have been paid or will be paid prior to the Closing Date.

(v) The rent rolls delivered to Purchaser and dated October 31, 2020 are true, correct and complete listings of all Leases, and all Tenants thereunder, as of such date, and otherwise accurately reflect, in all material respects, the subject matter thereof as of such date. Seller has delivered or made available to Purchaser true, correct and complete copies of all Leases and all amendments thereto or modifications thereof.

(vi) Seller has delivered or made available to Purchaser true, correct and complete copies of all License Agreements and all amendments thereto or modifications thereof.

(vii) Except as otherwise disclosed to Purchaser in writing, neither Seller nor any Applicable Entity has received any written notice of violation (or to the extent received, such violation has been cured) from any insurance companies, governmental agencies or authorities or from any other parties related to (A) any conditions, defects or inadequacies with respect to the Property (including health hazards or dangers, nuisance or waste), which, if not corrected, would result in termination of insurance coverage or increase its costs therefor, (B) any violation of any applicable zoning, building, health, environmental, traffic, flood control, fire safety, handicap or other law, code, ordinance, rule or regulation, or (C) any proceedings which could affect the Regulatory Approvals or cause the change, redefinition or other modification of the zoning classification of the Property.

(viii) Neither Seller nor any Applicable Entity, nor, to Seller' s knowledge, (A) any of their respective affiliates, partners, members, shareholders or other equity owners, nor (B) any of their respective employees, officers, directors, representatives or agents is, nor will they become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC' s Specially Designated Nationals and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(ix) No Applicable Entity has any right, title or interest in any property other than the Property and any Excluded Property Agreements.

(x) True, correct and complete copies of the current limited liability company agreement or limited partnership agreement (as applicable) of each Applicable Entity, with all amendments and modifications thereto, and the current certificate of formation or certificate of limited partnership (as applicable) of each Applicable Entity, with all amendments and modifications thereto, if any, and all company minutes, member or partner consents and other organizational documents (collectively, the "**Organizational Documents**") have been provided to Purchaser. The Organizational Documents are in full force and effect and, except to the extent approved by Purchaser, shall not be amended, modified, supplemented or assigned prior to Closing.

(xi) Other than the Equity Interests, neither Seller nor any other party has equity interests or rights to acquire equity interests in any Applicable Entity. Other than the Subsidiaries, none of the Applicable Entities have, or have ever had, any subsidiaries.

(xii) Seller is the record and beneficial owner of the Equity Interests and has good and valid title to the Equity Interests, free and clear of any encumbrances, except for any encumbrances imposed under the Organizational Documents. The Equity Interests are duly authorized, validly issued, fully paid and nonassessable, but are not certificated.

(xiii) Assuming that Purchaser has the requisite power and authority to be the lawful owner of the Equity Interests, upon transfer to Purchaser at the Closing of all of the Equity Interests, and upon Purchaser' s payment of the Purchase Price, Purchaser will acquire the Equity Interests, free and clear of any encumbrances, except for encumbrances imposed under applicable securities laws or the Organizational Documents.

(xiv) Except as set forth in the Organizational Documents or in any of the existing loan documents listed on Schedule 6(a)(xiv) (the "**Existing Loan Documents**") which will not be paid off on or prior to Closing, to Seller' s knowledge (A) the Equity Interests are not subject to any arrangement restricting or otherwise relating to the voting, dividend rights or disposition of the Equity Interests, and (B) there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character under which Seller or any other person or entity is or may become obligated to sell, or giving any individual or entity a right to acquire, or in any way dispose of, any of the Equity Interests owned or any securities or obligations exercisable or exchangeable for, or convertible into, any of the Equity Interests, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

(xv) The Applicable Entities have no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise, except (A) with respect to any existing loans evidenced, secured or governed by the Existing Loan Documents, (B) those which are adequately reflected and reserved against in the books, records and financial statements provided to Purchaser, (C) those which have been incurred in the ordinary course of business consistent with past practice since the date of the last delivered books, records and financial statements and which are not and could not reasonably be expected to become, individually or in the aggregate, material in amount, (D) the ongoing indemnification obligations in connection with the Regulatory Agreements (as defined below) set forth on Schedule 6(a)(xv) (the "**Ongoing Indemnification Obligations**"), and (E) the Applicable Entities' liabilities, obligations and commitments under the Purchase Agreements, including, without limitation, the obligations to acquire the Acquisition Property.

(xvi) To the extent there are any proxies to vote or other similar arrangements entered into by Seller, such proxies to vote or other similar arrangements will not affect the Equity Interests in any way on and after the Closing and will be terminated prior to Closing, and the unrestricted right of Seller to vote the Equity Interests will be transferred to Purchaser at Closing.

(xvii) Schedule 6(a)(xvii) is a true, correct and complete listing of all agreements under or pursuant to which Regulatory Approvals are required (the "**Regulatory Agreements**"), and all Regulatory Agencies thereunder, as of the date thereof, and otherwise accurately reflects, in all material respects, the subject matter thereof as of the date thereof. Seller has delivered or made available to Purchaser true, correct and complete copies of all Regulatory Agreements and all amendments thereto or modifications thereof.

(xviii) Schedule 1(c) is a true, correct and complete listing of all Purchase Agreements under which the Real Property Owners have any rights or obligations to acquire the Acquisition Property. Seller has delivered or made available to Purchaser true, correct and complete copies of all Purchase Agreements and all amendments thereto or modifications thereof. The Purchase Agreements are in full force and effect and, to Seller' s knowledge, no uncured default or event of default exists thereunder.

(xix) As used in this Agreement, "**Seller' s knowledge**" shall mean the actual present knowledge of Jun Sakumoto, without regard to any imputed, implied or constructive knowledge, without independent inquiry or duty of investigation of such person or any other officer, director, partner and/or member of Seller.

(b) **Seller' s Covenants**. From the Effective Date until the Closing Date, Seller and the Applicable Entities shall: (i) maintain and operate the Owned Property in substantially the same manner as heretofore done; (ii) continue to perform their material obligations under the Leases, License Agreements and Property Agreements relative to the Owned Property; (iii) not commit or permit to be committed any waste to the Owned Property; (iv) not, without the prior written consent of Purchaser (which consent may be given or withheld in Purchaser' s sole and absolute discretion), (A) enter into, amend, renew, extend, cancel, terminate, or otherwise modify any Lease, License Agreement, Property Agreement or other agreement or instrument affecting the Owned Property except in the ordinary course of business and, with respect to any Lease or License Agreement, at current rates and for a term not exceeding one year; (B) amend, renew, extend, cancel, terminate, or otherwise modify any Purchase Agreement, other than the assignment of the Woodside Purchase Agreement (as defined on Schedule 1(c)) to the Woodside Subsidiary; or (C) take any other action that would encumber or bind after Closing, or that would adversely affect, the Applicable Entities, the Property or Purchaser; (v) not remove any item of the Owned Personalty from the Owned Land or Owned Improvements unless it is replaced with an item of at least equal value that is properly suited for its intended purpose; and (vi) maintain all insurance policies or insurance contracts relative to the Owned Property in full force and effect as they exist on the Effective Date.

(c) **Purchaser' s Representations and Warranties**. Purchaser represents and warrants to Seller that:

(i) Purchaser is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.

(ii) Purchaser has full right, power, and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions provided for herein without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties. The execution, delivery and performance by Purchaser of this Agreement, and the consummation by Purchaser of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of Purchaser. This Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms subject to principles of bankruptcy and general equitable principles.

(iii) There are no actions, suits, claims, assessments, or proceedings pending or, to Purchaser' s knowledge, threatened that would reasonably be expected to materially and adversely affect Purchaser' s ability to perform hereunder.

(iv) Neither Purchaser nor, to Purchaser' s knowledge (A) any of its affiliates, partners, members, shareholders or other equity owners, nor (B) any of their respective employees, officers, directors, representatives or agents is, nor will they become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of OFAC of the Department of the Treasury (including those named on OFAC' s Specially Designated Nationals and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support

Terrorism), or other governmental action, and none of them is engaged or will become engaged in any dealings or transactions or be otherwise associated with such persons or entities.

(d) **Survival; Limitation of Liability**. The representations and warranties set forth in Section 6(a) and Section 6(c) shall not be deemed to be merged into or waived by the instruments of Closing, but shall survive the Closing Date for a period of six (6) months. Neither party shall have any liability after Closing for the breach of a representation or warranty hereunder of which the other party hereto had knowledge as of Closing. Notwithstanding any provision of this Agreement to the contrary, from and after the Closing the maximum aggregate liability of Seller to Purchaser for any breach or breaches of the representations and warranties set forth in Section 6(a) will be limited to an amount equal to one percent (1%) of the Purchase Price. This Section 6(d) shall survive the Closing.

(e) **Reciprocal Indemnity for Ongoing Indemnification Obligations**. From and after the Closing Date, Purchaser shall indemnify Seller and hold Seller harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorneys' fees and expenses) asserted against or incurred by Seller under or in connection with the Ongoing Indemnification Obligations to the extent arising from or out of, or otherwise relating to, any matter first arising, occurring or accruing from and after the Closing Date. From and after the Closing Date, Seller agrees to indemnify Purchaser and hold Purchaser harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorney' s fees and expenses) asserted against or incurred by Purchaser under or in connection with the Ongoing Indemnification Obligations, to the extent arising from or out of, or otherwise relating to, any matter first arising, occurring or accruing prior to the Closing Date. This Section 6(e) shall survive the Closing.

Section 7. **Remedies**.

(a) If Seller defaults under this Agreement and such default remains uncured for five (5) or more business days following written notice of such default from Purchaser, then Purchaser may, as its exclusive remedy therefor, either: (i) terminate this Agreement by notifying Seller thereof, or (ii) enforce specific performance of the obligations of Seller hereunder within ninety (90) days after the date upon which the Closing was to occur, failing which Purchaser shall be deemed to have waived the right of specific performance (provided, however, that if specific performance shall be unavailable to Purchaser, Purchaser shall be deemed to have elected to terminate this Agreement). If Purchaser terminates (or is deemed to have terminated) this Agreement pursuant to this Section 7, (A) Seller shall reimburse Purchaser for all reasonable and customary out-of-pocket third party costs and expenses incurred by Purchaser in connection with this Agreement (not to an exceed an amount equal to $50,000) and the transactions contemplated hereunder, including, without limitation, reasonable attorneys' fees for due diligence, and (B) neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.

(b) If Purchaser defaults under this Agreement, then Seller may, as its sole and exclusive remedy, terminate this Agreement by notifying Purchaser thereof, in which event (i) Purchaser shall reimburse Seller for all reasonable and customary out-of-pocket third party costs and expenses incurred by Seller in connection with this Agreement (not to an exceed an amount equal to $50,000) and the transactions contemplated hereunder, including, without limitation, reasonable attorneys' fees for due diligence, and (ii) neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.

Section 8. **Destruction, Damage, or Taking Before Closing**.

(a) **Individual Sites**. If, before the Closing Date, all or any material part of any Individual Site is destroyed or damaged, or becomes subject to condemnation or eminent domain proceedings, then Seller shall promptly notify Purchaser thereof (a "**Seller' s Notice**"). Purchaser may thereafter elect to partially terminate this Agreement with respect to the applicable Individual Site(s), or proceed with Closing on the entirety of the Property by delivering a written notice thereof to Seller within ten business days after Purchaser' s receipt of a Seller' s Notice; provided that (i) Purchaser' s failure to timely make an election shall be deemed to be Purchaser' s election to partially terminate this Agreement with respect to the applicable Individual Site(s), and (ii) Purchaser shall not be permitted to partially terminate this Agreement with respect to any Individual Site(s) pursuant to this Section 8(a) (but, for clarification, Purchaser shall, to the extent otherwise permitted thereby, be permitted to terminate this Agreement in its entirety pursuant to Section 8(b) below), if such partial termination would result in a failure of the OZ Qualification Condition. If Purchaser elects (or is deemed to have elected) to partially terminate this Agreement with respect to the applicable Individual Site(s) pursuant to this Section 8(a), then the parties shall proceed with Closing on the remainder of the Property; provided that the Purchase Price shall be reduced by the portion thereof that is allocated to the terminated Individual Site(s) as set forth on Schedule 1(b)(i) or 1(c)(i) hereto (as applicable). If (but only if) Purchaser elects in writing to proceed with Closing on the entirety of the Property, then the parties shall proceed with the Closing; provided that Purchaser shall receive a credit to the Purchase Price at Closing for any deductible, self-insured amount, or uninsured loss, and Purchaser shall be entitled to all insurance proceeds and/or condemnation awards in connection with the applicable casualty or condemnation. In connection therewith, Seller shall assign to Purchaser at Closing Seller' s rights to any such casualty proceeds and/or condemnation awards; provided, however, that if the applicable casualty proceeds and/or condemnation awards are not assignable, Seller shall file a claim for the applicable proceeds and/or awards, use good faith, commercially reasonable efforts to negotiate and settle such claim in consultation with, and subject to the approval of, Purchaser, and promptly pay over to Purchaser any applicable insurance proceeds and/or condemnation awards paid in respect thereof, after first recouping Seller' s reasonable out-of-pocket expenses related thereto.

(b) **Entirety of Property**. If, before the Closing Date, all or any material part of the Property (taken as a whole) is destroyed or damaged, or becomes subject to condemnation or eminent domain proceedings, then Seller shall promptly deliver a Seller' s Notice to Purchaser. Purchaser may thereafter elect to terminate this Agreement in its entirety, or proceed with Closing on the entirety of the Property by delivering a written notice thereof to Seller within ten business days after Purchaser' s receipt of a Seller' s Notice; provided that Purchaser' s failure to timely make an election shall be deemed to be Purchaser' s election to terminate this Agreement. If Purchaser elects (or is deemed to have elected) to terminate this Agreement pursuant to this Section 8(b), neither party shall have any further rights or obligations under this Agreement except for those which expressly survive termination. If (but only if) Purchaser elects in writing to proceed with Closing, then the parties shall proceed with the Closing; provided that Purchaser shall receive a credit to the Purchase Price at Closing for any deductible, self-insured amount, or uninsured loss, and Purchaser shall be entitled to all insurance proceeds and/or condemnation awards in connection with the applicable casualty or condemnation. In connection therewith, Seller shall assign to Purchaser at Closing Seller' s rights to any such casualty proceeds and/or condemnation awards; provided, however, that if the applicable casualty proceeds and/or condemnation awards are not assignable, Seller shall, file a claim for the applicable proceeds and/or awards, use good faith, commercially reasonable efforts to negotiate and settle such claim in consultation with, and subject to the approval of, Purchaser, and promptly pay over to Purchaser any applicable insurance proceeds and/or condemnation awards paid in respect thereof, after first recouping Seller' s reasonable out-of-pocket expenses related thereto.

(c) **Materiality**. A casualty or condemnation proceedings will be deemed to affect a "**material part**" of (i) an Individual Site for purposes of Section 8(a) if (A) the portion of the Individual Site destroyed, damaged or taken exceeds ten percent (10%) of the Purchase Price allocated to such Individual Site as set forth on Schedule 1(b)(i) or 1(c)(i) hereto (as applicable), (B) the casualty or condemnation results in the loss or material reduction in access to such Individual Site, or (C) the casualty or condemnation results in such Individual Site failing to comply with applicable zoning and land use laws relating to parking, or (ii) the Property as a whole for purposes of Section 8(b) if (A) the portion of the Property destroyed, damaged or taken exceeds ten percent (10%) of the Purchase Price, or (B) the applicable casualty or condemnation proceedings affect a material part of an Individual Site (or Individual Sites), and the partial termination of this Agreement with respect to such Individual Site(s) would result in a failure of the OZ Qualification Condition.

Section 9. **Notices**. All notices must be in writing and given at the applicable party' s addresses stated on the first page of this Agreement. All notices provided or permitted to be given under this Agreement may be served by depositing same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such party by a nationally-recognized, overnight delivery service (e.g., FedEx); or by electronic mail transmission during normal business hours with a confirmation copy delivered by another method permitted under this Section 9. Notice given in accordance herewith shall be effective upon delivery to the physical or electronic mail address of the addressee. Notices given by counsel to Purchaser shall be deemed given by Purchaser, and notices given by counsel to Seller shall be deemed given by Seller. Any party may change its notice address by delivering a notice of such change to the other party in accordance with this Section 9.

Section 10. **Press Releases**. Neither party shall issue a press release or otherwise make any disclosure to the media, whether before or after Closing, related to the ownership or occupancy of the Property, the existence or terms of this Agreement (including specifically, but without limitation, the Purchase Price), or the Closing of the transactions contemplated by this Agreement, without the other party' s prior written consent, unless such disclosure is required under applicable law (including, without limitation, applicable securities laws). The parties acknowledge and agree that a breach of the requirements set forth in this Section 10 will cause immediate and irreparable harm and significant injury to the non-breaching party, the extent of which will be difficult to ascertain. Accordingly, notwithstanding anything in this Agreement to the contrary and in addition to any other rights or remedies expressly set forth in this Agreement, in the event of a breach of this Section 10, the non-breaching party shall be entitled to immediate injunctive and other equitable relief. This Section 10 shall survive Closing or the termination of this Agreement.

Section 11. **Miscellaneous**.

(a) **Entireties**. This Agreement contains the entire agreement of the parties pertaining to the Property and the Equity Interests.

(b) **Modifications**. This Agreement may only be modified by a written document signed by both parties.

(c) **Commissions**. Seller and Purchaser shall defend, indemnify, and hold harmless the other from and against all claims by third parties for brokerage, commission, finder’ s, or other fees relative to this Agreement or the sale of Equity Interests and/or the Property and alleged to be due by, through or under the indemnifying party, and all court costs, attorneys’ fees, and other costs or expenses actually incurred and arising therefrom.

(d) **Tax Treatment of Indemnities**. For all tax purposes, Seller and Purchaser agree to treat (and will cause each of their respective affiliates to treat) any indemnification payment made pursuant to this Agreement or the Closing Documents as an adjustment to the Purchase Price. This Section 11(d) shall survive the Closing.

(e) **Non-Business Day**. If the final date of any period provided herein for the performance of an obligation or for the taking of any other action falls on a Saturday, a Sunday, or a day on which a majority of the U.S. Federal Reserve Banks are closed for normal business operations, then the end of such period shall be extended to the next day that is not a Saturday, a Sunday or such a Federal Reserve Bank holiday.

(f) **Permitted Assignment**. Purchaser may assign its rights under this Agreement to any affiliated entity which directly or indirectly controls, is controlled by or is under common control with Purchaser, without the consent of Seller. Any other assignment by Purchaser to a non-affiliated entity shall require Seller’ s prior consent, not to be unreasonably withheld, conditioned, or delayed.

(g) **Attorneys’ Fees**. In the event of litigation between the parties in connection with this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys’ fees and costs from the non-prevailing party. The obligation in the immediately preceding sentence shall survive any termination of this Agreement or the Closing.

(h) **Governing Law; Jurisdiction**. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located. The proper place of venue for any legal proceeding regarding this Agreement shall be Orange County, California. The provisions of this Section 11(h) will survive any termination of this Agreement or the Closing.

(i) **WAIVER OF JURY TRIAL**. TO THE MAXIMUM EXTENT PERMITTED BY LAW, SELLER AND PURCHASER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR COUNTERCLAIM ARISING IN CONNECTION WITH, OUT OF OR OTHERWISE RELATING TO THIS AGREEMENT. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING OR THE EARLIER TERMINATION OF THIS AGREEMENT.

(j) **Multiple Counterparts**. This Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. To facilitate execution of this Agreement, the parties may execute and exchange, by electronic mail transmission, counterparts of the signature pages to this Agreement.

(k) **Time is of the Essence**. Time is of the essence with respect to the performance of each action or obligation permitted or required under this Agreement.

(l) **Independent Consideration**. Notwithstanding any provision of this Agreement to the contrary, in any instance in which this Agreement is terminated or is deemed terminated at any time prior to the Closing other than as a result of a default by Seller, Purchaser shall deliver to Seller the amount of $100.00 as independent consideration for Seller’ s performance hereunder.

Section 12. **Escrow Provisions**. An escrow for the purchase and sale of the Equity Interests has been established at the Title Company. This Agreement, together with such further instructions, if any, as the parties shall provide to the Title Company by written agreement, shall constitute the escrow instructions to the Title Company, including without limitation the standard printed general escrow instructions of Title Company which are incorporated herein by this reference, provided that to the extent of any inconsistency between the provisions contained herein and the provisions contained in such standard general escrow instructions, the provisions contained herein shall prevail.

Section 13. **State-Specific Provisions**.

(a) **Conflicts and Inconsistencies**. In the event of any conflicts or inconsistencies between the terms and provisions of this Section 13 and the terms and provisions of the remainder of this Agreement, the terms and provisions of this Section 13 shall govern and control.

(b) **Liquidated Damages**. The following provision is added to the end of Section 7:

> THE AMOUNT OF LIQUIDATED DAMAGES IS REASONABLE CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING AS OF THE DATE OF THIS AGREEMENT, INCLUDING THAT ASCERTAINING THE AMOUNT OF SELLER’ S ACTUAL DAMAGES WOULD BE EXTREMELY DIFFICULT, COSTLY AND INCONVENIENT. BY INITIALING THIS SECTION IMMEDIATELY BELOW, SELLER AND PURCHASER ACKNOWLEDGE THEIR APPROVAL OF THIS LIQUIDATED DAMAGES PROVISION.

RW ____________ RW ____________
Seller’ s Initials Purchaser’ s Initials

(c) **Natural Hazard Disclosure Statement**. Purchaser and Seller acknowledge that Seller may be required to disclose if any Property lies within the following natural hazard areas or zones: (i) a special flood hazard area designated by the Federal Emergency Management Agency (California Civil Code Section 1103(c)(1)); (ii) an area of potential flooding (California Government Code Section 8589.4); (iii) a very high fire hazard severity zone (California Government Code Section 51178 et seq.); (iv) a wild land area that may contain substantial forest fire risks and hazards (Public Resources Code Section 4135; (v) earthquake fault zone (Public Resources Code Section 2622); or (vi) a seismic hazard zone (Public Resources Code Section 2696) (sometimes all of the preceding are herein collectively called the "**Natural Hazard Matters**"). A written report has been prepared by the Title Company (or an affiliate thereof) or a third party (in its capacity as the preparer of such report, the "**Natural Hazard Expert**") regarding the results of its full examination of the maps and other information specifically made available to the public by government agencies for the purposes of enabling Seller to fulfill its disclosure obligations, if and to the extent such obligations exist, with respect to the natural hazards referred to in California Civil Code Section 1103 et seq. and to report the result of its examination to Purchaser and Seller in writing (the "**Natural Hazard Disclosure Statement**"). Purchaser acknowledges that it has received a copy of the Natural Hazard Disclosure Statement prior to the Effective Date and that such Natural Hazard Disclosure Statement fully and completely discharges Seller from its disclosure obligations referred to herein, if and to the extent any such obligations exist. Purchaser further acknowledges, for the purpose of this Agreement, the provisions of Civil Code Section 1103.4 regarding nonliability of Seller for errors or omissions not within its personal knowledge shall be deemed to apply and the Natural Hazard Expert shall be deemed to be an expert, dealing with matters within the scope of its expertise with respect to the examination and written report regarding the natural hazards referred to above.

(d) **Energy Use Disclosures**. Purchaser acknowledges and agrees that (i) it has received all disclosures and other documentation or information for the Property required under Section 25402.10 of the California Public Resources Code and its implementing regulations, (ii) Seller has not made and will not make any representations or warranties regarding such disclosures, documentation or information, (iii) such disclosure information is for the current occupancy and use of the Property, (iv) the energy profile of the Property will vary depending on any future occupancy and/or use of the Property, and (v) Seller makes no claims, representations or warranties regarding the future energy profile of the Property.

(e) **Proposition 13**. Purchaser acknowledges that the consummation of the Closing and/or any post-Closing improvements made to the Property located in the State of California may result in the real property taxes assessed against the Property located in the State of California being increased pursuant to Proposition 13, an amendment to the Constitution of the State of California enacted by the voters of the State of California on June 6, 1978. Any such increased real property tax assessments shall not be subject to proration at Closing (or re-proration after Closing), and shall be the sole responsibility of Purchaser (and/or the Applicable Entities) from and after the Closing Date. This Section 13(e) shall survive the Closing.

(f) **Waivers and Releases**. With respect to any waivers and releases set forth in this Agreement relating to unknown and unsuspected claims, Purchaser hereby acknowledges that such waivers and releases are being made after obtaining the advice of counsel and with the full knowledge and understanding that the consequences and effects of such waivers, and that such waivers are made with the full knowledge, understanding and agreement that California Civil Code Section 1542 provides as follows, and that the protections afforded by said Code Section are hereby waived:

> “**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**”

The foregoing waiver shall be deemed to be restated and re-made as of, and shall survive, Closing.

RW
____
Purchaser’ s Initials

Section 14. **Additional Provisions Regarding Woodside**. If Closing under this Agreement has not occurred by November 23, 2020, Seller and Purchaser shall take, or cause to be taken, the following actions with respect to the Woodside Applicable Entities (as defined on Schedule 1(a) attached hereto) and the Woodside Acquisition Individual Site (as defined on Schedule 1(c) attached hereto):

(a) Seller shall assign the Equity Interests in the Woodside Applicable Entities to one or more Fund II Sellers (as defined on Schedule 5(b) attached hereto) prior to the consummation of the closing under the Woodside Purchase Agreement;

(b) Purchaser and Seller shall amend this Agreement to remove the Woodside Applicable Entities and the Woodside Acquisition Individual Site from this Agreement; and

(c) Purchaser and the Fund II Sellers shall (and Seller shall cause the Fund II Sellers to) amend the Fund II PSA (as defined on Schedule 5(b) attached hereto) to add the

Woodside Applicable Entities and the Woodside Acquisition Individual Site to the Fund II PSA, which amendment shall include an increase to the purchase price under the Fund II PSA equal to $3,800,000 if, but only if, the closing under the Woodside Purchase Agreement occurs prior to the closing under the Fund II PSA.

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SELLER:

AVANATH DEVELOPMENT, LLC a Delaware limited liability company

By: /s/ Daryl Carter
Name: Daryl Carter
Title: Sole Member

Signature Page −
Equity Interests Purchase and Sale Agreement − Avanath Development, LLC

PURCHASER:

ASPIRE REAL ESTATE INVESTORS, L.P., a Delaware limited partnership

By: Aspire Real Estate TRS, LLC, a Delaware limited liability company, its general partner

By: Aspire Real Estate Investors, Inc., a Maryland corporation, its sole member

By: /s/ R. Wesley Wilson

Name: R. Wesley Wilson

Title: Executive Vice President, Chief Financial Officer and Treasurer

TITLE COMPANY JOINDER

Title Company joins this Agreement to evidence its agreement to perform the duties and obligations of Title Company set forth herein and to acknowledge receipt of a fully-executed copy of this Agreement.

Dated: November , 2020.

CHICAGO TITLE INSURANCE COMPANY

By: ____________________

Name: ____________________

Title: ____________________

SCHEDULE 1

SUBJECT ENTITIES

Subject Entity	**Ownership Percentage**
ANE SPE, LLC, a Delaware limited liability company	100%
Woodside SPE LP, LLC, a Delaware limited liability company (the "**Woodside LP Entity**")	100%
Woodside SPE, LP, a Delaware limited partnership	1% Administrative General Partnership Interest (the "**Woodside GP Equity Interest**")

EXHIBIT A

OWNED PROPERTY DESCRIPTION

EXHIBIT B

ACQUISITION PROPERTY DESCRIPTION

EXHIBIT C

APPROVED TITLE INSURANCE DOCUMENTS

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement No. 333-249285 on Form S-11 of our report dated October 30, 2020, relating to the consolidated balance sheet of Aspire Real Estate Investors, Inc. and Subsidiaries. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ DELOITTE & TOUCHE LLP
Costa Mesa, California
November 6, 2020

QuickLinks

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Exhibit 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement No. 333-249285 on Form S-11 of our report dated May 13, 2020, relating to the combined financial statements of Aspire Real Estate Investors Predecessor I for the years ended December 31, 2019 and 2018. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Novogradac & Company LLP
San Francisco, California
November 6, 2020

QuickLinks

Exhibit 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 23.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement No. 333-249285 on Form S-11 of our report dated May 13, 2020, relating to the combined financial statements of Aspire Real Estate Investors Predecessor II. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ DELOITTE & TOUCHE LLP
Costa Mesa, California
November 6, 2020

QuickLinks

Exhibit 23.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM