

FSX DST INVENTORY FINANCING FUND, LLC

SUMMARY OF PRINCIPAL TERMS

June 2025

The following is a summary of the principal terms of the FSX DST Inventory Financing Fund, which is being formed for the primary purpose of funding the purchase of real estate throughout the United States on a rolling basis, which properties will then each be syndicated through a Delaware Statutory Trust (DST).

Fund Overview	Four Springs TEN31 Xchange, LLC (“ <u>FSX</u> ”), a subsidiary of Wheelhouse Capital Group, LLC (“ <u>WCG</u> ”), is a sponsor of Delaware Statutory Trust (“ <u>DST</u> ”) offerings that are designed for investors seeking tax deferred real estate exchange solutions under Section 1031 of the Internal Revenue Code. FSX recently spun out of a private REIT which had provided capital to finance the purchase of properties for its DST platform. WCG is planning to form FSX DST Inventory Financing Fund, LLC (the “ <u>Fund</u> ”) to finance the purchase of real estate properties that are expected to be syndicated through its DST platform or re-sold to investors seeking a whole property solution for their 1031 exchange.
Sponsor	FSX
Fund Manager	FSX DST Inventory Financing Fund Manager, LLC, a Delaware limited liability company (“ <u>Manager</u> ”).
Fund Size	The Fund is seeking a maximum of \$25 million in aggregate investments (“ <u>Investments</u> ”), <i>provided</i> that the Manager may accept a lesser or greater amount of aggregate Investments in its discretion. The Fund is targeting \$2-\$5 million investments from institutions. Each investor will be a “ <u>Member</u> ” of the Fund.
Purpose	The Fund expects to provide short-term (1-2 year) debt financing (collectively, the “ <u>Bridge Loans</u> ”) to fund the purchase of real estate properties by FSX, which will be syndicated through its DST platform or re-sold to investors seeking a whole property solution for their 1031 exchange. All interest payable with respect to the Bridge Loans shall be paid to the Fund. Any profits from the sale of any properties by FSX, the acquisition of which were funded with a Bridge Loan (a “ <u>Fund Property</u> ”), will be payable to the Fund. The Manager may, in its sole discretion, invest up to 100% of the Fund’s capital, including repaid interest on the Bridge Loans and proceeds from a Fund Property, in a single property or short-term loan.
Minimum Investment	\$250,000, although the Manager may accept Investments of lesser amounts in its discretion. The Fund will have at least \$500,000 of subscriptions for membership interests before commencing operations.

Fund Interests	Membership interests in the Fund are being offered solely to “accredited investors,” defined under Regulation D of the Securities Act of 1933. Shares in the Offshore Fund (as defined below), if formed, will be sold pursuant to Regulation S. The Fund may conduct its offering using a Regulation 506(c) offering process, which permits general solicitation.
Initial Closing; Sponsor Co-Investment in Fund	The Fund has not set a minimum offering amount for this Offering and anticipates a first closing when it has received subscriptions for 20 Units (aggregate gross proceeds of \$500,000) (the “ Initial Closing ” and each closing thereafter, a “ Closing ”). The Sponsor will make an investment in the Fund of \$500,000, which will be included in the proceeds for the Initial Closing.
Subsequent Closings	After the initial closing, subsequent closings may be held in the sole discretion of the Manager over the entire life of the Fund.
Term	The Fund term will be three (3) years from earliest of: (a) the final closing of the Fund, (b) the date that the Fund receives aggregate subscriptions for \$10 million of Fund membership interests, and (c) 270 days from the initial closing of the Fund, <i>provided</i> that the Manager may extend the term for a period of up to two, one-year additional terms in its sole discretion (the “ <u>Extension Rights</u> ”).
Investment Period	The Fund’s investment period (“ <u>Investment Period</u> ”) will commence on the Fund’s initial closing date and expire three (3) years from the final closing date.
Reinvestment	During the Investment Period, the Fund shall be entitled to reinvest all investment proceeds without limitation in accordance with the Fund’s strategy.
Investment Guidelines	The Fund will invest in properties to be syndicated or sold by FSX and may, in the sole discretion of the Manager, invest up to 100% of the capital of the Fund in a single DST. If approved by the investment committee of the Fund, up to 25% of the capital of the Fund may be invested in properties to be syndicated by a third-party sponsor of DST and other real estate investment programs.
Offshore Fund	If there is sufficient interest from offshore and/or tax-exempt investors, the Manager may also form an offshore fund (“ <u>Offshore Fund</u> ”). References herein to the “Fund” include both the Fund and the Offshore Fund, as applicable.
Co-Investments	The Manager may provide one or more Members with the opportunity to co-invest with the Fund in any investment of the Fund, in its sole discretion.

Incurrence of Indebtedness

The DSTs receiving a loan from the Fund may incur additional indebtedness on the real estate assets and may also incur indebtedness that, like a loan made by the Fund to the DSTs, is secured by the DST interests to be syndicated. Accordingly, the security of the Fund may be junior to other lenders.

In addition, the Manager may incur indebtedness at the Fund-level by entering into a credit facility in order to increase the size of the loans being made to the DSTs.

Distributions

Distributions will generally be distributed annually, on or about April 1st of each year, from Distributable Cash (as defined below) in the following order of priority:

(a) **Preferred Return.** First, one hundred percent (100%) to Members in proportion to their respective unreturned capital contributions, until each Member has received a cumulative 10% per annum preference on the unreturned capital account balance;

(b) **Manager Participation.** Second, one hundred percent (100%) to the Manager until the Manager has received aggregate distributions equal to two percent (2%) of the aggregate capital contributions made by the Members.

(c) **Carried Interest.** Thereafter, (i) eighty percent (80%) pro rata to the Members in proportion to their funded Investments, and (ii) twenty percent (20%) to the Manager.

“Distributable Cash” means total cash received by the Fund less (i) all operating expenses and other cash expenditures of the Fund incurred in the ordinary course of business, and (ii) such reserves for reinvesting the Fund’s assets in new loans to DSTs; and (iii) reserves for operating expenses, debt service (including for payments of principal and interest whether currently due or otherwise) and other actual or contingent obligations and liabilities of the Fund that the Manager may determine are necessary or advisable.

The Manager is committed to ensuring that the investors receive a return of their capital contributions. To align the interests of the Manager with those of the investors, the Operating Agreement includes a clawback provision. This provision mandates that the Manager return certain distributions to the Fund if the investors do not receive a return of their capital contributions under specified conditions, however, there can be no guarantee that the investors will receive all of their aggregate capital contributions.

Allocation of Gains and Losses

All items of gain, loss, income and expense will be allocated to the Member’s capital accounts in a manner consistent with the economic arrangement set forth in the distribution provisions outlined above.

Redemption Rights

Subject to the procedures and limitations set forth herein, the Fund will permit Members to redeem all or a portion of its membership interests in the Fund on the twenty-four (24) month anniversary of the initial closing date of the Fund, and if the Fund exercises one or more of the Extension Rights, then on the thirty-six (36) month anniversary and the forty-eight (48) month anniversaries (as the case may be) of the initial closing date. A Member requesting such a redemption must deliver a notice in writing to the Fund at least one hundred and eighty (180) days in advance of such redemption window, setting forth such Member's request for redemption (a "Redemption Notice"). A Member's interest will be redeemed in an amount equal:

- (i) If the redemption request occurs on or before the second (2nd) anniversary of the initial closing date, 95% of such Member's unreturned funded Investment.
- (ii) If the redemption request occurs after the second (2nd) anniversary of the initial closing date, 100% of such Member's unreturned funded Investment.

The Fund will review all redemption requests for the applicable redemption window; provided that to the extent that such aggregate requests received by the Fund exceed the Available Redemption Funds (as defined below), each Member's interests will be redeemed *pro rata* and *pari-passu* among the requesting Members based on the total amount of the Available Redemption Funds for the relevant redemption window. Each requesting Member may revoke such Member's redemption request in whole or in part within thirty (30) days prior to the date of the close of the redemption window.

To the extent that a Member's interest for which a Redemption Notice has been provided is not redeemed by reason of the absence of sufficient Available Redemption Funds (collectively, the "Non-Redeemed Interests"), such redemption shall be made as soon as sufficient Available Redemption Funds become available in the discretion of the Manager. During such interim time period, the Non-Redeemed Interests will be entitled to a five percent (5%) preferred return on the unreturned funded Investment; *provided* that such Non-Redeemed Interests will not be entitled to any other distributions of Distributable Cash.

With respect to any redemption window, the "Available Redemption Funds" which the Fund may apply to redemption requests will be equal to the Fund's available cash on hand less such reserves for operating expenses, debt service (including for payments of principal and interest whether currently due or otherwise), distributions to Members and other actual or contingent obligations and liabilities of the Fund that the Manager may determine are necessary or advisable; *provided* that the Manager may consider other factors in its sole and absolute discretion in limiting the Available Redemption Funds in any redemption window. Fund will not be obligated to borrow money to fund any redemption requests.

No redemption shall be made (i) if it would violate the Delaware Limited Liability Company Act, as amended from time to time, or any other applicable law, rule or regulation or other agreements to which the Fund is a party, (ii) to the extent the Fund, as determined by the Manager in its sole and absolute discretion, does not have sufficient or appropriate assets to satisfy the redemption, or (iii) if the Manager determines that such redemption would adversely affect the tax status of the Fund.

Management Fees

The Fund will be managed by the Manager. The Manager, in its sole discretion, will be responsible for the operations of the Fund and will make all investment decisions for the Fund. The Manager will not receive a management fee from the Fund. In lieu of a management fee, the Manager will be entitled to receive any points or other fees paid with respect to the Loans, which will be reasonable and customary.

The Manager, in its sole discretion, may contribute all or any portion of any such points or fees that it receives to the Fund, but the Manager is not required to do so.

The Management Fee will cover the ordinary expenses incidental to administering the Fund, which generally includes overhead and staff.

Fees and Expenses of the Fund

The Fund will be responsible for all expenses related to its operations, including those incurred in connection with the financing, purchase or sale of assets, whether or not any such financing, purchase or sale is consummated; debt service attributable to borrowed money; all expenses relating to litigation and threatened litigation, legal and auditing services and preparation of tax returns; taxes, commissions and brokerage fees; the cost of directors' and officers' liability insurance and indemnification; and expenses associated with investor relations and annual meetings of the Fund and the Fund's committees (if any).

Additionally, the Fund will be responsible for all expenses incurred in organizing the Fund.

Exculpation; Indemnification

The Manager and its affiliates, and their respective partners, members, directors, officers, managers and employees, and, in the Manager's determination, each person engaged by the Fund as a consultant in connection with an investment or proposed investment, will not be liable to the Fund or to any Member and will be indemnified by the Fund for any act performed or omission made by it, except with for acts or omissions that constitute willful misconduct. The Fund may pay the expenses incurred by any indemnified party in advance of the final disposition of an action. Indemnification payments will be expenses of the Fund and will be paid out of the Fund assets, to the extent of the Fund's assets, including amounts contributed by the Members to satisfy such expenses.

Liability of the Members	Except as required by law, Members will not be liable for any debts or bound by any obligations of the Fund, except for the requirement that they contribute their Investments in the Fund and return the distributions made to the extent required by applicable law or specific provision of the Operating Agreement.
Withdrawals and Transfers	Other than a right to redemption, Members will not be permitted to withdraw from the Fund or transfer or dispose of their Interests without the prior consent of the Manager, and subject to additional restrictions under applicable securities laws and the Operating Agreement. Upon the termination of the Fund, the Members will receive their respective unreturned Investments prior to any other distributions. To the extent there is excess Distributable Cash, such Distributable Cash will be distributed in accordance with the “Distribution” provisions.
Taxation	The Fund intends to operate as a partnership for Federal income tax purposes. Accordingly, the Fund should not be subject to Federal income tax, and each Member will be required to report on its own tax return such Member’s allocable share of the Fund’s items of income, gain, loss, deductions and credits, whether or not actual distributions have been received from the Fund to pay related tax liabilities. The Offshore Fund, if formed, may elect to be treated as a corporation for Federal income tax purposes.
Reporting	Members will be provided with annual cash basis audited financial statements of the Fund, semi-annual reports containing operational summaries of the Fund’s investments, and such other information as is necessary for the preparation of tax returns.
Confidentiality	Members will generally be required to maintain the confidentiality of information and documents relating to the Fund and its affairs.
Legal Counsel	Troutman Pepper Locke LLP
Accountant	An AICPA accounting firm selected by the Manager.
Securities Law Matters	The membership interests being offered by the Fund have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws, and are being offered and sold in reliance on Section 4(a)(2) and Rule 506(c) of Regulation D promulgated thereunder and such state laws. The securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom. The Fund will not be registered as an investment company under the Investment Company Act of 1940, as amended (the “ <u>Investment Company Act</u> ”) and the Manager will not be registered as an investment advisor under the Advisors Act. The Fund may utilize a finance

subsidiary (the “Finance Subsidiary”) to facilitate its investment activities and to comply with the requirements of the Investment Company Act exemption. The Finance Subsidiary, if utilized, will be a wholly-owned subsidiary of the Fund and will be structured to ensure that the Fund remains in compliance with the applicable exemption under the Investment Company Act. The Finance Subsidiary, if utilized, will engage in activities that are consistent with the Fund’s investment objectives and strategies, and the Fund will exercise control over the Finance Subsidiary to ensure compliance with all applicable laws and regulations.
