

## AMENDED AND RESTATED CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

### DESCRIPTION OF OFFERING

**IMPORTANT NOTE TO PROSPECTIVE INVESTORS: This Confidential Private Placement Memorandum (including the exhibits attached hereto, the “Memorandum”) amends and restates in its entirety the prior Confidential Private Placement Memorandum, dated May 14, 2025 (the “Prior Memorandum”), and updates the information contained in the Prior Memorandum. You should not rely on the Prior Memorandum in making an investment decision.**

FSX DST Inventory Financing Fund, LLC, a Delaware limited liability company (the “**Fund**” or the “**Company**”), has been formed for the purpose of directly or indirectly, providing debt investments to affiliates of Four Springs TEN31 Xchange, LLC (“**FSX**” also referred to herein as the “**Sponsor**”) acquiring stabilized real property for the purpose of real estate syndication through a Delaware Statutory Trust (“**DST**”) structure. Each of the foregoing is referred to herein as an “**Investment**” and collectively, the “**Investments**”. Substantially all of the Fund’s investments will be in the form of debt securities issued by the Sponsor’s affiliates, though up to 25% of the Fund’s Investments may be in debt securities issued by non-affiliates. FSX DST Inventory Financing Fund Manager, LLC, a Delaware limited liability company, an affiliate of the Sponsor, will be the Manager of the Fund (the “**Manager**” and also referred to herein as “**FSX DST**”).

All of the Fund’s Investments are anticipated to be made into a depositor entity (the “**Depositor**”) created and wholly-owned by the Sponsor for a specific real property acquisition (each, a “**Property**” and collectively, the “**Properties**”). Each of the Fund’s Investments is expected to be in the form of debt issued by a Depositor to the Fund (each a “**Fund Note**”). The Properties are anticipated to be primarily acquired in separate Delaware Statutory Trusts (the “**DSTs**”) that are expected to be funded utilizing the following potential capital sources: (i) the Fund’s debt investment to a Depositor or Fund Note; (ii) the proceeds from a Sponsor Loan (as defined below) and (iii) additional third-party debt to a Depositor or the DST that may be senior to the Fund’s investments as well as senior secured, first priority lien, acquisition line of credit or short-term loan from a bank or other lender (collectively the “**Third-Party Debt**”). Properties also may be acquired with no Third-Party Debt on an all-cash basis and, in such case, the Fund’s investment would not be junior to senior secured lien holders. The Sponsor anticipates that each Property will be packaged into newly created DST entities, with a Depositor contributing to the DST money sufficient to purchase the Property and transferring the Property into the DST ownership structure. At the closing on the Property, the DST will fund the purchase price with the proceeds from the Fund Note and any Third-Party Debt. The DST will buy the Property at the closing and in exchange for the contribution from a Depositor, issue beneficial interests in the DST to a Depositor. The Fund Note will ultimately be secured by a Depositor’s interest in the DST and bearing interest as set forth in the Fund Note. The Fund will not be a beneficial owner in the DST.

After the completion of the Property acquisition, the DST will then offer or syndicate (the “**DST Offering**”) all of its beneficial interests (the “**DST Interests**”). Acquisition of the DST Interests is designed for, but not limited to, prospective investors (each, a “**Section 1031 Investor**”) seeking to defer the recognition of gain on the sale of other real property under Section 1031 (“**Section 1031**”) of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”). A Section 1031 transaction (a “**Section 1031 Exchange**”) generally allows the seller of real estate to defer federal and state capital gains taxation on the sale by exchanging the relinquished property for another property of like kind. The DST will utilize the proceeds from the DST Offering to redeem the beneficial interests owned by a Depositor. As redemption payments are received by a Depositor, all such proceeds will be used first to repay any Third-Party Debt that senior is to the Fund Note, then the Fund Note *pari passu* to any Third-Party Debt that ranks on parity with the Fund Note. The Fund’s debt investment in a Depositor shall be available for reinvestment following repayment when and as the Fund’s Note is repaid, unless a Redemption Request (as defined below) has been provided to the Manager by a Member. The Fund will continue to accrue and be paid its interest on the outstanding principal of the Fund Note from a Depositor while the outstanding principal of the Fund Note remains outstanding.

As collateral for its Fund Notes, the Fund expects to receive a Pledge Agreement, to be entered into by a Depositor and the Fund (each, a “**Pledge Agreement**”), whereby a Depositor will pledge to the Fund its beneficial interests in each DST that owns a Property acquired with the proceeds of a Fund Note (collectively, the “**Collateral**”), which pledge provides that in the event a Depositor defaults in the payment of any Fund Note, the Fund shall receive the right to execute an assignment of a Depositor’s beneficial interests in such DST and all proceeds thereof. Any

Depositor issuing a Fund Note may elect to incur additional indebtedness either by a Depositor or the DST on the Property, and may also incur indebtedness that, like a Fund Note, is secured by the DST beneficial interests to be syndicated. Accordingly, the Fund's security interest in the Collateral may be subordinated 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 made by the Fund to Depositors. Further, the Investments may be grouped by the Sponsor into portfolios at the Sponsor's discretion and, if additional debt financing is used to acquire or inventory the properties by the Sponsor, the Fund's Investments will remain backed by the Collateral, but junior to any such debt financing.

The Fund expects to make Investments in accordance with certain investment criteria set forth herein; however, the Manager has the ultimate authority to determine the terms of any Investments made by the Fund. The Manager is wholly-owned by the Sponsor. Each Fund Note will be short term (1-2 years), which could be longer based on the type of syndication offering being made by the DSTs and the use of the Investments by the Manager. All interest payable with respect to the Fund Notes will be paid to the Fund. In addition to sponsoring its DST programs, the Sponsor also offers customized solutions to investors in connection with their 1031 exchanges, including providing access to replacement properties that it or its affiliates own. In circumstances that the Sponsor deems appropriate, a Depositor may also elect to purchase one or more properties with the proceeds from a Fund Note and other Third-Party Debt and, rather than syndicate such Property in a DST, sell such Property to an unrelated third party (each, a "**Principal Transaction**"). Any profits from a Principal Transaction 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 in any Fund Note and any proceeds from a Principal Transaction, in a single Property or Fund Note.

In addition, the Sponsor may, from time to time, make loans to a Depositor or a DST (each, a "**Sponsor Loan**") on terms determined by the Sponsor in its sole discretion. The Sponsor Loans may be made in addition to the Investments made by the Fund and may bear different interest rates, maturities, have a priority for repayment prior to repayment of the Fund Notes, and other terms. The existence of such Sponsor Loans may create potential conflicts of interest, including priority of repayment, use of available cash, and influence over a Depositor and DST's financial decisions. There can be no assurance that the terms of any such Sponsor Loans will be as favorable to a Depositor and DST as could be obtained from unaffiliated third parties.

The Fund is offering (this "**Offering**") 1,000 limited liability company units in the Fund (the "**Units**") in an aggregate amount of Twenty-five Million (\$25,000,000) solely to accredited investors ("**Investors**") pursuant to this Memorandum. The Fund is targeting \$2-\$5 million investments from institutions and minimum investments from an investor will be \$250,000. Each Investor will be a "**Member**" and collectively, the "**Members**." The Fund will pay Distributable Cash (as defined below) from interest income generated by Fund Notes in the following order of priority: first, pro rata to the Members in accordance with their capital contributions, a ten percent (10%) preferred annual return on unreturned capital contributions (the "**Preferred Return**"), second to the Manager until the Manager has received aggregate distributions equal to two percent (2%) of the aggregate capital contributions made by the Members, and thereafter, eighty percent (80%) of Distributable Cash will be paid the Members and twenty percent (20%) will be paid to the Manager. The Fund will pay Principal Distributable Cash (as defined below) generated by the repayment of principal on the Fund Notes to the Members to return their respective unreturned capital contributions, and thereafter, eighty percent (80%) of such Principal Distributable Cash will be paid the Members and twenty percent (20%) will be paid to the Manager. 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 (as defined below) 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.

The Fund's capital will be available for reinvestment following repayment from a Depositor, unless a Redemption Request (as defined below) has been provided to the Manager by a Member. The Fund will continue to accrue and be paid its interest on the outstanding principal of the Fund Note from a Depositor while the outstanding principal of the Fund Note remains outstanding.

The Fund will offer the Units until \$25,000,000 of Units are sold ("**Maximum Offering Amount**") or until May 31, 2026 (the "**Offering Termination Date**"), which may be extended in the sole and absolute discretion of the Manager. The Fund has set a minimum offering amount for this Offering of \$250,000 and anticipated a first closing when it had received subscriptions for 20 Units (aggregate gross proceeds of \$500,000) (the "**Initial Closing**" and

each closing thereafter, a “**Closing**”). On June 26, 2025, the Sponsor completed its subscription for 20 Units for a purchase price of \$500,000, which comprised the proceeds for the Initial Closing. All proceeds from the sale of Units, including those from the Initial Closing, will be delivered directly to the Fund’s operating account and be available for immediate use by the Fund at its discretion.

Members will be allowed to make redemption requests for all or a portion of their Units, subject to the procedures set forth in the Operating Agreement (each, a “**Redemption Request**”). See -SUMMARY OF THE OFFERING – “Redemption”. A Member making a Redemption Request must deliver a notice in writing to the Fund at least one hundred and eighty (180) days in advance of the Redemption Date (as defined below), setting forth such Member’s request for redemption (a “**Redemption Notice**”). The first effective date for any timely Redemption Request will be the twenty-four (24) month anniversary of the Initial Closing of the Fund (as defined below) and, if the Fund exercises one or more of the Extension Rights (as defined below), then timely Redemption Requests will also be effective on each of the thirty-six (36) month and the forty-eight (48) month anniversaries (as the case may be) of the Initial Closing (each, a “**Redemption Date**”). A Member’s interest will be redeemed in an amount equal: (i) if the Redemption Request occurs on or before the second (2<sup>nd</sup>) anniversary of the Initial Closing, and (a) if the Fund does not pay any commission to a third-party for the Investment by such Member, 100% of such Member’s unreturned funded Investment and (b) if the Fund has paid a commission to a third-party for such Member’s Investment, 95% of such Member’s unreturned funded Investment; and (ii) if the Redemption Request occurs after the second (2<sup>nd</sup>) anniversary of the Initial Closing, 100% of such Member’s unreturned funded Investment. The Sponsor may make a Redemption Request for its membership interests if the third (3<sup>rd</sup>) anniversary of the Initial Closing has occurred and shall receive 100% of the Sponsor’s unreturned funded Investment unless the aggregate Redemption Requests received by the Fund for the applicable redemption window during which the Sponsor made a Redemption Request exceed the Available Redemption Funds (as defined below).

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, each Member’s Units (other than those of the Sponsor) 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. If a Redemption Request of the Sponsor is made during a redemption window under which the aggregate Redemption Requests received by the Fund exceed the Available Redemption Funds, such Redemption Request of the Sponsor shall be subordinated to those of the other Members until such other Member’s Redemption Requests are fully satisfied. Each requesting Member may revoke such Member’s Redemption Request in whole or in part within thirty (30) days prior to the applicable Redemption Date. 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 will 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.

Capitalized but undefined terms used herein have the meanings set forth in the FSX DST Inventory Financing Fund, LLC Amended and Restated Limited Liability Company Agreement (“**Operating Agreement**”), a copy of which is attached hereto as Exhibit A.

The principal objectives of the Fund will be to (i) pay an annualized 10% Preferred Return to the Members on an annual basis (typically on the 1<sup>st</sup> day of April of each year), and (ii) preserve the Members' capital investment. THERE IS NO ASSURANCE THAT THESE OBJECTIVES WILL BE ACHIEVED.

**An investment in the Fund is speculative and involves significant risks, See "RISK FACTORS" beginning on page 22 for a complete discussion of the risks, including, but not limited to, the following:** the ability of the Sponsor to syndicate equity in DST offerings due to various risks, including market conditions, the uncertainty of the ability of the Manager to deploy the capital into properties or Investments, the start-up nature of the Fund, the Fund is a newly formed entity with limited operating history, lack of liquidity, risks associated with investments in real estate, potential lack of diversity of investment, changes in tenant's credit profile and property casualty events, tenant creditworthiness, interest rate fluctuations economic cycles, competition for properties, environmental risks, reliance on the Sponsor to select properties, reliance on the Manager to manage the Fund, the Sponsor and the Manager are affiliated entities, reliance on the DST to manage the properties, limited voting rights, the existence of various conflicts of interest between the Sponsor, the Manager and its Affiliates and the Fund, the Sponsor, Manager and its Affiliates will receive significant benefits from the use of the Fund's capital which cannot yet be determined, including commissions and fees on the purchase and sale of the properties, and tax risks.

The mailing address of the Fund and the Manager is 3349A State Route 138, Allaire Corporate Center, Building A, Suite A, Second Floor, Wall, NJ 07719, and the telephone number is (877) 449-8828.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.**

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

	Price to Investors <sup>(1)</sup>		Proceeds to Fund	
Per Unit <sup>(2)</sup>	\$	25,000	\$	25,000
Gross Offering Proceeds	\$	25,000,000	\$	25,000,000
Selling Commissions / Placement Fee <sup>(3)</sup>	\$	0	\$	0
Expense Allowance <sup>(4)</sup>	\$	0	\$	(125,000)
Maximum <sup>(5)</sup>	\$	25,000,000	\$	24,875,000

**This Memorandum is dated September 17, 2025.**

- (1) Offers and sales of Units will be made only to Accredited Investors by the Fund. The Units will not be sold, nor any offers to purchase be accepted prior to the Units being qualified for sale under the “blue sky” or securities laws of each prospective investor’s respective state.
- (2) The minimum purchase is ten Units for a total purchase price of \$250,000, except that the Fund may permit certain investors, in its sole discretion, to purchase a fraction of a Unit.
- (3) Pursuant to this Memorandum, we are offering the Units through Third Seven Capital LLC (the “**Managing Broker-Dealer**”), which may engage (i) other broker-dealers (the “**Broker-Dealers**”), each of which are members of the Financial Industry Regulatory Authority, the regulatory organization for securities brokers and dealers which was created through the consolidation of the National Association of Securities Dealers, Inc. and the member regulation, enforcement and arbitration functions of the New York Stock Exchange (“**FINRA**”), and (ii) investment advisers registered under the Investment Advisers Act of 1940 (together with the Broker-Dealers, the “**Selling Group**”). The Sponsor, not the Fund, will be responsible for all selling commissions payable to the Managing Broker-Dealer in connection with the marketing and syndication of the Units (collectively, the “**Selling Commissions**”) and a placement fee (the “**Placement Fee**”), each of which are described in the Broker-Dealer Pricing Supplement (the “**BD Pricing Supplement**”) and the Registered Investment Advisor Pricing Supplement (the “**RIA Pricing Supplement**”, and together with the BD Pricing Supplement collectively referred to as the “**Pricing Supplements**”) to this Memorandum issued as of the date hereof.
- (4) The Managing Broker-Dealer will receive an allowance in an amount not to exceed 0.50% of the purchase price of the Units sold by or through the Managing Broker-Dealer (the “**Total Sales**”), which will be paid by the Fund, to defray marketing expenses to be incurred by Selling Group, all of which the Managing Broker-Dealer shall reallow to such Selling Group members on a non-accountable basis for marketing and due diligence expenses, as directed by the Fund (the “**Expense Allowance**”). The Expense Allowance is not payable to the Managing-Broker Dealer for Units it directly sells or to registered representatives who are licensed with the Managing Broker-Dealer and an employee or independent contractor of an affiliate of the Sponsor (each, an “**Affiliated Representative**”). The maximum amount of the Expense Allowance is \$125,000.
- (4) The Maximum Offering Amount is \$25,000,000.

**The purchase of Units involves significant risks. You should read and carefully consider the discussion set forth under “Risk Factors.” This Memorandum contains forward-looking statements that involve risks and uncertainties. The Fund’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under “Risk Factors.” Risks of an investment in Units include, among others, the following:**

1. The deployment of the Fund’s capital depends on market conditions and the ability to syndicate DSTs as planned. Changes in tax laws, including Section 1031 of the Tax Code, may occur which may materially adversely affect the Fund’s business plan.

2. The Fund was recently organized and does not have any operating history.

3. No public market exists for the Units and it is highly unlikely that any such market will develop. The Units are not freely transferable and there are substantial restrictions upon the transfer of Units under federal and state securities laws. See “Restrictions on Transferability.”

4. The transfer of the Units is subject to certain limitations in the Operating Agreement, including the required consent of the Manager, and lenders may impose additional restrictions on the transferability of Units. Units must be considered solely as long-term investments. See “Summary of the Operating Agreement and Income, Loss and Distributions.”

5. If less than all of the Units are sold by the Offering Termination Date, the Fund may be limited in the amount of loans it can make to Depositors, and as a result, the Fund’s assets may not be diversified. See “Risk Factors – Risks Relating to the Formation and Internal Operation of the Fund – Lack of Diversification.”

6. The Sponsor is currently in the process of identifying properties. Thus, the terms of the investments or purchase agreements, including the identification of such properties to be purchased and the purchase price of the properties have not yet been determined. See “Risk Factors – Real Estate Risks – No Purchase Agreements for Properties.”

7. The Manager has limited prior experience managing funds. See “Risk Factors – Risks Relating to the Formation and Internal Operation of the Fund – Limited Experience of Manager.”

8. The Sponsor intends to acquire properties which have not yet been identified. As a result, potential investors will not have the opportunity to evaluate the properties and must rely solely upon the Sponsor to select and manage the Properties. See “Risk Factors – Real Estate Risks – Unspecified Properties.”

9. The Properties will have only one tenant and, thus, any failure by a tenant to satisfy its obligations under its lease would have a material adverse effect on the respective Investment. See “Risk Factors – Real Estate Risks – Dependence Upon Single Tenant.”

10. The Properties will be managed by a manager newly formed by the Sponsor (the “DST Manager”). Consequently, the Properties will not have independent management. See “Risk Factors – Risks Relating to the Formation and Internal Operation of the Fund – Property Management.”

11. Members will have no approval rights regarding the operation of the Properties. All decisions regarding the Properties will be made by the DST Manager without input from the Members. See “Risk Factors – Risks Relating to the Formation and Internal Operation of the Fund – No Approval Rights Regarding Operation of the Properties.”

12. The Sponsor, Manager and its Affiliates will be subject to certain conflicts of interest and receive substantial benefit from the use of the Fund’s capital. Moreover, the Manager and its Affiliates will receive compensation for performing services on behalf of the Fund. The Manager and its Affiliates will receive commissions

and other compensation with respect to the Properties. The amount of compensation received by the Manager and its Affiliates cannot be determined at this time. See “Conflicts of Interest” and “Compensation of the Manager and its Affiliates.”

13. There is no assurance that all of the Units will be sold. The Fund will issue Units after the close of the Offering

**The purchase of Units is suitable only for persons of substantial means who have no need for liquidity in their investment. See “Who May Invest.” You should carefully consider the following:**

1. You are not to construe the contents of this Memorandum as legal or tax advice. You should consult your own counsel, accountant or business advisor as to legal, tax and related matters concerning your investment.

2. The Units may be offered and sold only to investors who meet the investor suitability requirements set forth under “Who May Invest” in this Memorandum.

3. No person has been authorized by the Fund or the Manager to make any representations or furnish any information with respect to the Fund or the Units, other than the representations and information set forth in this Memorandum or other documents or information furnished by the Fund or the Manager upon request as described in this Memorandum. However, authorized representatives of the Fund or the Manager will, if such information is reasonably available, provide additional information that you or your representative requests for the purpose of evaluating the merits and risks of this Offering.

4. Any predictions and representations, written or oral, which do not conform to those contained in this Memorandum should be disregarded, and their use is a violation of the law. No representation or warranty can be given that the estimates, opinions or assumptions made herein will prove to be accurate.

5. Trustees, custodians and fiduciaries of retirement and other plans subject to the Employee Retirement Income Security Act of 1974 (“ERISA”) or Tax Code Section 4975 (including individual retirement accounts) should consider, among other things: (i) that the plan, although generally exempt from federal income taxation, would be subject to income taxation were its income from an investment in the Fund and other unrelated business taxable income to exceed \$1,000 in any taxable year (it is anticipated that the Fund will generate unrelated business taxable income), (ii) whether an investment in the Fund is advisable given the definition of plan assets under ERISA and the status of Department of Labor regulations regarding the definition of plan assets, (iii) whether the investment is in accordance with plan documents and satisfies the diversification requirements of Section 404(a) of ERISA, (iv) whether the investment is prudent under Section 404(a) of ERISA, considering the nature of an investment in, and the compensation structure of, the Fund and the potential lack of liquidity of the Units, (v) that the Fund has no history of operations, and (vi) whether the Fund or any Affiliate is a fiduciary or party in interest to the plan. The prudence of a particular investment must be determined by the responsible fiduciary taking into account all the facts and circumstances of the plan and of the investment.

6. The Fund term will be three (3) years from the earliest of: (a) the final Closing of the Fund, (b) the date that the Fund receives aggregate subscriptions for \$10 million of Fund Units, and (c) 270 days from the Initial Closing of the Fund, *provided* that the Manager may extend the term for a period of up to two, one-year additional terms in its sole discretion. The Fund will offer Units for sale until the earlier of (i) the receipt of subscriptions for \$25,000,000 of Units or (ii) the Offering Termination Date.

7. This Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized. In addition, this Memorandum constitutes an offer only if the name of an offeree in the Fund records matches the copy number that appears in the appropriate space on the first page of this cover page and is an offer only to such offeree.

8. This Memorandum has been prepared solely for the benefit of persons interested in the proposed private placement of the Units offered hereby, and any reproduction or distribution of this Memorandum, in whole or in part, or the disclosure of any of its contents without the prior written consent of the Manager is prohibited. By

accepting delivery of this Memorandum, you agree to return this Memorandum and all documents furnished herewith to the Manager or its representatives upon request if you do not purchase any of the Units or if the Offering of the Units is withdrawn or terminated.

9. The Manager may reject a prospective investor's Subscription Agreement for any reason. Subscription Agreements will be rejected for failure to conform to the requirements of the Offering of the Units or such other reasons as the Manager may determine to be in the best interests of the Fund. Subscription Agreements may not be revoked, canceled or terminated by the subscriber, except as therein provided.

10. This Offering of Units is made exclusively by this Memorandum and the Exhibits and supplements attached hereto. This Memorandum contains a summary of certain provisions of the Operating Agreement for the Fund and the anticipated terms of certain other agreements that may be entered into by the Fund with respect to the Investments, but only the Operating Agreement, and the final version of any agreement entered into by the Fund for each Investment contain complete information concerning the rights and obligations of the parties thereto. This Memorandum contains summaries of certain other documents, which summaries are believed to be accurate, but reference is hereby made to the actual documents for complete information concerning the rights and obligations of the parties thereto. Such information necessarily incorporates significant assumptions, as well as factual matters. All documents relating to this investment and related documents and agreements will be made available to you or your advisors upon request to the Manager.

11. During the course of this Offering and prior to sale, you are invited to ask questions of and obtain additional information from the Manager concerning the terms and conditions of the Offering, the Fund, the Manager, the Units and any other relevant matters, including, but not limited to, additional information to verify the accuracy of the information set forth in this Memorandum. The Manager will provide such information to the extent it possesses it or can acquire it without unreasonable effort or expense.

12. The Units are offered by the Fund subject to prior sale, receipt and acceptance by the Fund of the relevant Subscription Agreement, the right of the Manager to reject any Subscription Agreement for Units in whole or in part, withdrawal, cancellation or modification of the Offering without notice to investors, and certain other conditions.

13. Because the Units are not registered under the Securities Act of 1933, as amended ("Securities Act"), or the securities laws of any state, investors must hold them indefinitely unless they are registered under the Securities Act and any applicable state securities laws, which registration the Manager does not expect to occur, or the Manager, with the advice of counsel, concludes that registration is not required under the Securities Act and applicable state laws. The Operating Agreement also contains significant restrictions on the sale, transfer or other disposition of the Units by an investor. It is highly unlikely that a public market will ever exist for the Units.

14. The price per Unit has been arbitrarily determined and is not the result of an arm's length negotiation.

The Manager will maintain a list of states where the Units may be offered and sold.

**The securities offered hereby have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of said act and such laws. The securities are subject to restriction on transferability and resale and may not be transferred or resold except as permitted under said act and such laws pursuant to registration or exemption therefrom.**

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

**The Securities Act of 1933, as amended, and the securities laws of certain jurisdictions grant purchasers of securities sold in violation of the registration or qualification provisions of such laws the right to**

rescind their purchase of such securities and to receive back their consideration paid. The Manager believes that the offering described in this Memorandum is not required to be registered or qualified. Many of these laws granting the right of rescission also provide that suits for such violations must be brought within a specified time, usually one year from discovery of facts constituting such violation. Should any investor institute such an action on the theory that the offerings conducted as described herein were required to be registered or qualified, the Manager will contend that the contents of this Memorandum constituted notice of the facts constituting such violation.

No person has been authorized to give any information or make any representations other than those contained in this Memorandum, and, if given or made, such information or representations must not be relied upon as having been given by the Fund, the Manager or their Affiliates.

This Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized, or in which the person making such an offer is not qualified to do so, or to any person to whom it is unlawful to make an offer or solicitation.

Neither the information contained herein, nor any prior, contemporaneous or subsequent communication should be construed by you as legal or tax advice. You should consult your own legal and tax advisors to ascertain the merits and risks of an investment in Units before investing.

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TABLE OF CONTENTS

	<u>Page</u>
DESCRIPTION OF OFFERING.....	1
WHO MAY INVEST .....	11
INVESTOR SUITABILITY REQUIREMENTS .....	11
HOW TO INVEST .....	13
SUMMARY OF THE OFFERING .....	16
RISK FACTORS .....	24
ESTIMATED USE OF PROCEEDS.....	35
DESCRIPTION OF THE INVESTMENTS.....	37
FUND BUSINESS PLAN .....	42
CAPITALIZATION OF THE FUND.....	44
PRIOR PERFORMANCE OF THE SPONSOR AND ITS AFFILIATES.....	45
PLAN OF DISTRIBUTION.....	50
THE SPONSOR AND THE MANAGER .....	53
FIDUCIARY DUTIES OF THE MANAGER .....	54
CONFLICTS OF INTEREST.....	55
COMPENSATION OF THE MANAGER AND ITS AFFILIATES .....	58
DESCRIPTION OF THE UNITS.....	58
RESTRICTIONS ON TRANSFERABILITY .....	59
SUMMARY OF THE OPERATING AGREEMENT AND INCOME, LOSS AND DISTRIBUTIONS .....	59
CERTAIN FEDERAL INCOME TAX CONSEQUENCES.....	
REPORTS.....	63
LITIGATION .....	68
ADDITIONAL INFORMATION.....	68

EXHIBITS:

- A Operating Agreement
- B Instructions to Investors and Subscription Agreement

## WHO MAY INVEST

The offer and sale of the Units is being made in reliance on an exemption from the registration requirements of the Act. Accordingly, distribution of this Memorandum has been strictly limited to persons who meet the requirements and make the representations set forth below. The Fund may declare any prospective Investor ineligible to purchase Units for any legal reason based on any information that may become known or available to the Fund concerning the suitability of such prospective Investor. **The Units will be sold only to Accredited Investors (as described below).**

### INVESTOR SUITABILITY REQUIREMENTS

Investment in the Units involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. The Units will be sold only to persons or entities that (i) purchase a minimum of ten Units (\$250,000), and (ii) represent in writing that they meet the investor suitability requirements established by the Fund and as may be required under federal or state law. The Fund retains the right to accept smaller purchases, in its sole and absolute discretion.

Each prospective Investor must represent in writing that he or she meets, among others, **ALL** of the following requirements:

(a) He or she has received, read, and fully understands the Memorandum and all its exhibits. He or she is basing his or her decision to invest on the Memorandum. He or she has relied only on the information contained in the Memorandum and all its exhibits and has not relied upon any representations made by any other person; and

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

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

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

(e) He or she can bear and is willing to accept the economic risk of losing his entire investment in the Units; and

(f) He or she is acquiring the Units for his or her own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, or resale of the Units; and

(g) You are an “**Accredited Investor**” as defined in Rule 501(a) of Regulation D under the Securities Act. For purposes of this Memorandum, an “**Accredited Investor**” includes:

- Any natural person that: (i) has an individual net worth, or joint net worth with his or her spouse, of more than \$1,000,000; (ii) has individual income in excess of \$200,000, or joint income with his or her spouse or spousal equivalent (defined as a cohabitant occupying a relationship generally equivalent to that of a spouse) in excess of \$300,000, in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year; (iii) is a Licensed General Securities Representative (Series 7), Licensed Investment Adviser Representative (Series 65) and Licensed Private Securities Offerings Representative (Series 82); (iv) is a “knowledgeable employee” of a private fund, including, but not limited to, trustees and advisory board members of a private fund or an affiliated person of the private fund that oversees the private fund’s investments, as well as employees of the private fund or the

affiliated person of the private fund who, in connection with the employees' regular functions or duties, have participated in the investment activities of such private fund for at least 12 months; and (v) has a professional certification, designation or credential from an accredited educational institution that the SEC designates as qualifying for Accredited Investor status;

- any entity that owns investments in excess of \$5,000,000 and that was not formed for the specific purpose of investing in the securities offered;
- any investment adviser registered under federal or state law (and Exempt Reporting Advisers relying on Section 203(m) or 203(l) of the Investment Advisers Act of 1940, as amended);
- any rural business investment company (defined as entities who are approved by the U.S. Secretary of Agriculture and have entered into a participation agreement with the U.S. Secretary of Agriculture);
- any family office with at least \$5,000,000 in assets under management and that was not formed for the specific purpose of acquiring the securities offered, and whose investment is directed by a person capable of evaluating the merits and risks of the prospective investment;
- Any bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;
- Any broker-dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended;
- Any insurance company as defined in Section 2(13) of the Securities Act;
- Any investment company registered under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “**Investment Company Act of 1940**”) or a business development company (as defined in Section 2(a)(48) of that Act);
- Any small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) or the Small Business Investment Act of 1958, as amended;
- Any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets of more than \$5,000,000;
- Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended);
- Any corporation, Massachusetts or similar business trust, partnership or organization described in Tax Code Section 501(c)(3) that has total assets over \$5,000,000 and was not formed for the specific purpose of acquiring the Units;
- Any trust, with total assets in excess of \$5,000,000 that was not formed for the specific purpose of acquiring the Units and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Units (as described in Rule 506(b)(2)(ii) under the Securities Act); and
- Any entity in which all of the equity owners are Accredited Investors.

For purposes of calculating your net worth, “**net worth**” is defined as the difference between total assets and total liabilities, excluding the value of your primary residence. In the case of fiduciary accounts, the net worth and/or income suitability requirements must be satisfied by the beneficiary of the account or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Units.

Representations with respect to the foregoing and certain other matters will be made by each Investor in the Subscription Agreement, a form of which is attached to this Memorandum as Exhibit B. The Fund will rely on the accuracy of each person’s or entity’s representations set forth therein and may require additional evidence that any such person or entity meets the applicable standards at any time prior to the Fund’s acceptance of the Subscription Agreement. An Investor is not obligated to supply any information requested by the Fund, but the Fund may reject any Investor who fails to supply any such information.

**If you do not meet the requirements described above, do not read further and immediately return the Memorandum and all its exhibits to the Fund or the applicable Broker-Dealer. If you do not meet such requirements, this Memorandum shall not constitute an offer to sell the Units to you.**

The investor suitability requirements stated above represent minimum suitability requirements, as established by the Fund, for Investors. However, satisfaction of these requirements by any such person or entity will not necessarily mean that a Unit is a suitable investment for such person or entity, or that the Fund will accept such person or entity as an Investor. Furthermore, the Fund, as appropriate, may modify such requirements, and such modification may raise the suitability requirements for Investors.

The written representations made by the prospective Investors will be reviewed to determine the suitability of each such person or entity. The Fund may refuse an offer to purchase the Units if the Fund believes that such person or entity does not meet the applicable investor suitability requirements, the Units otherwise constitute an unsuitable investment for such person or entity for any legal reason.

## HOW TO INVEST

### Subscription Procedures

In order to subscribe for Units, a prospective investor must deliver the following documents to the Manager:

- One completed and signed copy of the Subscription Agreement; and
- Prospective Investors should deliver an amount equal to the full amount of their purchase price for their Units to the Company either by (i) a check payable to “**FSX DST Inventory Financing Fund, LLC**” or (ii) a wire transfer to **FSX DST Inventory Financing Fund, LLC**. For increased security, we will provide wiring instructions to all investors separately. Please call in advance of initiating any wire to verify account information. **No investor or their representatives should initiate a wire until such wiring instructions have been verified by phone with FSX DST’s Investor Relations department at (877) 449-8828.**

Subscription Agreements should be signed and returned to:

FSX DST Inventory Financing Fund, LLC  
3349A State Route 138,  
Allaire Corporate Center,  
Building A, Suite A, Second Floor,  
Wall, NJ 07719  
Attn: Investor Relations

## Acceptance of Subscriptions

Subscriptions are not binding on the Fund unless or until accepted by the Manager on behalf of the Fund. The Manager has the right, to be exercised in its sole discretion, to accept or reject any subscription in whole or in part for a period of 60 days after receipt of the subscription. Any subscription not accepted within 60 days of receipt shall be deemed rejected.

**The Manager may, in its sole and absolute discretion, refuse a subscription for Units if they believe that an investor does not meet the applicable investor suitability requirements, the Units otherwise constitute an unsuitable investment for the investor, or for any other reason. In addition, the Fund reserves the right to terminate any Subscription Agreement at any time prior to the Final Closing Date, in the sole discretion of the Manager, in which event all amounts deposited with respect to such terminated Subscription Agreement will be returned with interest actually earned and without reduction.**

All proceeds from the sale of the Units will be deposited in an interest-bearing account in the name of the Fund. However, these deposits may be held in an account that is not insured by the Federal Deposit Insurance Corporation or that exceeds the limit on FDIC insurance. The Manager expects to hold the Initial Closing of the Offering as soon as practicable when a sufficient amount of subscriptions have been obtained, as determined by the Manager in its sole discretion. The Manager is entitled, in its sole discretion, to continue to accept subscriptions and to hold one or more subsequent Closings until the Offering Termination Date, which date may be extended by the Manager, in its sole discretion. The Fund has set a minimum offering amount of \$250,000 for this Offering and anticipated the Initial Closing upon receiving subscriptions for Units in the aggregate amount of \$500,000. On June 26, 2025, the Sponsor completed its subscription for 20 Units for a purchase price of \$500,000, which comprised the proceeds for the Initial Closing. All proceeds from the sale of Units, including those from the Initial Closing, will be delivered directly to the Fund's operating account and be available for immediate use by the Fund at its discretion.

The Manager reserves the right to cancel the Offering at any time; and if the Offering is cancelled, then all amounts deposited will be returned with interest actually earned and without reduction and all capital commitments will be cancelled. Affiliates of the Manager will be entitled to acquire any number of the Units offered by this Memorandum.

## Compliance with Anti-Money Laundering Regulations

As part of the Fund's responsibility for the prevention of money laundering, the Fund and the Manager and its Affiliates, subsidiaries or associates may require a detailed verification of a subscriber's identity, any beneficial owner underlying the account and the source of any payment to the Fund.

The Fund and the Manager each reserve the right to request such information as is necessary to verify the identity of a subscriber and the underlying beneficial owner of an investor's interest in the Fund. In the event of delay or failure by the subscriber or Member to produce any information required for verification purposes, the Fund may refuse to accept a subscription or may cause the withdrawal of any such Member from the Fund. The Manager, by written notice to any Member, may suspend the payment of distribution proceeds to such Member if the Manager deems it necessary to do so to comply with anti-money laundering regulations applicable to the Fund, the Manager, and its Affiliates, subsidiaries or associates or any of the Fund's other services providers.

**Each prospective investor will be required to make such representations to the Fund as the Fund, the Manager and its Affiliates, subsidiaries or associates or any of the Fund's other service providers will require in connection with such anti-money laundering programs, including, without limitation, representations to the Fund that such investor is not a prohibited country, territory, individual or entity listed on the Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Such prospective investor will also be required to represent to the Fund that amounts contributed**

**by it to the Fund were not directly or indirectly derived from activities that may contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations.**

## SUMMARY OF THE OFFERING

The following material is intended to provide selected limited information regarding the Fund and this Offering and should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum.

You are urged to read this entire Memorandum before investing in the Fund. This Memorandum contains forward-looking statements that involve risks and uncertainties. The Fund's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under "Risk Factors."

### **Securities Offered:**

The securities being offered pursuant to this Memorandum are investments in the Fund, a recently formed Delaware limited liability company formed for the purpose of indirectly or directly, investing, through debt investments, in affiliates of the Sponsor for those affiliates to bridge the acquisition of stabilized real property for the purpose of syndication through a DST structure. Each of the foregoing is referred to herein as an "**Investment**" and collectively, "**Investments**". The Fund will lend money in the form of a Fund Note to a Depositor created by the Sponsor for the specific Property acquisition. A Depositor will then contribute money sufficient to purchase the property to a newly created DST entity. The DST will buy the Property at the closing and in exchange for the contribution, issue beneficial interests to a Depositor. The DST will then sell or syndicate beneficial interests to investors seeking the tax deferred real estate exchange solutions under Section 1031 of the Tax Code. Once all beneficial interests are sold, the DST will use those proceeds to redeem the beneficial interests from a Depositor. A Depositor will then use those redemption proceeds to repay the Third-Party Debt that ranks senior to the Fund Note, then the Fund Note *pari passu* to any Third-Party Debt that ranks on parity with the Fund Note.

The Fund will pay Distributable Cash generated by interest income generated by Fund Notes in the following order of priority: first, pro rata to the Members in accordance with their capital contributions, a ten percent (10%) Preferred Return, second to the Manager until the Manager has received aggregate distributions equal to two percent (2%) of the aggregate capital contributions made by the Members, and thereafter, eighty percent (80%) of Distributable Cash will be paid the Members and twenty percent (20%) will be paid to the Manager. The Fund will pay Distributable Cash generated by the repayment of principal on the Fund Notes to the Members to return their respective unreturned capital contributions, and thereafter eighty percent (80%) of such Distributable Cash will be paid the Members and twenty percent (20%) will be paid to the Manager. 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.

The Fund's capital will be available for reinvestment following repayment from a Depositor, unless an Early Termination Notice (as defined below) has been provided to the Manager by a Member. The Fund will continue to accrue and be paid its interest on the outstanding principal of the Fund Note from a Depositor while the outstanding principal of the Fund Note remains outstanding.

As collateral for its Fund Notes, the Fund expects to receive a Pledge Agreement, to be entered into by a Depositor and the Fund (each, a “**Pledge Agreement**”), whereby a Depositor will pledge to the Fund its beneficial interests in each DST that owns a Property acquired by a Depositor (collectively, the “**Collateral**”), which pledge provides that in the event a Depositor defaults in the payment of any Fund Note, the Fund shall receive the right to execute an assignment of a Depositor’s beneficial interests in such DST and all proceeds thereof. Any Depositor issuing a Fund Note may elect to incur additional indebtedness either by a Depositor or the DST on the Property, and may also incur indebtedness that, like a loan made by the Fund to a Depositor, is secured by the DST beneficial interests to be syndicated. Accordingly, the Fund’s security interest in the Collateral may be subordinated 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 made by the Fund to Depositors. Further, the Investments may be grouped by the Sponsor into portfolios at the Sponsor’s discretion and, if additional debt financing is used to acquire or inventory the Properties by the Sponsor, the Fund’s Investments will remain backed by the Collateral, but junior to any such debt financing. The Sponsor expects the Fund’s investments into the Properties to be typically outstanding for approximately one to two years at a time, which could be longer based on the DST offerings and the use of the Investments by the Manager. This is an Offering of 1,000 limited liability company Units. Units are being offered by the Fund at \$25,000 per Unit. The minimum purchase is ten Units (\$250,000). See “Description of Units” and “Summary of the Operating Agreement and Income, Loss and Distributions.”

**Organization:**

The Fund was formed on March 17, 2025, as a Delaware limited liability company.

**Properties – Acquisition:**

The Properties are anticipated to be primarily acquired in separate DSTs that are expected to be funded utilizing the following potential capital sources: (i) the Fund’s debt investment to a Depositor or Fund Note; (ii) a Sponsor Loan; and (iii) additional third-party debt to a Depositor or the DST that may be senior to the Fund’s investments as well as senior secured, first priority lien, acquisition line of credit or short-term loan from a bank or other lender (collectively the “**Third-Party Debt**”). Properties also may be acquired with no Third-Party Debt on an all-cash basis and, in such case, the Fund’s investment would not be junior to senior secured lien holders. The Sponsor anticipates that each Property will be packaged into separate DST offerings, with a Depositor transferring the Property into the DST ownership structure and a Depositor will repay the Fund Note with the offering proceeds of the DST beneficial interests which the DST will use to redeem the beneficial interests of a Depositor. As redemption payments are received by a Depositor, all such proceeds will be used first to repay any Third-Party Debt that ranks senior to the Fund Note, then the Fund Note *pari passu* to any Third-Party Debt that ranks on parity with the Fund Note. The Fund’s capital will be available for reinvestment following the repayment when and as the Fund’s Note is repaid, unless a Redemption Request (as defined below) has been provided to the Manager by a Member. The Fund will continue to accrue and be paid its interest of the outstanding principal of the Fund Note from a Depositor while the outstanding principal of the Fund Note remains outstanding.

**Properties – Sale:**

The Sponsor expects the Fund’s investments into the Properties to be typically outstanding for approximately 120 to 365 days at a time, which could be longer based on the syndication of the beneficial interests by the DSTs and the use of the Investments by the Manager. Though it is not anticipated, this holding

period may be shorter or longer than anticipated. The Manager may also seek other exit strategies on behalf of the Fund.

**Fund Objectives:**

The principal objectives of the Fund will be to (i) pay an annualized ten percent (10%) Preferred Return to the Members on an annual basis (typically on 1<sup>st</sup> day April each calendar year) and (ii) preserve the Members' capital investment. THERE IS NO ASSURANCE THAT THESE OBJECTIVES WILL BE ACHIEVED.

**Management of the Fund:**

FSX DST Inventory Financing Fund Manager, LLC, is the Manager of the Fund and will manage and control the Fund's affairs. The Manager is an affiliate of the Sponsor. The mailing address of the Manager is 3349A State Route 138, Allaire Corporate Center, Building A, Suite A, Second Floor, Wall, NJ 07719, and the telephone number is (877) 449-8828. See "The Manager."

**Members:**

The Members of the Fund will be the purchasers of the Units offered hereby. Each Member's liability will be limited to the amount of such Member's initial Capital Contribution to the Fund (e.g., \$25,000 per Unit and including, in some instances, portions returned to such Member), plus undistributed profits. Units are transferable only upon the satisfaction of certain requirements. See "Summary of the Operating Agreement and Income, Loss and Distributions."

**Term of the Fund:**

The Operating Agreement provides that the existence of the Fund shall continue for three (3) years from the 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, *provided* that the Manager may extend the term for a period of up to two, one-year additional terms in its sole discretion, each an "**Extension Right**". The Manager may elect, in its sole discretion to terminate the Fund upon the occurrence of a Suspension Event (as defined below). See the Operating Agreement attached hereto as Exhibit A.

**Distributions to the Members:**

Distributable Cash from the Investments.

Distributable Cash

will be distributed annually (typically on 1<sup>st</sup> day of April of each calendar year) as follows:

- (1) First, to the Members (pro rata in accordance with their respective unreturned Capital Contributions) until each Member has received cumulative distributions equal to a ten percent (10%) per annum Preferred Return. The Preferred Return shall accrue annually on the outstanding amount of each Member's unreturned Capital Contributions and shall be calculated from the date such Capital Contributions were made by the Member,
- (2) Second, to the Manager until the Manager has received aggregate distributions equal to two percent (2%) of the aggregate capital contributions made by the Members, and
- (3) Third, eighty percent (80%) to the Members (allocated pro rata among them) and twenty percent (20%) to the Manager. For the avoidance of doubt, the Manager shall not receive

any portion of the Distributable Cash until the Member's entitlement for that period has been satisfied in full (and there is no Manager catch-up provision with respect to such Preferred Return).

Principal Distributable Cash will be distributed annually (typically on 1<sup>st</sup> day of April of each calendar year) as follows:

1. First, 100% of Principal Distributable Cash shall be distributed to the Members (pro rata in accordance with their respective unreturned Capital Contributions) until each Member has received distributions equal to the full return of its Capital Contributions (thereby reducing each Member's unreturned Capital Contributions to zero), and
2. Second, any remaining Principal Distributable Cash (including, for example, any further proceeds from loan repayments, sales, or final liquidating distributions) shall be distributed eighty percent (80%) to the Members and twenty percent (20%) to the Manager.

**"Distributable Cash"** means total cash received by the Fund (other than Principal Distributable Cash and cash from Capital Contributions) 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.

**"Principal Distributable Cash"** means total cash received by the Fund from the repayment of loan principal on any Investment less (i) such reserves for reinvesting the Company's assets in new loans to DSTs; and (ii) reserves for debt service (including for payments of principal and interest whether currently due or otherwise).

#### **Redemption:**

Subject to the procedures and limitations set forth in the Operating Agreement, the Fund will permit Members to redeem (each, a **"Member Redemption"**), all or a portion of its membership interests (Units) in the Fund effective as of the twenty-four (24) month anniversary of the Initial Closing of the Fund, and if the Fund exercises one or more of the Extension Rights (as defined below), then effective as of the thirty-six (36) month anniversary and the forty-eight (48) month anniversaries (as the case may be) of the Initial Closing (each, a **"Redemption 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 Date, setting forth such Member's request for redemption (a **"Redemption Notice"**). A Member's interest will be redeemed in an amount as follows:

- (i) If the Redemption Request occurs on or before the second (2<sup>nd</sup>) anniversary of the Initial Closing and (a) if the Fund does not pay any commission to a third-party for the Investment by such Member, 100% of such Member's unreturned funded Investment and (b) if the Fund has paid a commission to a third-party for such Member's Investment, 95% of such Member's unreturned funded Investment.

- (ii) If the Redemption Request occurs after the second (2<sup>nd</sup>) anniversary of the Initial Closing, 100% of such Member's unreturned funded Investment.

The Sponsor may also make a Redemption Request for its membership interests if the third (3<sup>rd</sup>) anniversary of the Initial Closing has occurred, and shall receive 100% of the Sponsor's unreturned funded Investment unless the aggregate Redemption Requests received by the Fund for the applicable redemption window during which the Sponsor made a Redemption Request exceed the Available Redemption Funds (as defined below).

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, each Member's interests (other than those of the Sponsor) 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. If a Redemption Request of the Sponsor is made during a redemption window under which the aggregate Redemption Requests received by the Fund exceed the Available Redemption Funds, such Redemption Request of the Sponsor shall be subordinated to those of the other Members until such other Member's Redemption Requests are fully satisfied. 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, including the performance of the Fund's investments. 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.

If the Manager determines, in its sole discretion, that it is necessary to suspend (in whole or in part) the processing and payment of Redemption Requests due to adverse market conditions, lack of liquidity of Fund assets, or other

extraordinary circumstances, the Manager may suspend all Redemption Requests, including those previously submitted and not yet processed (a “**Suspension Event**”) In connection with a Suspension Event, the Manager shall have the authority to reject any and all outstanding or future Redemption Requests and to revert any Member’s interests previously designated Non-Redeemed Interests to interests entitled to distributions of Distributable Cash. In addition, upon a Suspension Event, the Manager may, in its sole discretion, elect to terminate the Fund and liquidate all its assets, and distribute the proceeds of the liquidation to the Members on a *pro rata* and *pari-passu* basis in accordance with the termination provisions of the Fund.

**Clawback**

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 all of their capital contributions under specified conditions, however, there can be no guarantee that the investors will receive a return of all of their aggregate capital contributions.

**Experience of Manager:**

The Manager and its Affiliates are engaged in real estate syndication, acquisition, and management and have organized a number of limited liability companies ancillary to the acquisition of certain real estate projects.

**Fund Formation and Operating Expenses Paid by the Fund:**

The Fund will pay all operating and other expenses of the Fund, except for startup expenses associated with formation of the Fund, including but not limited to legal and third-party diligence expenses. The Fund will pay all other operating expenses of the Fund, including, without limitation, legal and accounting expenses. The Fund will not be responsible for the Manager’s overhead expenses, including compensation of its staff and its office-related expenses.

**Compensation of the Manager and its Affiliates:**

The Manager and its Affiliates will receive substantial benefits from the use of the Fund’s capital to facilitate its acquisitions and operations, as described elsewhere herein. See “Description of the Investments.”

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 upfront fees paid with respect to the loans made by the Fund to Depositors in the form of Fund Notes (the “**Loan Fees**”), which will be normal 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 Fund will, however, be entitled to any extension fees paid with respect to the loans made by the Fund.

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

Following (i) payment of the Preferred Return pro rata to the Members in accordance with their capital contributions from Distributable Cash from interest income generated by Fund Notes, the Fund will pay such Distributable Cash to the Manager until the Manager has received aggregate distributions equal to two percent (2%) of the aggregate capital contributions made by the Members, and thereafter, the Fund will pay eighty percent (80%) of such Distributable Cash to the Members and twenty percent (20%) to the Manager, and (ii) the return to Members of their respective unreturned capital

contributions from Principal Distributable Cash, the Fund will pay eighty percent (80%) of such Principal Distributable Cash to the Members and twenty percent (20%) to the Manager (collectively, the “**Promote Structure**”).

**Investor Suitability Requirements:**

The Offering of the Units by the Fund is strictly limited to persons who meet certain minimum financial requirements as to income and net worth, among other requirements. See “Who May Invest.”

**Use of Proceeds:**

The Offering of up to 1,000 Units as set forth in this Memorandum is being made to capitalize the Fund with an amount sufficient to allow the Fund to make the Investments. See “Estimated Use of Proceeds.” **The Manager may elect to return any proceeds not invested by the Fund at any time.**

**Minimum Purchase:**

A minimum purchase of ten Units (\$250,000) will be required, except that the Fund may permit certain investors to purchase a fraction of a Unit in its sole discretion. See “Description of Units.”

**Offering Termination Date:**

The Fund will offer the Units until \$25,000,000 of Units are sold or until the Offering Termination Date, which date may be extended in the sole and absolute discretion of the Manager.

**No Minimum Offering:**

The Fund has set a minimum offering amount of \$250,000 for this Offering and anticipated a first closing when it had received subscriptions for 20 Units (aggregate gross proceeds of \$500,000) (the “**Initial Closing**” and each closing thereafter, a “**Closing**”). On June 26, 2025, the Sponsor completed its subscription for 20 Units for a purchase price of \$500,000, which comprised the proceeds for the Initial Closing. All proceeds from the sale of Units, including those from the Initial Closing, will be delivered directly to the Fund’s operating account and be available for immediate use by the Fund at its discretion.

**Tax Considerations:**

The Fund will be treated as a partnership and not as an association taxable as a corporation for U.S. federal income tax purposes. As such, the Fund will not be subject to U.S. federal income tax, and each Member may be required to include in computing its U.S. federal income tax liability its allocable share of the items of income, gain, loss and deduction of the Fund, regardless of any distributions by the Fund to such Member. See “Certain Federal Income Tax Consequences.” **The taxation of members and limited liability companies is extremely complex. Each prospective investor is urged to consult his or her own legal and tax advisor as to the tax consequences of an investment in the Fund.**

**Properties Due Diligence:**

In its due diligence review of the Properties, the Sponsor expects to obtain Phase 1 environmental reports or Phase 1 reliance letters, property condition reports, appraisal, and title reports and surveys for each of the Properties.

**Defined Terms:**

Terms having their first letter capitalized in this Memorandum and not defined herein are defined in the Operating Agreement. The term “**Affiliate**” as used in this Memorandum shall mean any company or entity owned by or under common ownership of FSX.

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## RISK FACTORS

INVESTORS SHOULD BE AWARE THAT THE INTERESTS ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. INVESTORS SHOULD CAREFULLY READ THIS MEMORANDUM PRIOR TO MAKING AN INVESTMENT AND SHOULD BE ABLE TO BEAR THE COMPLETE LOSS OF THEIR INVESTMENT.

A PROSPECTIVE INVESTOR SHOULD CONSIDER CAREFULLY, AMONG OTHER RISKS, THE FOLLOWING RISKS, AND SHOULD HAVE HIS, HER OR ITS OWN INDEPENDENT LEGAL, TAX, ACCOUNTING AND FINANCIAL ADVISORS CLOSELY REVIEW THIS MEMORANDUM AND ALL DOCUMENTS REFERENCED HEREIN AND ATTACHED HERETO BEFORE INVESTING IN THE INTERESTS. THESE RISK FACTORS, OR OTHER EVENTS, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN THIS MEMORANDUM. FURTHERMORE, THESE RISK FACTORS RELATE TO A SOPHISTICATED TRANSACTION AND ALTHOUGH THE TRUST HAS ENDEAVORED TO ANALYZE THIS TRANSACTION AND THE RISKS ATTENDANT TO THIS TRANSACTION TO THE BEST OF ITS ABILITY, THE FOLLOWING RISKS MAY NOT ENCOMPASS EVERY POSSIBLE RISK WITH REGARD TO THIS TRANSACTION. ONLY AFTER A PROSPECTIVE INVESTOR AND HIS, HER OR ITS INDEPENDENT ADVISORS HAVE ANALYZED THE UNDERLYING DOCUMENTS CAN HE OR SHE FULLY UNDERSTAND THE TRANSACTION.

THIS MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS THAT INCLUDE RISKS AND UNCERTAINTIES. THE ACTUAL RESULTS OF THE PROPERTIES AND THE FUND MAY DIFFER SIGNIFICANTLY FROM THE RESULTS DISCUSSED IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT MAY CAUSE SUCH DIFFERENCES INCLUDE, BUT ARE NOT LIMITED TO, THE RISK FACTORS DISCUSSED BELOW.

IT IS IMPOSSIBLE TO PREDICT ACCURATELY THE RESULTS TO AN INVESTOR FROM AN INVESTMENT IN THE FUND, BECAUSE OF THE RECENT FORMATION OF THE FUND AND GENERAL UNCERTAINTIES IN THE REAL ESTATE MARKET. YOU SHOULD CONSIDER CAREFULLY THE FOLLOWING RISKS, AND SHOULD CONSULT WITH YOUR OWN LEGAL, TAX, AND FINANCIAL ADVISORS WITH RESPECT THERETO.

### **General Risk of Investment in the Fund.**

**General Risk of Investment in the Investments.** The economic success of an investment in the Fund will depend upon the results of the operations of the Investments, which will be subject to those risks typically associated with investment in real estate and the use of a DST structure to syndicate real estate investments. More specifically, the Fund will make Investments in a DST structure, which is marketed to investors seeking tax benefits of Section 1031 of the Tax Code. The Sponsor's ability to sell DST interests is subject to market conditions, investor demand and regulatory restrictions, all of which may adversely affect the results of the Investments of the Fund and the Fund's ability to make distributions to its members. See "RISK FACTORS – "Risks Related to Investments in Real Estate Syndication." In addition, risks include the ability of the Sponsor to identify properties for an Investment by the Fund, supply and demand for properties such as the properties that the Sponsor seeks to purchase, viability of the tenants, the continued enforceability of tenant leases, financial resources of tenants, the availability of financing, changes in interest rates and the availability of mortgage funds which may render the purchase of properties difficult or impracticable, sales levels in the local areas of the Investments, adverse changes in market conditions, real estate tax rates, governmental rules, regulations and fiscal policies, various uninsured and uninsurable risks including uninsured losses or delays from casualties or condemnation, insurance and management services, the attractiveness and location of properties, the quality and philosophy of management, accelerated construction activity, structural or property-level latent defects, acts of God and other risk can adversely affect operating results of the Fund.

**Unspecified Properties.** The Sponsor has not identified the Properties that will be acquired. The lack of information regarding the Properties, such as operating history of the Properties, terms of financing, and other relevant economic and financial information regarding the Properties means that you will not have an opportunity to evaluate for yourself the relevant information regarding any Properties. Accordingly, the Members will not have any information regarding the investments of the Fund upon their acquisition of the Units. Although the Manager has

established investment criteria to guide it in making investments on behalf of the Fund, the Sponsor has broad authority and discretion when purchasing Properties. Consequently, investors must rely exclusively on the Manager to make investment decisions. No assurance can be given that the Sponsor will be able to obtain suitable Properties for syndication in a DST entity or that the Fund's objectives will be achieved. In addition, the Manager and the Sponsor are affiliated entities and the Sponsor may co-invest with the Fund in order to acquire each of the Properties, which may lead to a conflict of interest between their various roles, including conflicts with the Investors regarding decisions related to the Properties and acquisition and management of the Properties.

**No Purchase Agreement for the Properties.** The Manager anticipates that the Properties will be purchased from unaffiliated sellers. The Sponsor is currently in the process of identifying Properties to be purchased, but has not identified the Properties to be acquired. As a result, the terms of the purchase agreements, including the specific Properties to be purchased and the purchase price of the Properties, is unknown at this time. There can be no assurance that the Sponsor will be able to enter into purchase contracts for a sufficient number of Properties.

**The Fund has not yet Identified any Investments.** The Fund cannot provide Investors with any specific information as to the identification, location, operating histories or other relevant economic and financial data regarding the Investments, or the assets underlying those Investments, that the Fund will make with the net proceeds of this Offering. The success of the Fund is totally dependent on its ability to make Investments consistent with its investment goals, and a failure to do so would likely materially and adversely affect returns to the Investors.

**Offering Proceeds may be used to Pay Interest.** Proceeds from the Offering, otherwise available for investment, may be used to fund reserves and to pay interest on any credit facility that the Fund may enter into to support the Investments. This will reduce the amount of Offering Proceeds available for investment.

**Speculative Investment.** The Fund's use of the proceeds from the Offering will be speculative, and there is no assurance that the Fund will be able to make Investments sufficient for the Fund to make distributions to the Investors. Investors should be aware that they may not earn a substantial return on their investment and may, in fact, lose their entire investment. The Manager is required to return certain distributions it received from the Company if the investors, upon liquidation or winding up, do not receive a return of all of their aggregate capital contributions, however, the Manager is not required to return to the Company more than it received. There is no guarantee that the Investors will receive a return in full of their capital contributions.

**Investors Will Not Be Able to Participate in The Management of The Fund and Must Rely Exclusively on the Manager.** The Manager will have sole discretion to identify and make Investments for, and negotiate the terms of any Investment on behalf of, the Fund, subject to the limitations of this Memorandum. None of the Investors will have the right to vote on or approve any Investments.

**Prospective investors who are unwilling to delegate sole discretion to the Manager in this manner must not invest in the Fund.** The Manager, and consequently the Fund, is currently dependent on the continued service and active advisory efforts of its principals and key personnel, including Mr. William Dioguardi, Mr. Coby Johnson and Mr. Morgan. If any of their services were to cease or lapse for any reason, the Fund and its Investments may be adversely affected.

#### **Risks Related to Investments in Real Estate Syndication.**

*It is expected that a portion of the Offering Proceeds will be invested into bridge investments intended to be repaid from the proceeds of real estate syndications in DST entity structures sponsored by the Sponsor and its affiliates. Set forth below are specific risks related to such Investments.*

**The Fund will make loans to a Depositor which in turn will contribute the loan proceeds to a DST entity structure for the purchase of real estate.** The use of a DST to acquire and hold property for purposes of a Section 1031 Exchange results primarily from the income tax treatment accorded by Rev. Rul. 2004-86, which sets forth terms under which a trust will be treated as an "entity" that is taxable as a "trust" rather than taxable as a partnership. It is possible that the IRS could revoke Rev. Rul. 2004-86 or, in the alternative, determine that the Trust does not comply with the requirements of that ruling. A determination that the DST is not taxable as a trust (within the meaning of Treasury Regulation Section 301.7701-4) could have a significant adverse impact on the DST and the

ability of the DST to syndicate its interests and redeem the interests of a Depositor, which will be used to repay the loan to the Fund.

**There is a limited market for DST Interests.** The repayment of the Fund Notes by a Depositor will depend on the ability of the Sponsor to sell the beneficial interests in the DSTs to investors. The DST beneficial interests are typically sold to investors seeking the tax deferred real estate solutions under Section 1031 of the Tax Code. There is no established public or private market for DST beneficial interests and none is expected to develop. The Sponsor cannot guarantee that it will be able to sell the DST beneficial interests, nor can it assure that any such sale would occur at a favorable price or within a reasonable timeframe. The DST's ability to sell its interests is subject to market conditions, investor demand and regulatory restrictions, all of which may limit its ability to receive proceeds to redeem the beneficial interests of a Depositor (and to repay the Fund Note). If the DST is unable to sell its beneficial interests in a timely manner or at favorable prices, it may be forced to seek alternative financing, or face potential default, all of which could have adverse consequences for the Fund Investors, including loss of investment value.

**Repayment of The Fund's Investments in Real Estate Syndication Bridge is Dependent on Ability of the Sponsor and its Affiliates to Successfully Raise Capital.** In order for the loans made by the Fund to a Depositor or other real estate syndication programs to be repaid, the Sponsor or an affiliate, as sponsor of the affiliated DST or other real estate syndication programs, must successfully sell the securities of such programs. Fundraising for such sponsored DST or other real estate syndication programs will depend on the Sponsor's, and its affiliates' and agents', ability to market the program as well as market factors, including competition in the DST, REIT and other syndication marketplaces by other sponsors, some of whom are much larger and have much greater resources than the Sponsor and its affiliates. Any changes in the availability of, market for, or tax treatment of DSTs or other real estate syndication could negatively impact the Sponsor's ability to attract investors to the DSTs or other real estate syndication. If the Sponsor fails to raise sufficient capital in a respective DST or other real estate syndication program, the loans made by the Fund to such program may not be repaid as expected, which may result in the Fund having to exercise its remedies under such loans, which may include foreclosure on collateral interests in DST beneficial interests, if any and become an owner of the applicable DST Program or other real estate acquisition vehicle until the sale of the underlying property. In such an instance, the Fund's ability to receive repayment of its loan will be dependent upon the cash flow of the real property(ies) underlying the applicable Investment and the timing of the sale of any such real property(ies). If one or more loans to DST or other real estate syndication programs are not repaid as expected the Fund's ability to make distributions to the Investors will likely be materially and adversely affected.

**Potential Conflict of Interest – Sponsor Loan May Be Repaid Before a Fund Note.** The Sponsor may make a Depositor Sponsor Loans that are different from, and potentially more favorable than, the Fund Notes. In particular, the Sponsor Loans may be made in addition to the Investments made by the Fund and may bear different interest rates, maturities, have a priority for repayment prior to repayment of the Fund Notes, and other terms. There can be no assurance that the terms of any such Sponsor Loans will be as favorable to a Depositor and DST as could be obtained from unaffiliated third parties. As a result, the Sponsor Loan may be repaid, in whole or in part, prior to any payments being made on the Fund Note, which could reduce the funds available to satisfy obligations on the Fund Note and to the Investors. This arrangement creates a potential conflict of interest between the Sponsor and the Members, including the Sponsor's participation as a Member in the Fund, and there can be no assurance that the terms of the Sponsor's Loan will be negotiated on an arm's-length basis or that a Sponsor Loan will not materially disadvantage the Fund and its Members.

**Changes to the Section 1031 Exchange Rules Could Negatively Impact the Fund.** The U.S. Congress has recently considered and continues to consider modifications to Section 1031 of the Tax Code. Such changes could prospectively repeal or restrict the ability to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property or beneficial interests in a fixed investment trust. It is possible that repeal or amendment of Tax Code Section 1031 or the Treasury Regulations promulgated thereunder could negatively impact the use of a Section 1031 Exchange, which would negatively impact the market of the Manager's and its affiliates' sponsored DST or other real estate syndication programs and materially and adversely affect the Fund's ability to repay the Units. In addition if the Internal Revenue Service were to adversely revise its position, as set forth in Revenue Ruling 2004-86, with regard to the "like-kind" treatment of DST or other real estate syndication programs, which in turn could adversely impact the Fund's DST and real estate syndication program Investments and, thus, adversely affect the Fund's ability to make payments of interest and principal on the Units.

**The Fund will be making loans to a Depositor, the proceeds of which will be used to purchase real estate and accordingly, this investment will be subject to the risks generally incident to the ownership of real property.** Real property investments are subject to varying degrees of risk and are relatively illiquid. Several factors may adversely affect the economic value of the Property. See RISK FACTORS – “General Risks of Investment in Real Estate.” A Depositor will enter into agreements to purchase the real estate, which will ultimately be purchased through the DST entity structure. The risk of loss related to real estate will be borne first by a Depositor, and then the DST. Until all of the DST beneficial interests are sold through the syndication program, any adverse effect on the value of the real estate may affect the Fund’s ability to receive repayment of its loan.

**Uncertainty as to the Extent of Diversification.** The total amount of Offering Proceeds and the number of loans made by the Fund is uncertain. It is possible that the Fund will only make a few loans, limiting the diversification of the investments of the Fund and increasing the risk of loss to investors. Additionally, all or a substantial portion of Fund’s capital may be invested in a single loan or invested in the same geographical location with the same market-related risks. In that case, the decline in a particular real estate market could substantially and adversely impact the Fund. Further, the Fund will have limited diversification as to the type of properties it owns. In the event of an economic recession affecting the economies of the localities, states or regions in which the Properties are located, or the occurrence of any one of many other adverse circumstances, the performance of the Fund may be adversely affected. A more diversified investment portfolio would likely not be impacted to the same extent upon such an occurrence.

### **General Real Estate Risks**

**Uncertain Economic Conditions.** Economic conditions have become increasingly uncertain over recent years, with tariffs, high inflation, and increasingly negative market conditions, including significant geopolitical risks such as the conflicts in the Ukraine and Israel. Macroeconomic conditions remain uncertain. Any negative change in the general economic conditions in the United States could adversely affect the financial condition and operating results of the properties that Depositors will acquire. In addition, the properties revenues and operating results may be affected by uncertain or changing economic and market conditions. If global economic and market conditions, or economic conditions in the United States or other key markets, remain uncertain or persist, spread, or deteriorate further, the tenants may experience material impacts in their financial condition, which may affect the value of the properties and their operating results.

In addition, the continuing downturn in, or weakening of, the economy and/or the real estate industry could have an adverse impact on the Fund’s Investments. To the extent tenant’s experience a serious economic setback, including as a result of inflation, they might not be able to pay rent at the current rate or at all, which could result in a loss of profit to such real estate investment and ultimately adversely impacting the Fund’s Investments and, thus, adversely affect the Fund’s ability to make distributions to its Members. As a result, there can be no assurance that the properties will achieve anticipated cash flow levels. In addition, further inflation may increase the costs of operation of the underlying real properties at faster than projected rates, resulting in decreased cash flow from the real estate investment property and the value of such real estate investment property, which in turn could adversely impact the Fund’s Investments and, thus, adversely affect the Fund’s ability to make distributions to its Members.

**The COVID-19 pandemic caused serious disruptions in the US and Global Economy that is still being felt and could have an adverse impact on the Fund’s Investments.** The outbreak of respiratory disease caused by COVID-19 was first detected in December 2019 and spread internationally. The outbreak and efforts to contain its spread resulted in closing borders and quarantines, restricting international and domestic travel, enhanced health screenings, cancellations, disrupted supply chains and customer activity, responses by businesses (including changes to operations and reducing staff), and have produced general concern and uncertainty. The impact of the coronavirus pandemic, and other epidemics and pandemics that may arise in the future has adversely affected national and global economies, individual companies and the market in general in a manner, which may continue for a period of time that cannot be foreseen at the present time. Health crises caused by any new outbreak may heighten other preexisting political, social and economic risks in a country or region. In the event of a future pandemic or an outbreak, there can be no assurance that the Fund or the Properties will be able to maintain normal business operations for an extended period of time or will not lose the services of key personnel on a temporary or long-term basis due to illness or other reasons. These conditions could result in the Fund’s inability to achieve its investment objectives, adversely affect the

value of the Properties, negatively impacting the Fund's performance, and cause losses on your investment in the Units.

**General Risks of Investment in Real Estate.** The economic success of an investment in the Fund will depend upon the results of operations of the underlying Properties and compliance by the tenants with the terms of their leases, which will be subject to risks typically associated with investments in real estate. Fluctuations in vacancy, operating expenses and tax rates can adversely affect operating results or render the disposition of the property difficult or unattractive and cause an inability to achieve a reasonable return. No assurance can be given as to the future occupancy of a property or the accuracy of the Sponsor's assumption of the future costs of operating the property since such matters will depend on events and factors beyond the Sponsor's control. These factors include, among others:

- changes in national, regional or local economic conditions, which could negatively impact a tenant's ability to pay rent in a timely fashion or at all;
- changes in local market conditions or characteristics, including new construction of retail properties or residential apartment buildings that compete with a respective property;
- changes in interest rates and in the availability, costs and terms of borrowings, which may make the disposition or refinancing of a property difficult;
- changes in federal, state or local regulations and controls affecting rents, prices of goods, fuel and energy consumption, environmental restrictions, real estate taxes, zoning and other factors affecting real property;
- continued validity and enforceability of the tenant leases;
- the financial condition of the tenants;
- the ongoing need for capital improvements;
- changes in operating costs such as utilities; and
- acts of nature, such as floods, earthquakes and tornadoes.

The occurrence of any one or more of these events could materially affect the underlying Properties and the tenants' income. Any reduced income could lead to the tenants' failure to pay rent.

**Illiquidity of Real Estate Investments.** The Properties will be relatively illiquid. Such illiquidity will limit the ability of the Fund to vary its portfolio in response to changes in economic or other conditions.

**No Environmental Indemnity.** Federal, state and local laws impose liability on a landowner for releases or the otherwise improper presence on the premises of hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such substances. A landowner may be held liable for hazardous materials brought onto the property before it acquired title and for hazardous materials that are not discovered until after it sells the property. Similar liability may occur under applicable state law. The sellers of the Properties also may not agree to indemnify the Properties or the Investments for any hazardous substances and may only provide limited representations in the purchase agreement regarding compliance with applicable laws and the existence of hazardous materials on the properties. If any hazardous materials are found within any of the Properties in violation of law at any time, the Sponsor entity that holds the Properties may be held jointly and severally liable for cleanup costs, fines, penalties and other costs and they may have no recourse against the seller of the Properties. This potential liability will continue after the Properties are sold and may apply to hazardous materials present within any of the Properties before the Fund makes an Investment. If losses arise from hazardous substance contamination that cannot be recovered from responsible parties, the financial viability of the Properties may be substantially affected.

**No Audited Results of Operation.** The Manager will not obtain audited operating statements regarding the prior operations of the Properties. The Manager will rely on unaudited financial information provided by the sellers of the Properties. Thus, it is possible that information relied upon by the Manager with respect to the acquisition of any Properties may not be accurate.

**Uninsured Losses/Unlimited Liability.** The DST entity that holds a Property will try to maintain adequate insurance coverage against liability for personal injury and property damage, although it does not intend to obtain earthquake or flood insurance. However, there can be no assurance that insurance will be sufficient to cover any such liabilities. Furthermore, insurance against certain risks, such as earthquakes, floods and/or terrorism, may be unavailable or available at commercially unreasonable rates or in amounts that are less than the full market value or replacement cost of any Properties. In addition, there can be no assurance that particular risks that are currently insurable will continue to be insurable on an economical basis or that current levels of coverage will continue to be available. If a loss occurs that is partially or completely uninsured, the Fund may lose all or part of its investment. The Sponsor entity that holds the Properties may be liable for any uninsured or underinsured personal injury, death or property damage claims. Liability in such cases may be unlimited but Members will not be personally liable.

**Dependence Upon Single Tenant.** In many cases, the Properties will have only one tenant. As a result, the Properties are wholly dependent upon such tenants for the generation of revenues through lease payments. Because the Properties are dependent upon a single tenant, the Properties will be subject to the additional risks that such tenants face in their business operations and any disruption or failure of the single tenants' businesses could have a material adverse effect on the Properties. If any of the tenants default under their leases, the financial performance of the Fund could be materially adversely affected.

**Limited Representations and Warranties/Release of Sellers.** The Properties may be acquired with only limited representations and warranties from the sellers regarding matters affecting the condition, use and ownership of the Properties. In addition, the right to sue the sellers with respect to a breach of a representation or warranty may expire within a relatively short period of time after the close of escrow on the purchase of the Properties. In certain cases, the Sponsor may also agree to release the sellers from certain claims, costs and liabilities in the purchase agreements between the Sponsor entity and the sellers. As a result, if defects in any Properties or other matters adversely affecting any Properties are discovered, the Sponsor entity that holds the Properties may not be able to pursue a claim for damages against the seller of the Properties.

**Obligations Under the CC&Rs.** The Properties may be subject to various covenants, conditions and restrictions ("CC&Rs") that were recorded against the land. The CC&Rs may place certain obligations on the Sponsor entity that holds the Properties. The CC&Rs may also set forth reciprocal rights with respect to issues such as encroachments, parking, utility lines and ingress and egress and may place limitations on the way the Properties are operated. Restrictions in the CC&Rs could negatively impact the ability to syndicate the interests in the DSTs.

**Condemnation of the Land.** The Properties could become subject to an eminent domain or inverse condemnation action. Such an action could have a material adverse effect on the marketability of any of the Sponsor entities or the amount of return on investment for Members.

**Earthquakes, Hurricanes, Floods and Tornadoes.** The real property underlying the Investments may be located in areas in the United States that have increased risk of earthquakes, hurricanes or high winds, floods, tornadoes or other acts of God. An earthquake, hurricane, flood or tornado could cause structural damage to or destroy the real property underlying an Investment. The Sponsor entity that holds the Properties does not intend to obtain insurance against such events unless such insurance is economic or required by any lender. If such insurance is unobtainable, a borrower defaults on its obligation to acquire such insurance, or the Sponsor entity that holds the Properties fails to obtain such insurance, an earthquake, hurricane, flood or other act of God could have an adverse financial impact on the Properties. It is possible that any such insurance, if obtained, will not be sufficient to pay for damage to any Properties.

**Lack of Independent Appraisals of the Properties.** Although the Sponsor intends to obtain appraisals of all Properties acquired with respect to its DST portfolio transactions, the Sponsor may not obtain independent third party appraisals or valuations of other Properties or Investments. Accordingly, Members must rely solely on the Sponsor in determining a valuation of the Investments and the risks associated with the purchase of Investments.

## **Risks Relating to the Formation and Internal Operation of the Fund**

**The Fund Was Recently Organized and Does Not Have Any Operating History.** The Fund was organized on March 17, 2025, for the purpose of engaging in the activities set forth in this Memorandum. The Fund has no history of operations and, accordingly, no performance history to which a potential investor may refer in determining whether to invest in the Fund. While the Fund will engage in this Offering to raise capital, the Fund will nonetheless have limited capitalization. The Fund's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by new ventures, including the reliance of the Fund on the Manager and its key personnel and affiliates and other factors. A significant financial reversal for the Manager or its affiliates could adversely affect the ability of the Manager to satisfy its obligation to manage the Fund or of the Manager or its affiliates to manage the affiliated programs into which the Fund will invest.

**Investment Company Registration.** The Fund does not intend to register as an "investment company" under the Investment Company Act, in reliance on an exemption thereunder. If the Fund was unable to comply with an exemption from registration under the Investment Company Act, the Fund would be required to register as an "investment company." As such, the Fund would be subject, among other things, to rules requiring independent oversight of its investment decisions and prohibitions on related party transactions, as well as reporting requirements. These requirements would be onerous and costly to the Fund and would be expected to prohibit the business plan of the Fund. If the Fund were not able to consummate its business plan, it would not be able to meet its obligations under the Units.

**Risk Related to the Manager Not Being a Registered Investment Adviser; Other Regulatory and Compliance Risks.** The Manager is not registered as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act"). Unless the Manager is deemed to be advising on "securities" as defined under the Advisers Act, the Manager will not fall within the definition of an "investment adviser" under the Advisers Act. Although the definition of a "security" under the Advisers Act begins with the words "any note", federal case law has established that not all notes are "securities" and that any determinations with respect to the classification of notes are fact-based. Accordingly, depending on the facts, the Fund Notes might fall within the definition of a "security". Even if the Fund Notes are not securities, if the Sponsor fails to syndicate sufficient DST interests to repay the full amount of the Fund Notes, the Fund's resulting ownership of DST interests could cause the Manager to be deemed an investment adviser. If the Manager should become subject to SEC investment adviser registration requirements, depending on the amount of Commitments, the Manager might qualify for an exemption for advisers solely to private funds with less than \$150 million in assets under management in the United States, and, therefore, may be an "Exempt Reporting Adviser" under the Advisers Act. However, there is no assurance that this exemption ultimately will, or will continue, to be available to the Manager.

To the extent that the subscriptions for the Membership Interests exceed \$150 million, the Manager is expected to be required to register as an investment adviser under the Advisers Act in the future. As a registered investment adviser under the Advisers Act, the Manager would be required to comply with a variety of periodic reporting and compliance related obligations under applicable U.S. federal and state securities laws (including the obligation of the Manager and its affiliates to make regulatory filings with respect to the Fund and its activities under the Advisers Act (including Form ADV and Form PF)).

In addition, the SEC and other various U.S. federal, state and local agencies could conduct examinations and inquiries into, and bring enforcement and other proceedings against, the Fund, the Sponsor and the Manager or their respective affiliates regardless of whether the Manager is registered. The Fund, the Sponsor, the Manager or their respective affiliates could receive requests for information or subpoenas from the SEC and other state, federal and non-U.S. regulators from time to time in connection with such inquiries and proceedings and otherwise in the ordinary course of business. These requests could relate to a broad range of matters, including specific practices of the Sponsor, the Manager, the Fund's Investments or industry wide practices.

In light of the heightened regulatory environment in which the Manager operates and the increased regulatory burdens applicable to private investment funds and their sponsors, it is expected that compliance with regulatory and compliance related obligations will be expensive and time-consuming. Other than the Manager's registration as an investment adviser (if such registration is required), the costs of any increased reporting, registration and compliance requirements may be borne by the Fund. Any further increases in the regulatory burdens applicable to private

investment funds generally or the Fund, the Sponsor or the Manager in particular may result in increased expenses associated with the Fund's activities and additional resources of the Manager being devoted to such regulatory and compliance related obligations. Such burdens may reduce overall returns for Members or have an adverse effect on the ability of the Fund to effectively seek its investment objectives.

**The Collateral is the Fund's Sole Security for its Investments.** The Collateral (as defined in this Memorandum) is the only security and collateral the Fund may receive for its Investments. The Fund will not have any rights to the Sponsor's common equity, past profits and/or other pro rata preferred equity interests that are held alongside the Fund's Investments.

**Lack of Control of Affiliated Companies.** The Fund will not have any voting interest in or other control rights over the Affiliated Companies in which it invests. Affiliates of the Manager will have control over such Affiliated Companies.

**It is expected that the Affiliated Companies into which we invest will pay significant transaction fees to affiliates of the Manager.** While the Fund will not pay significant transaction fees (such as acquisition, disposition or financing fees) on its Investments, it is anticipated that the Affiliated Companies in whose debt and non-voting preferred equity securities we will invest, will pay such fees to affiliates of the Manager. Such fees will likely be paid out of either capital the Fund invests into the Affiliated Companies, or out of the cash flow and/or capital transaction proceeds of such Affiliated Companies. In the former case, such fees will reduce the amount of the Fund's capital ultimately invested into the underlying Investment and in the latter, such fees may reduce the cash flow and capital transaction proceeds received by the Fund.

**Investments may include Funds Owned or Managed by Affiliates of the Manager.** The Manager and its Affiliates have organized other real estate investment funds or entities and there is a possibility that the Manager will use the Fund's capital to acquire an interest in such Affiliated entities. Such Member acknowledges that there is therefore a risk that the Manager may choose to invest in an Affiliated entity and that the Manager or its Affiliates may receive compensation under the terms and provisions of such Affiliated entity agreements and, thus, the Manager and its Affiliates may essentially receive double compensation for the same Investment.

**Investments may include Intercompany or Affiliate Preferred Equity Investments.** The Sponsor may use the Fund's capital for intercompany or investments in Affiliates utilized to facilitate Properties owned or managed by Affiliates of the Sponsor. There is therefore a risk that the Sponsor may choose to invest in such investments and that the Sponsor or its Affiliates may receive compensation under the terms and provisions of such Affiliated Investments.

**No Guaranteed Cash for Member Redemptions.** There is no assurance that a Member's Redemption Notice and subsequent Member Redemption will be effected unless the Sponsor is able to sell or liquidate the Fund Notes in a timely and profitable manner to provide sufficient capital for the repayment of the Fund's Investments to allow the Fund to repurchase the Member's Units subject to any Member Redemption. In addition, the Manager has the right to suspend all Redemption Requests as it deems appropriate, and in its sole discretion. There can be no assurance that the Sponsor or the Fund will have cash available or be able to distribute the cash necessary to comply with any Member Redemption.

**No Minimum Offering Amount.** There is a minimum amount of Offering Proceeds in the amount of \$250,000 that must be raised or minimum number of investors required in connection with this Offering. All proceeds from the sale of Units will be delivered directly to the Fund's operating account and be available for immediate use by the Fund at its discretion.

**Conflicts of Interest.** The Manager and the Sponsor are affiliated entities. This may lead to a conflict of interest between their various roles, including conflicts with the Investors regarding decisions related to the Investments and acquisition and management of the Investments. Conflicts of interest between the Fund and the various roles, activities and duties of the Manager and its Affiliates may occur from time to time, including, but not limited to, the Manager operates a fund similar to the Fund which may compete with the Fund with respect to Investments. The Sponsor will have control over the selection of the Properties acquired and the mix of Third-Party Debt, including a Sponsor Loan, and Bank Loans used to acquire the Properties. The principals of the Manager and

the Property Manager are employed independently of the Fund and may engage in other activities, including activities similar to the Fund and entities that may compete with the Fund. The Manager and the Property Manager will have conflicts of interest in allocating management time, services and functions between various existing enterprises and future enterprises the Manager and the Property Manager may organize, as well as other business ventures in which the Manager and the Property Manager may be or become involved.

**Conflicts in Making Investments.** The Sponsor may be making Investments or sales at the same time as the Principals and other Affiliates of the Sponsor individually, or other funds similar to the Fund that are managed by the Manager or its Affiliates, are making similar portfolio investments. In addition, the Sponsor may use capital from the Fund to potentially support other Affiliated acquisitions, asset management, and operational activities for itself and its Affiliates. Some degree of conflict of interest of the Sponsor is unavoidable with respect to the Sponsor's activities on behalf of the Fund and the Sponsor's Affiliated entities. The Sponsor may also make Sponsor Loans (See – *"Potential Conflict of Interest – Sponsor Loan May Be Repaid Before A Fund Note"*). The Sponsor may organize other funds or entities, which have goals and investment objectives similar to this Fund, and there is a strong possibility that the Sponsor or its Affiliates will form other similar funds with such goals and objectives prior to the date that this Fund terminates and is liquidated. There is therefore a risk that the Sponsor will choose to make a real estate investment in an Affiliate rather than use such real estate for a Fund Note. If another fund managed by the Principals of the Manager or their Affiliates makes an investment that this Fund is competing for, this Fund may have lower returns because of delays in locating another suitable Investment.

**Limited Resources of the Manager.** The Manager believes it has the financial resources to serve and satisfy its obligations as the Manager of the Fund. A significant financial reversal for the Manager could adversely affect the ability of the Manager to satisfy its financial obligations to the Fund and to operate the Fund.

**No Financial Statements of the Manager.** This Memorandum does not contain financial statements of the Manager.

**Lack of Diversification.** The Sponsor has no plans to acquire any other investments other than the types of real estate discussed in this Memorandum. Thus, the Fund is not, and will not be, diversified as to the type of assets it owns. In addition, the total amount raised in this Offering and the number of loans that the Fund will make to Depositors is uncertain. It is possible that the Fund will only invest in a limited number of loans, limiting the diversification of the Fund's assets and increasing the risk of loss to investors. A limited number of Investments in loans and the underlying properties may place a substantial portion of the funds invested in just a few Properties in the same geographical location with the same property-related risks. In that case, the poor performance of any of the Properties or a decline in a particular real estate market could have an adverse effect on the ability to syndicate the DST interests, and accordingly, substantially and adversely impact the Fund. A more diversified investment portfolio would not be impacted to the same extent upon such an occurrence.

**Loss on Dissolution and Termination.** In the event of a dissolution or termination of the Fund, the proceeds realized from the liquidation of the assets of the Fund will be distributed among the Members, but only after the satisfaction of the claims of third-party creditors of the Fund and certain fees owed to the Manager or its Affiliates. The ability of a Member to recover all or any portion of such Member's investment under such circumstances will, accordingly, depend on the amount of net proceeds realized from such liquidation and the amount of claims to be satisfied therefrom. There can be no assurance that the Fund will recognize gains on such liquidation.

**Successive Owners of Units.** As between successive owners of Units, Net Income and Net Loss will be allocated (for income tax and other purposes) as provided in the Operating Agreement, to the extent permitted under the Tax Code, regardless of the dates upon which cash distributions are made to the Members or the amount of any such cash distributions. The purchaser or seller of Units may, accordingly, be required to report a share of the Fund's Net Income on such person's personal income tax return, even though such person receives no cash distribution during the period in which he or she held the Units or, if such person has received any cash distributions, even though the amounts of such distributions bear no relation to the amount of Net Income that such person is so required to report.

**Limitation of Liability/Indemnification of the Manager.** The Manager and its attorneys, agents and employees may not be liable to the Fund or the Members for errors of judgment or other acts or omissions not constituting gross negligence or willful malfeasance as a result of certain indemnification provisions in the Operating

Agreement. See “Summary of the Operating Agreement and Income, Loss and Distribution.” A successful claim for such indemnification would deplete the Fund’s assets by the amount paid.

**Investment Company Act.** The Fund will not register as an investment company pursuant to the Investment Company Act of 1940. The Manager will attempt to maintain investments that do not require the Fund to register under the Investment Company. Thus, the investment opportunities for the Fund may be limited.

**Investment Advisers Act.** The Manager is not registered as an investment adviser under the Investment Advisers Act. The Manger believes it does not fall within the definition of an “investment adviser” under the Advisers Act. The Manager will continue to monitor on a regular basis its exemption from the registration requirements of the Advisers Act. If the Manger is no longer exempt, it will become a registered investment adviser under the Advisers Act and would be required to comply with a variety of periodic reporting and compliance related obligations under applicable U.S. federal and state securities laws (including the obligation of the Manager and its affiliates to make regulatory filings with respect to the Fund and its activities under the Advisers Act (including Form ADV and Form PF)).

### **Risks Relating to Private Offering and Lack of Liquidity**

**Limited Transferability of Securities.** Each Member will be required to represent that he or she is acquiring the Units for investment and not with a view to distribution or resale, that such subscriber understands the Units are not freely transferable and, in any event, that such subscriber must bear the economic risk of investment in the Units for an indefinite period of time because the Units have not been registered under the Securities Act or certain applicable state “Blue Sky” or securities laws, and that the Units cannot be sold unless they are subsequently registered or an exemption from such registration is available and unless such subscriber complies with the other applicable provisions of the Operating Agreement. There will be no market for the Units and investors cannot expect to be able to liquidate their investment in case of an emergency. Further, the sale of the Units may have adverse federal income tax consequences. The transfer of Units requires the prior written consent of the Manager. There are no specified circumstances relating to the granting or withholding of the required prior written consent of the Manager. The lenders may also impose additional restrictions on the transferability of Units.

**Speculative Investment.** The Fund’s business objectives must be considered highly speculative, and there is no assurance the Fund will satisfy those objectives. No assurance can be given that investors will realize a substantial return on their purchase of the Units, if any, or that investors will not lose their investment completely. The Manger is required to return certain distributions it received from the Company if the investors, upon liquidation or winding up, do not receive a return of all of their aggregate capital contributions, however, the Manager is not required to return to the Company more than it received. There is no guarantee that the Investors will receive a return in full of their capital contributions. For this reason, you should read this Memorandum and all Exhibits and supplements to this Memorandum carefully before investing and should consult with your attorney or business advisor.

**Determination of Unit Price.** The purchase price of the Units has been determined primarily by the capital needs of the Fund and bears no relationship to any established criteria of value such as book value or earnings per Unit, or any combination thereof. Further, the price of the Units is not based on past earnings of the Fund, nor does the price necessarily reflect current market value for the assets proposed to be acquired by the Fund. No valuation or appraisal of the Fund’s potential business has been prepared.

**Offering Not Registered With the Securities and Exchange Commission or State Securities Authorities.** The Offering of the Units will not be registered with the Securities and Exchange Commission (“SEC”) under the Securities Act or the securities agency of any state. The Units are being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to investors meeting the suitability requirements set forth herein.

**Private Offering – Lack of Agency Review.** Since the Offering of the Units is a nonpublic offering and, as such, is not registered under federal or state securities laws, you will not have the benefit of review of this Memorandum by the SEC or any state securities commission. The terms and conditions of this Offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with those agencies.

**Private Offering Exemption – Compliance with Requirements.** The securities are being offered to investors and will be sold to investors in reliance upon a private offering exemption from registration provided in the Securities Act. If the Fund should fail to comply with the requirements of such exemption, the investors would have the right to rescind their purchase of the securities if they so desired. It is possible that one or more investors seeking rescission would succeed. This might also occur under the applicable state securities or “Blue Sky” laws and regulations in states where the securities will be offered without registration or qualification pursuant to a private offering or other exemption. If a number of Members were successful in seeking rescission, the Fund and the Manager would face severe financial demands that would adversely affect the Fund as a whole and, thus, the investment in the Units by the remaining Members.

**Private Offering Exemption – Limited Information.** Since the Offering of Units is a nonpublic offering and the Units are only being sold to Accredited Investors, certain information that would be required if the Offering were not so limited has been included in this Memorandum, including, but not limited to, financial statements. Thus, you will not have this information available to review when deciding whether to invest in Units.

**Purchase of Securities by the Manager and its Affiliates.** The Manager and its Affiliates may purchase Units subject to certain limitations set forth in the Operating Agreement. Upon any such acquisition of Units, the Manager or its Affiliates will have the same rights as other Members in respect of the Units owned by it, including the right to vote on all matters subject to the vote of Members. Should the Manager acquire a Unit, the percentage interest of the Manager in the profits, gains, losses, deductions and credits of the Fund will increase as against a corresponding reduction in the interest of the other Members.

**Estimates, Opinions and Assumptions.** No representation or warranty can be given that the estimates, opinions or assumptions made herein will prove to be accurate. Any such estimates, opinions or assumptions should be considered speculative and are qualified in their entirety by the information and risks disclosed in this Memorandum. The assumptions and facts upon which any estimates or opinions herein are based are subject to variations that may arise as future events actually occur. There is no assurance that actual events will correspond with the assumptions. Potential investors are advised to consult with their tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. Neither the Manager nor any other person or entity makes any representation or warranty as to the future profitability of the Fund.

**No Representation of Members.** Under the Operating Agreement, each of the Members acknowledges and agrees that counsel representing the Fund, the Manager and its Affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Members in any respect.

**Forward-Looking Statements.** This Memorandum may contain forward-looking statements, which are based on various assumptions of the Sponsor that may not prove to be correct. For example, such assumptions include, but are not limited to, the continued growth and expansion of the local and regional economies. The assumptions form the basis for various projections set forth in this Memorandum and, if incorrect, would make the projections incorrect. Since the assumptions are beyond the control of the Sponsor or the Investors, there can be no assurance that such assumptions, such projections or other forward-looking statements will accurately predict future events or the actual performance of the Properties. Any projections included in this Memorandum or any other material or documents supplied by the Sponsor or its Affiliates or in connection with this Offering, including projections regarding future cash flow and financial performance, should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. In addition, any projections and statements, written or oral, which do not conform to those contained in this Memorandum should be disregarded, and their use is a violation of law. No representation or warranty can be given that the estimates, opinions or assumptions made herein or therein will prove to be accurate. Prospective Investors should closely review the assumptions set forth in the projections.

The Sponsor intends to identify forward-looking statements in this Memorandum by using words or phrases such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may be,” “objective,” “plan,” “predict,” “project” and “will be” and similar words or phrases, or the negative thereof or other variations thereof or comparable terminology. These types of statements discuss future expectations or contain projections or estimates. When considering such forward-looking statements, prospective Investors should keep in mind the risk factors outlined

herein. These risk factors, or other events, could cause actual results to differ materially from those contained in any forward-looking statement.

**No Independent Review.** Currently the Sponsor has not engaged the services of a Managing Dealer and it is uncertain whether a Managing Dealer will be used for this Offering. Under federal securities laws, an independent broker-dealer is expected to take steps to ensure that the information contained in this Memorandum is accurate and complete. The steps are typically taken by the “Managing Underwriter” or “Managing Dealer” who participates in the preparation of an offering memorandum. In addition, the Managing Dealer has certain duties related to this Offering, including a duty to a prospective Investor to ensure that an investment in an Unit is suitable for that prospective Investor, a duty to conduct adequate due diligence with respect to the Offering and a duty to comply with federal and state securities laws. If a Managing Dealer is not engaged for this Offering, this independent review and analysis of the Memorandum and this Offering will not be conducted.

### Tax Risks in General

**Risk of Audit.** The Fund’s federal information returns may be audited by the IRS. Such audit may result in the challenge and disallowance of some of the deductions described in such returns. No assurance or warranty of any kind can be made with respect to the deductibility of any such items in the event of either an audit or any litigation resulting from an audit.

**Tax Classification of the Fund.** The Fund is expected to be treated as a partnership for federal income tax purposes. If the Fund were to be treated for tax purposes as a corporation, the tax benefits associated with investment in a partnership, if any, would not be available. The Fund would, among other things, pay income tax on its earnings in the same manner and at the same rate as a corporation, and losses, if any, would not be deductible by the Members.

**Income in Excess of Distributions.** Even if the Fund has income or gains for U.S. federal income tax purposes, the Fund will not be obliged to make distributions (or may lack sufficient cash available for distributions) to enable the Members to pay their U.S. federal, state and local taxes as a result of such income or gain allocations. In such event, Members will have to utilize other resources to satisfy tax liabilities and cannot resort to distributions made by the Fund to assist in satisfying such tax liabilities.

### ESTIMATED USE OF PROCEEDS

The following table sets forth certain information about the estimated use of the proceeds of the Offering:

	Maximum Offering	
	Amount	Percentage of Gross Proceeds
Gross Offering Proceeds.....	\$25,000,000	100%
Selling Commissions / Placement Fee <sup>(1)</sup>	0	0%
Expense Allowance <sup>(2)</sup>	(125,000)	(0.5%)
Available for Investment <sup>(3)</sup> .....	24,875,000	99.5%
Total Application <sup>(3)</sup> .....	\$24,875,000	99.5%

(1) Pursuant to this Memorandum, we are offering the Units through the Managing Broker-Dealer, which may engage the Selling Group. The Sponsor, not the Fund, will be responsible for all Selling Commissions and the Placement Fee, each of which are described in the Pricing Supplements to this Memorandum issued as of the date hereof.

(2) The Managing Broker-Dealer will receive the Expense Allowance in an amount not to exceed 0.50% of the Total Sales, which will be paid by the Fund, to defray marketing expenses to be incurred by Selling Group,

all of which the Managing Broker-Dealer shall reallocate to such Selling Group members on a non-accountable basis for marketing and due diligence expenses, as directed by the Fund. The Expense Allowance is not payable to the Managing-Broker Dealer for Units it directly sells or to an Affiliated Representative. The maximum amount of the Expense Allowance is \$125,000.

- (3) The Maximum Offering Amount is \$25,000,000.

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## DESCRIPTION OF THE INVESTMENTS

The Fund has been formed for the purpose of indirectly or directly, investing, through debt investments, in affiliates of the Sponsor for those affiliates to bridge the acquisition of stabilized real property for the purpose of syndication through a DST structure. Each of the foregoing is referred to herein as an “**Investment**” and collectively, “**Investments**”. The Manager will be the manager of the Fund. The Fund will lend money in the form of a loan to a Depositor created by the Sponsor for the specific Property acquisition and a Depositor will issue a Fund Note to the Fund as evidence of the loan.

The DST will then sell Class I interests to investors seeking the tax deferred real estate exchange solutions under Section 1031 of the Tax Code, also called a “syndication.” Once all Class I interests are sold, or syndicated, the DST will use those proceeds to redeem the Class II interests from a Depositor. A Depositor will then use those redemption proceeds to repay the Fund Note. The Manager may choose to reinvest those redemption proceeds in additional Properties prior to making any distributions to the Members, at its sole discretion.

The Fund expects to make Investments in accordance with certain investment criteria set forth herein; however, the Manager has the ultimate authority to determine the terms of any Investments made by the Fund. The Manager is wholly-owned by the Sponsor. Each Fund Note will be short term (1-2 years), which could be longer based on the type of syndication offering being made by the DSTs and the use of the Investments by the Manager. All interest payable with respect to the Fund Notes will be paid to the Fund. Any profits from a Principal Transaction 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 in any Fund Note and any proceeds from a Principal Transaction, in a single Property or Fund Note.

In addition, the Sponsor may, from time to time, make a Sponsor Loan to a Depositor on terms determined by the Sponsor in its sole discretion. The Sponsor Loans may be made in addition to the Investments made by the Fund and may bear different interest rates, maturities, have a priority for repayment prior to repayment of the Fund Notes, and other terms. The existence of such Sponsor Loans may create potential conflicts of interest, including priority of repayment, use of available cash, and influence over a Depositor and DST’s financial decisions. There can be no assurance that the terms of any such Sponsor Loans will be as favorable to a Depositor and DST as could be obtained from unaffiliated third parties.

As collateral for its Fund Notes, the Fund will receive a Pledge Agreement, to be entered into by a Depositor and the Fund, whereby a Depositor will pledge to the Fund its beneficial interests in each DST that owns a Property acquired with the proceeds of a Fund Note, which pledge provides that in the event a Depositor defaults in the payment of any Fund Note, the Fund shall receive the right to execute an assignment of a Depositor’s beneficial interests in such DST and all proceeds thereof. Any Depositor issuing a Fund Note may elect to incur additional indebtedness either by a Depositor or the DST on the Property, and may also incur indebtedness, including a Sponsor Loan, that, like a Fund Note, is secured by the DST beneficial interests to be syndicated. Accordingly, the Fund’s security interest in the Collateral may be subordinated to other lenders, including the Sponsor. 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 made by the Fund to Depositor. Further, the Investments may be grouped by the Sponsor into portfolios at the Sponsor’s discretion and, if additional debt financing is used to acquire or inventory the properties by the Sponsor, the Fund’s Investments will remain backed by the Collateral, but junior to any such debt financing.

The Fund will pay Distributable Cash from interest income generated by Fund Notes in the following order of priority: first, pro rata to the Members in accordance with their capital contributions, a ten percent (10%) Preferred Return on unreturned capital contributions, second to the Manager until the Manager has received aggregate distributions equal to two percent (2%) of the aggregate capital contributions made by the Members, and thereafter, eighty percent (80%) of Distributable Cash will be paid the Members and twenty percent (20%) will be paid to the Manager. The Preferred Return will be paid on an annual basis, typically on the 1<sup>st</sup> day of April. The Fund will pay Principal Distributable Cash generated by the repayment of principal on the Fund Notes to the Members to return their respective unreturned capital contributions, and thereafter, eighty percent (80%) of such Distributable Cash will be paid the Members and twenty percent (20%) will be paid to the Manager. 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 all of their capital contributions under

specified conditions, however, there can be no guarantee that the investors will receive a return of all of their aggregate capital contributions.

The Fund's capital will be available for reinvestment following repayment from a Depositor, unless a Member has submitted a Redemption Notice to the Manager. The Manager may suspend any and all Redemption Requests, at any time, and in its sole discretion. The Fund will continue to accrue and be paid its interest on the outstanding principal of the Fund Note from a Depositor while the outstanding principal of the Fund Note remains outstanding. Members will be allowed to make Redemption Requests for all or a portion of their Units, subject to the procedures set forth in the Operating Agreement. See -SUMMARY OF THE OFFERING – “Redemption” and “Distributable Cash from the Investments; Redemptions” in this section.

This Offering of 1,000 limited liability company Units in the Fund is being made solely to accredited investors. The Fund will offer the Units until \$25,000,000 of Units are sold or until the Offering Termination Date, which date may be extended in the sole and absolute discretion of the Manager. The Fund has set a minimum offering amount of \$250,000 for this Offering and anticipated a first closing when it had received subscriptions for 20 Units (aggregate gross proceeds of \$500,000). On June 26, 2025, the Sponsor completed its subscription for 20 Units for a purchase price of \$500,000, which comprised the proceeds for the Initial Closing. All proceeds from the sale of Units, including those from the Initial Closing, will be delivered directly to the Fund's operating account and be available for immediate use by the Fund at its discretion. There are no specific limitations on the number or size of Properties to be acquired or on the percentage of net proceeds of this Offering which may be invested in a single DST or Fund Note. The number and mix of Properties acquired will depend upon real estate and market conditions and other circumstances. In addition, cash held by the Fund between acquisitions of Properties may be placed in deposits for Properties, used for swap hedging or any other bona fide acquisitions-related or syndication-related use by the Manager.

The Fund will continue to accrue and be paid its interest on the outstanding principal of the Fund Note from a Depositor while the outstanding principal of the Fund Note remains outstanding.

### **Standards for Investment**

In making investment decisions for the Fund, the Manager will consider relevant real property and financial factors, including, but not limited to, the location and condition of the underlying real property, the income-producing capacity of the real property, the prospects for long-range appreciation of the real property, and the liquidity and income tax considerations of the Investment. In this regard, the Manager will have substantial discretion with respect to the selection of specific Properties and in allocation of Properties to a particular portfolio to make up an Investment.

### **Acquisition of Properties**

The properties are anticipated to be primarily acquired in separate DSTs that are expected to be funded utilizing a Depositor Third-Party Debt to a Depositor or the DST that may be senior to the Fund's investments; and senior secured, first priority lien Bank Loan (“**Bank Loan**”) and/or a mezzanine loan (collectively the “**Loans**”). Properties also may be acquired with no Bank Loan on an all-cash basis and, in such case, the Fund's investment would not be junior to senior secured lien holders. The Sponsor anticipates that each Property will be packaged into newly created DST entities, with a Depositor contributing to the DST money sufficient to purchase the Property and transferring the Property into the DST ownership structure. At the closing on the Property, the DST will fund the purchase price with the proceeds from the Fund Note. The DST will buy the Property at the closing and in exchange for the contribution from a Depositor, issue beneficial interests in the DST to a Depositor. As payments for Class II interests in the DSTs are received by a Depositor, all such proceeds will be used first to repay any senior debt, then the Fund's investment *pari passu* to any Third-Party Debt. A Depositor will repay the Fund Note with the offering proceeds of the DST beneficial interests which will be used to redeem the beneficial interests of a Depositor. The Fund's debt investment in a Depositor shall be available for reinvestment following repayment when the Fund's Investment in a Depositor is returned in its entirety, unless a Redemption Notice has been provided to Sponsor by a Member. The Manager may elect to suspend Redemption Requests at any time, in its sole discretion. The Fund will continue to accrue and be paid its interest on the outstanding principal of the Fund Note from a Depositor while the outstanding principal of the Fund Note remains outstanding.

The Sponsor may also elect to package the Properties into a portfolio of Properties.

### **Sales of Properties**

The Sponsor expects the Fund's investments into the DSTs or Fund Notes to be typically outstanding for approximately 120 to 365 days at a time, which could be shorter or longer based on the use of the Investments by the Manager. However, market financing conditions and the ability to syndicate the DST interests may take longer to source than anticipated. A Member may elect to redeem its Units in accordance with the Operating Agreement. See SUMMARY OF THE OFFERING – Redemption. Members will be deemed to keep their Investments in the Fund and allow the Manager to continue to utilize such capital to make additional Investments until such Redemption Notice is provided. On the date of the Member Redemption, the Member's Units in the Company shall be considered entirely redeemed by the Company and, after such date, the Member shall no longer have any Economic Interest in the Company, or any further voting rights with respect to its management or operation. In addition, as with any typical fund investment, the Manager may separately elect, in its sole discretion, to return the Members' Investments, in whole or in part, along with the pro rata preferred distributions due to each Member on such Investments while they were outstanding. See "Summary of the Operating Agreement and Income, Loss and Distributions." However, the Manager may exercise its sole discretion as to whether and when to suspend Redemption Requests and will have no obligation to liquidate any Fund Note at any particular time.

### **Distributable Cash from the Investments; Redemptions.**

Distributable Cash will be distributed annually (typically on 1<sup>st</sup> day of April of each calendar year) as follows:

- (1) First, to the Members (pro rata in accordance with their respective Unreturned Capital Contributions) until each Member has received cumulative distributions equal to a ten percent (10%) Preferred Return. The Preferred Return shall accrue annually on the outstanding amount of each Member's unreturned Capital Contributions and shall be calculated from the date such Capital Contributions were made by the Member,
- (2) Second, to the Manager until the Manager has received aggregate distributions equal to two percent (2%) of the aggregate capital contributions made by the Members, and
- (3) Third, eighty percent (80%) to the Members (allocated pro rata among them) and twenty percent (20%) to the Manager. For the avoidance of doubt, the Manager shall not receive any portion of the Distributable Cash until the Member's entitlement for that period has been satisfied in full (and there is no Manager catch-up provision with respect to such Preferred Return).

Principal Distributable Cash will be distributed annually (typically on 1<sup>st</sup> day of April of each calendar year) as follows:

- (1) First, 1 to the Members (pro rata in accordance with their respective unreturned Capital Contributions) until each Member has received distributions equal to the full return of its Capital Contributions (thereby reducing each Member's unreturned Capital Contributions to zero); and
- (2) Second, eighty percent (80%) to the Members and twenty percent (20%).

Members will be allowed to make Redemption Requests for all or a portion of their Units, subject to the procedures set forth in the Operating Agreement. See -SUMMARY OF THE OFFERING – "Redemption". A Member making a Redemption Request must deliver a Redemption Notice in writing to the Fund at least one hundred and eighty (180) days in advance of the Redemption Date. The first effective date for timely Redemption Requests will be 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 timely Redemption Requests will also be effective on the thirty-six (36) month anniversary and the forty-eight (48) month anniversaries (as the case may be) of the Initial Closing. A Member's interest will be redeemed in an amount equal: (i) if the Redemption Request occurs on or before the second (2<sup>nd</sup>) anniversary of the Initial Closing, and (a) if the Fund does not pay any commission to a third-party for the Investment

by such Member, 100% of such Member's unreturned funded Investment and (b) if the Fund has paid a commission to a third-party for such Member's Investment, 95% of such Member's unreturned funded Investment; and (ii) if the Redemption Request occurs after the second (2<sup>nd</sup>) anniversary of the Initial Closing, 100% of such Member's unreturned funded Investment. The Sponsor may make a Redemption Request for its membership interests if the third (3<sup>rd</sup>) anniversary of the Initial Closing has occurred and shall receive 100% of the Sponsor's unreturned funded Investment unless the aggregate Redemption Requests received by the Fund for the applicable redemption window during which the Sponsor made a Redemption Request exceed the Available Redemption Funds (as defined below).

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, each Member's Units (other than those of the Sponsor) 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. If a Redemption Request of the Sponsor is made during a redemption window under which the aggregate Redemption Requests received by the Fund exceed the Available Redemption Funds, such Redemption Request of the Sponsor shall be subordinated to those of the other Members until such other Member's Redemption Requests are fully satisfied. To the extent that a Member's interest for which a Redemption Notice has been provided but becomes a Non-Redeemed Interest due to lack of Available Redemption Funds, such redemption will 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.

If the Manager determines, in its sole discretion, that it is necessary to suspend (in whole or in part) the processing and payment of Redemption Requests due to adverse market conditions, lack of liquidity of Fund assets, or other extraordinary circumstances, the Manager may suspend all Redemption Requests, including those previously submitted and not yet processed (a "**Suspension Event**") In connection with a Suspension Event, the Manager shall have the authority to reject any and all outstanding or future Redemption Requests and to revert any Member's interests previously designated Non-Redeemed Interests to interests entitled to distributions of Distributable Cash. In addition, upon a Suspension Event, the Manager may, in its sole discretion, elect to terminate the Fund and liquidate all its assets, and distribute the proceeds of the liquidation to the Members on a *pro rata* and *pari-passu* basis in accordance with the termination provisions of the Fund.

### **The Fund's Collateral for its Investments**

As collateral for its Fund Notes, the Fund expects to receive a Pledge Agreement, to be entered into by a Depositor and the Fund, whereby a Depositor will pledge to the Fund its beneficial interests in each DST that owns a Property acquired by a Depositor, which pledge provides that in the event a Depositor defaults in the payment of any Fund Note, the Fund shall receive the right to execute an assignment of a Depositor's beneficial interests in such DST and all proceeds thereof. Any Depositor issuing a Fund Note may elect to incur additional indebtedness either by a Depositor or the DST on the Property, and may also incur indebtedness, including a Sponsor Loan, that, like a loan made by the Fund to a Depositor, is secured by the DST beneficial interests to be syndicated. Accordingly, the Fund's security interest in the Collateral may be subordinated 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 made by the Fund to Depositor. Further, the Investments may be grouped by the Sponsor into portfolios at the Sponsor's discretion

and, if additional debt financing is used to acquire or inventory the Properties by the Sponsor, the Fund's Investments will remain backed by the Collateral, but junior to any such debt financing.

**Fund Operating Expenses Paid 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 Fund Notes, which will be normal 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.

**Investments may include Affiliated Transactions.**

The Manager and its Affiliates have organized other real estate investment funds or entities and there is a possibility that the Manager will use the Fund's capital to make Investments with respect to such affiliated Properties.

## FUND BUSINESS PLAN

### The Sponsor

The Sponsor of this Offering is Four Springs TEN31 Xchange, LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of Wheelhouse Capital Group, LLC. The Sponsor is a real estate firm that provides customized tax deferred exchange solutions for real estate investors. The Sponsor is focused on facilitating DST programs that own single-tenant, income producing industrial, medical and retail properties that are subject to long-term net leases and located throughout the United States.

The Sponsor seeks to acquire single-tenant net lease properties throughout the United States that are leased to high quality tenants and have remaining lease terms with 7-20 years remaining with contractual rent increases when possible, which it believes these properties offer benefits as compared to other types of commercial real estate due to the relative stability of the cash flows from long-term credit leases, as well as reduced property-level expenses and capital expenditures resulting from the net lease structure. The Sponsor generally targets properties with purchase prices ranging from \$5 million to \$100 million. The Sponsor is an active asset manager and regularly reviews each of its properties for changes in the credit of the tenant, business performance at the property, industry trends and local real estate market conditions.

The Sponsor's senior management team has strong net lease real estate experience. Since entering the syndicated DST marketplace in 2014, the Sponsor has since launched 29 DST offerings with a property value of approximately \$921.52 million at cost. The Sponsor is led by co-founders William Dioguardi and Coby Johnson. Other members of the Sponsor's senior management team previously served in senior management roles at public net lease REITs. Since the Sponsor's inception, its management team has also developed and implemented internal processes, procedures and controls to establish a scalable infrastructure that the Sponsor believes will allow itself to acquire and manage its DST investments in a disciplined manner.

### Business Objectives and Strategies

The Sponsor's business plan is to acquire a diversified portfolio of single tenant properties that maximizes cash available for distribution and meets the investment objectives of its DST investors. The Sponsor believes it can achieve these objectives through the following strategies:

***Utilize Experienced Team, Scalable Platform and Robust Acquisition Pipeline to Grow its 1031 Exchange Platform in a Disciplined Manner.*** The Sponsor intends to continue to leverage the experience of its team and its scalable platform to grow its DST product offerings of single-tenant net lease real estate by making disciplined acquisitions. The Sponsor and its affiliates intend to utilize its network of owners, tenants, developers, brokers, lenders, private equity firms and other participants in the real estate industry to source its acquisitions and the company believes that its relationships will continue to provide access to a pipeline of attractive investment opportunities. The Sponsor and its affiliates plan to continue to acquire single-tenant properties with purchase prices generally ranging from \$5 million to \$100 million that are net leased on a long-term basis with contractual rent increases to investment grade and other tenants that it determines to be creditworthy.

***Continue to Implement a Disciplined Investment Approach and Rigorous Underwriting Processes to Enhance its Portfolio.*** The Sponsor's primary investment strategy is to acquire and offer diversified DST offerings of single-tenant, income producing industrial, medical and retail properties. The Sponsor and its affiliates believe that the market knowledge, systems and analysis that it employs in its underwriting process allow it to efficiently analyze the risks associated with each property's ability to produce cash flow going forward. The Sponsor blends real estate analysis with tenant credit and lease analysis to make an assessment of expected cash flows to be realized in future periods.

For each property, the Sponsor's analysis primarily focuses on evaluating the following:

- *Real Estate.* Within the context of the relevant market and submarket, the Sponsor and its affiliates evaluate the suitability of the property for the specific business conducted there and the industry in which the tenant operates, the prospect for re-tenanting or selling the property if it becomes vacant, and whether or not the property has expansion potential. The company also evaluates alternative uses for each property, as well as other potential users and estimated replacement rents.
- *Tenant Credit.* The Sponsor and its affiliates evaluate the tenant's credit profile by focusing on data and information specific to the tenant's financial status and the industry in which it operates. For the tenant's financial status, the company evaluates, to the extent available, the tenant's current and historical financial statements, capital sources, earnings expectations, operating risks, and general business plan. For the tenant's industry, the company evaluates, among other things, relevant industry trends and the tenant's competitive market position.
- *Lease Structure.* The Sponsor and its affiliates evaluate the tenant and landlord obligations contained within the existing or proposed lease as well as the remaining lease term, any contractual annual or periodic rent escalations and the existence of any termination or assignment provisions.
- *Tenant Retention.* The Sponsor and its affiliates assess the tenant's use of the property and the degree to which the property is strategically important to the tenant's ongoing operations, the tenant's potential cost to relocate, the supply/demand dynamic in the relevant submarket and the availability of suitable alternative properties. The company believes tenant retention tends to be greater for properties that are strategically important to the tenant's business and where the potential costs to relocate are high.

## **Target Market**

The single-tenant net lease market is large and highly fragmented. Based on market size estimates by industry sources and the historical investment volume, the Sponsor and its affiliates believe there will continue to be substantial investment opportunities for it to grow and further diversify its portfolio.

## **Executive Offices**

The Sponsor's offices are located at 3349A State Route 138, Allaire Corporate Center, Building A, Suite A, Second Floor, Wall, NJ 07719. The Company's telephone number is (877) 449-8828. Its internet website is <http://www.fscap.net>. The information contained in, or that can be accessed through, its website is not incorporated by reference in or otherwise a part of this Memorandum.

The description above of the Sponsor's businesses provide a brief overview of investment and syndication strategies and may change based on future circumstances outside of its control. Past Performance of the Sponsor and any past offerings is not indicative of future results. Liquidity, exit objectives, timing and results are not guaranteed. There is no guarantee that the fund will be successful in executing its business plan. THERE IS NO ASSURANCE THAT THESE OBJECTIVES WILL BE ACHIEVED.

## **Operation of the Properties**

The Properties will be managed by the Sponsor or a third-party property management company hired by the Manager (the "**Property Manager**"). The Property Manager will enter into property management agreements with the DSTs to provide operation and property management for the Properties. Likewise, the Sponsor expects the Properties to generate positive cash flow after payment of all expenses, including amortization of any loans and payment of management fees, so that no additional borrowing will be required.

### CAPITALIZATION OF THE FUND

The following table sets forth the capitalization of the Fund reflecting the issuance and sale of the Units offered hereby.

	<u>Maximum</u> <sup>(1)</sup>
Fund Units <sup>(2)</sup>	1,000
Total <sup>(3)</sup>	<u>\$25,000,000</u>

(1) The Offering will be completed upon the sale of 1,000 Units.

(2) Amounts reflect cash contributions of investors as of the future date of capitalization of the Fund in the amount of \$25,000 per Unit.

(3) Amounts shown are the gross proceeds of the Offering before deducting any costs, expenses, commissions or other payments described herein. See “Plan of Distribution” and “Estimated Use of Proceeds.”

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**PRIOR PERFORMANCE OF THE SPONSOR AND ITS AFFILIATES**

**PRIOR PERFORMANCE TABLE**  
**FOUR SPRINGS TEN31 XCHANGE, LLC-SPONSORED SECTION 1031 EXCHANGE PROGRAMS**

<b>Program Name</b>	<b>Offering Date</b>	<b>Total Equity Raised</b>	<b>Original LTV</b>	<b>Offering Price</b>	<b>Total Distribution 2024**</b>	<b>Average Annual Distribution from Inception through 04/04/2025</b>
FSC Industrial I, DST	03/15/2018	\$10,200,000	0.00%	\$10,200,000	5.83%	5.67%
FSC Industrial III, DST	07/22/2019	\$4,850,000	48.22%	\$9,365,968	5.75%	5.75%
FSC Industrial IV, DST	10/30/2020	\$22,035,000	49.30%	\$43,457,500	5.75%	5.75%
FSC Industrial V, DST	12/01/2020	\$5,466,000	48.87%	\$10,691,000	6.00%	6.00%
FSC Industrial 6, DST	02/01/2021	\$20,084,000	49.10%	\$39,456,851	6.59%	6.55%
FSC Industrial 7, DST	03/05/2021	\$23,532,000	49.58%	\$46,673,670	4.85%	4.85%
FSC Industrial 8, DST	06/01/2021	\$38,320,000	47.91%	\$73,565,000	5.17%	5.09%
FSC Industrial 9, DST	01/26/2022	\$69,890,000	48.76%	\$136,390,000	4.74%	4.72%
FSC Industrial 10, DST	06/10/2022	\$32,300,000	0.00%	\$32,300,000	4.35%	4.32%
FSC Industrial 11, DST	12/15/2022	\$19,680,000	38.21%	\$31,848,000	5.10%	5.05%
FSC Industrial Portfolio 27, DST	04/21/2023	\$78,325,000	47.97%	\$150,525,000	5.15%	5.15%
FSC Industrial 32, DST	10/21/2024	\$64,934,564	48.12%	\$159,430,000	5.05%	5.05%
FSC Healthcare I, DST	08/03/2016	\$5,320,000	46.80%	\$10,000,000	5.25%	5.25%
FSC Healthcare III, DST	12/08/2017	\$4,352,500	48.41%	\$8,437,500	5.00%	5.00%
FSC Healthcare IV, DST	06/07/2018	\$11,845,000	50.24%	\$23,802,432	5.50%	5.50%
FSC Healthcare V, DST	06/10/2020	\$3,350,000	48.49%	\$6,504,000	5.00%	5.00%
FSC Healthcare 6, DST	05/13/2021	\$16,620,000	47.34%	\$31,563,537	5.50%	5.50%
FSC Healthcare 7, DST	10/18/2021	\$18,695,000	48.01%	\$35,957,033	5.50%	5.50%
FSC Diversified 1, DST	09/13/2021	\$26,965,000	46.83%	\$50,715,000	5.84%	5.80%
FSC Diversified 2, DST	04/20/2022	\$15,105,000	0.00%	\$15,105,000	4.62%	4.56%
FSC Healthcare 28, DST	04/10/2024	\$10,567,000	0.00%	\$10,567,000	5.00%	5.00%
FSC Healthcare 29, DST	08/07/2024	\$8,271,397	0.00%	\$14,956,000	5.00%	5.00%
FSC Automotive 1, DST	10/15/2018	\$6,675,000	0.00%	\$6,675,000	5.50%	5.50%

**\*\*NOTE:** *The “PPM Projected Distribution 2024” for all current programs is consistent with the Estimated Forecasted Cash Flows included with the Private Placement Memorandum for each of these programs. The percentages are annualized for programs launched in 2024.*

### Program Dispositions

The following table presents all program dispositions, by property type, through April 4, 2025. The table reflects the date on which the property owned by the program was originally offered to investors and the date it was sold, as well as the “Offering Price”, which represents the price paid by the program for the property, plus all estimated costs and expenses related to the acquisition and financing, all estimated costs and expenses related to the offering and any initial contribution to the reserve account, if applicable, and the property sales price.

The following terms as used in the table below shall have the meanings set forth in this paragraph. “Total Return” is calculated by dividing the sum of amounts distributed to investors over the hold period of the investment plus the sale proceeds returned to the investors, by such investors’ capital invested in the program. The Total Return calculation is used for sold properties to reflect the overall profitability of the program. The average rate of return, or “ARR”, represents the average annual amount of cash flow generated over the life of the investment. The ARR is calculated as the sum of the total cash flows distributed during the term of the investment plus any profit or loss on the Offering Price, divided by the investment period.

Program Name	Program Offering Date	Property Sale Date	Hold Period (Years)	Offering Price	Property Sales Price	Average Rate of Return (ARR)	Total Return
<b>Retail Properties</b>							
FSC BJ Tilton NH, DST	05/15/2014	08/11/2022	8.25	\$7,330,000	\$7,718,480	7.74%	163.83%
FSC AS Jonesboro AR, DST	08/15/2015	08/11/2022	6.99	\$8,015,000	\$7,554,131	6.27%	143.89%
FSC AS Mt. Juliet TN, DST	10/17/2014	08/11/2022	7.82	\$8,650,000	\$8,183,639	4.75%	137.17%
<b>Industrial Properties</b>							
FSC GM Lebanon IN, DST(1)	11/06/2014	05/31/2026	11.57	\$11,280,875	\$11,280,875	3.66%	142.34%
FSC MRC Odessa TX, DST	09/14/2015	03/01/2024	8.47	\$12,103,310	\$13,400,000	9.27%	178.51%
<b>Medical Office Properties</b>							
FSC Healthcare II, DST	08/14/2017	11/22/2024	7.28	\$4,135,000	\$4,325,000	5.61%	140.85%

- (1) The tenant of the property owned by FSC GM Lebanon IN, DST (“Gander DST”), Gander Mountain, filed a voluntary bankruptcy petition on March 10, 2017, and Gander DST discontinued distributions in March 2017 in response to that bankruptcy filing. On June 30, 2017, Gander Mountain rejected its lease on the property owned by Gander DST (the “Gander Property”) and ceased making monthly rental payments under the lease. Four Springs TEN31 Xchange, LLC, the sponsor of Gander DST, made a loan to Gander DST to cover various carrying costs of the Gander Property, including mortgage payments, to avoid a foreclosure on the Gander Property. Gander DST re-leased the property in July 2018 to a tenant on a month-to-month basis. The mortgage loan servicer placed a restriction on FSC GM Lebanon IN, DST to continue distributions to its beneficial holders from its available cash until the property was re-leased on a long-term basis or the property was sold, and the loan repaid. Gander DST secured a tenant on a long-term basis with a lease commencing May 1, 2020, and such lease required the landlord to fund certain tenant improvements. Gander DST did not have funds for such tenant improvements. On May 31, 2020, the Operating Partnership acquired all of Gander DST’s syndicated beneficial interests (making up 90% of the beneficial interest the DST) in exchange for ownership interests in the Operating Partnership (“OP Units”) valued at approximately \$3,985,000 based on 90% of the property value of Gander DST

(\$13,000,000) plus cash and other assets (\$2,114,220) minus the mortgage balance (\$6,228,750) and other liabilities of Gander DST (\$4,458,443). The terms of the OP Units received by the beneficial owners in Gander DST provide for escalating distribution rates and liquidation values such that after the sixth anniversary of the issuance of the OP Units that the distributions with respect to the OP Units will be equal to the original distribution rate with respect to the beneficial interests in Gander DST for such holders and the aggregate liquidation value of such OP Units will be equal to the value of the original investment made by such holders in Gander DST. The holders of the OP Units will have the right to require the Operating Partnership to redeem their OP Units for an amount equal to their original investment in Gander DST. In calculating the returns in the table above, we have assumed an investor in Gander DST holds the OP Units until the sixth anniversary of the issuance date, receives the distributions specified in the terms of the OP Units until the sixth anniversary of the issuance date, and sells the OP Units to the Operating Partnership on the sixth anniversary of the issuance date for an amount equal to their original investment in the Gander DST.

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## **PLAN OF DISTRIBUTION**

### **Capitalization**

The Offering is for a maximum of 1,000 Units (\$25,000,000) at \$25,000 per Unit. A minimum purchase of ten Units (\$250,000) is required, except that the Fund may permit certain investors to purchase a fraction of a Unit in its sole discretion. The Fund has set a minimum offering amount of \$250,000 for this Offering. All proceeds from the sale of Units will be delivered directly to the Fund's operating account and be available for immediate use by the Fund at its discretion.

The Fund intends to continue the Offering until the earlier of (i) \$25,000,000 in Units have been sold or (ii) the Offering Termination Date.

### **Qualifications of Investors**

The Units are being offered only to persons who can represent that they meet the investor suitability requirements described under "Who May Invest" and may be purchased only by investors who satisfy such suitability requirements.

### **Sale of Units**

The purchase price of \$25,000 for each Unit will be payable in full in cash upon subscription. The minimum purchase amount will be ten Units or \$250,000, except that the Fund may permit certain investors to purchase a fraction of a Unit in its sole discretion. All subscription proceeds will be received in trust by the Manager, which will promptly deposit such funds into the Fund's bank account, which will hold the funds until the closing of the Offering. There is no assurance that all Units will be sold and the Fund reserves the right to refuse to sell Units to any person, in its sole discretion, and may terminate this Offering at any time.

### **General Solicitation Permitted**

Pursuant to Rule 506(c), the Fund may engage in general solicitation or general advertising to market the securities offered hereby. However, no offer or sale of the securities will be completed unless the purchaser provides sufficient information to enable the Fund to take reasonable steps to verify that such purchaser is an accredited investor.

### **Investor Verification Requirement**

Each prospective Investor will be required to provide documentation or third-party verification evidencing such investor's status as an accredited investor. This may include, without limitation: (i) IRS tax forms; (ii) written confirmation from a registered broker-dealer, registered investment adviser, licensed attorney, or certified public accountant; or (iii) other means deemed reasonable by the Fund under Rule 506(c).

### **Marketing of Units**

Pursuant to this Memorandum, we are offering the Units through the Managing Broker-Dealer, which may engage other Broker-Dealers, each of which are members of FINRA. The Sponsor, not the Fund, will be responsible for all Selling Commissions payable to the Managing Broker-Dealer in connection with the marketing and syndication of the Units.

Inquiries about subscriptions should be directed to FSX DST Inventory Financing Fund Manager, LLC, 3349A State Route 138, Allaire Corporate Center, Building A, Suite A, Second Floor, Wall, NJ 07719, and the telephone number is (877) 449-8828.

## **Sales Materials**

Other than this Memorandum, the Exhibits and supplements hereto, and factual summaries and sales brochures of the Offering, no other literature will be used in the Offering of the Units.

The Manager and its Affiliates may also respond to specific questions from broker-dealers and prospective investors. Information relating to this Offering may be made available to broker-dealers for their internal use. However, this Offering is made only by means of this Memorandum. Except as described herein, the Fund has not authorized the use of other sales materials in connection with the Offering. The information in such material does not purport to be complete and should not be considered a part of this Memorandum, or as incorporated in this Memorandum by reference or as forming the basis of this Offering.

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Memorandum or in any sales literature issued by the Fund and referred to in this Memorandum, and, if given or made, such information or representations must not be relied upon.

## **Discretionary Purchases of Units by the Manager or its Affiliates**

The Manager or its Affiliates may, in its sole discretion, purchase Units for any reason it deems appropriate. The Manager will not purchase more than 49% of the Units sold. Those purchases, if any, shall be made on the same terms and conditions available to all investors except for the commission discount noted above. The Manager or its Affiliates will acquire the Units for its own account and not with a view to resell or distribute such Units.

The potential purchase of Units by the Manager or its Affiliates involves certain risks that you should consider, including, but not limited to, the following:

- (1) the Manager or its Affiliates would obtain voting power as Members;
- (2) the Manager or its Affiliates may want to dispose of Fund assets at an earlier date than other Members so as to recover its investment in the Units, thus creating a conflict of interest between the Fund and the Manager or any Affiliate who purchases Units; and
- (3) substantial purchases of Units by the Manager or its Affiliates may limit the ability of the Manager or its Affiliates to fulfill any financial obligations that it or they may have to or on behalf of the Fund.

## **Subscription Procedures**

Persons desiring to subscribe for Units may do so by completing and executing the Instructions to Investors and Subscription Agreement separately attached hereto as Exhibit B. All subscription proceeds will be received by the Fund, which will promptly deposit such funds into the Fund's bank account.

All subscriptions are payable in full at the time of subscription. All checks should be made payable to "**FSX DST Inventory Financing Fund, LLC.**" All checks and one fully executed and completed copy of the Subscription Agreement should be delivered to:

FSX DST Inventory Financing Fund, LLC  
3349A State Route 138  
Allaire Corporate Center, Bldg. A, Ste. A, 2<sup>nd</sup> Fl.  
Wall, NJ 07719  
Telephone: (877) 449-8828  
Attn: Investor Relations

**Acceptance of Subscriptions**

The Manager has the right, to be exercised in its sole discretion, to accept or reject any subscription in whole or in part for a period of thirty (30) days after receipt of the subscription. Any subscription not accepted within thirty (30) days of receipt shall be deemed rejected.

**Limitation of Offering**

The offer and sale of the Units are made in reliance upon exemptions from the Securities Act and state securities laws. Accordingly, distribution of this Memorandum has been strictly limited to persons satisfying the Investor Suitability Requirements described herein, and this Memorandum does not constitute an offer to sell or a solicitation of an offer to buy with respect to any person not satisfying those requirements.

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## THE SPONSOR AND THE MANAGER

### Officers and Key Personnel

The Sponsor is a wholly owned subsidiary of Wheelhouse Capital Group, LLC. Certain information regarding the officers and key personnel of the Sponsor is set forth below. The management team has substantial experience in real estate, finance, capital markets, asset acquisitions and dispositions and asset management.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
William P. Dioguardi	67	Executive Chairman
Coby R. Johnson	54	President & Chief Executive Officer
Durgesh Karlekar	51	Chief Financial Officer
Jared W. Morgan	53	Senior Vice President, Head of Acquisitions
Cynthia M. Daly	55	Senior Vice President, Head of Underwriting

#### **William P. Dioguardi**, *Executive Chairman*

Mr. Dioguardi has served as the Executive Chairman of the Sponsor since its inception. Mr. Dioguardi has served as the Chairman of the board of trustees of Four Springs Capital Trust since its formation in July 2012 and was the Chief Executive Officer from July 2012 to May 2024. Mr. Dioguardi was the founding shareholder of Four Springs Capital, L.L.C., a real estate investment management firm focused on net lease real estate, in November 2008, where he led the acquisition and asset management of net lease properties through syndication to investors. Prior to Four Springs Capital, L.L.C., Mr. Dioguardi was President of Spencer Trask Ventures, Inc., a leading private equity firm based in New York City, at which Mr. Dioguardi led a team that invested in technology companies. Mr. Dioguardi also founded and built Vantage Securities, an investment banking firm that participated in public and private offerings of securities. Prior to founding Vantage, Mr. Dioguardi served in several senior roles of increasing responsibility at Integrated Resources Equity Corp., at the time the largest real estate syndication firm in the United States. Mr. Dioguardi received a B.S. degree in Business Administration from Monmouth University. Active in community affairs for many years in Avon-by-the-Sea, New Jersey, Mr. Dioguardi served as Commissioner of Revenue and Finance from 1991 – 2003. In addition, from 2005 – 2015, he served as a member of the board of trustees of Monmouth University and the University’s Investment Committee, which he chaired for several years.

#### **Coby R. Johnson**, *President & Chief Executive Officer*

Mr. Johnson has served as Chief Executive Officer of the Sponsor since its inception. Mr. Johnson has served as the Chief Executive Officer of Four Springs Capital Trust since January 2025, its President since June 2014 and as its Chief Operating Officer from July 2012 to January 2025. He has also served as the Secretary and a trustee since its formation in July 2012. From October 2010 until July 2012, Mr. Johnson was a Managing Director of Four Springs Capital, L.L.C. focusing on all aspects of net lease real estate acquisition and investment. Prior to joining Four Springs Capital, L.L.C., Mr. Johnson led the alternative investments group of a financial services firm, served in business development, operational and advisory roles for enterprises in industries including real estate, financial services and technology, and practiced corporate and securities law at major firms in Boston and Philadelphia. Mr. Johnson has participated in numerous real estate and capital markets transactions, including public and private equity and debt financings. Mr. Johnson received a B.A. in Economics from the University of Illinois — Urbana and a J.D. from Emory University School of Law.

#### **Durgesh Karlekar**, *Chief Financial Officer*

Mr. Karlekar has served as the Chief Financial Officer of the Sponsor since its inception. Mr. Karlekar has served as Chief Financial Officer of Four Springs Capital Trust since May 2024, and served as its Vice President – Finance from November 2021 to May 2024 and as its Treasurer since May 2022. From May 2015 until October 2020, Mr. Karlekar

was a Vice President of Paramount Group, Inc. (NYSE: PGRE) responsible for all aspects of property accounting and reporting and provided support SEC reporting and compliance, oversaw compliance with Sarbanes-Oxley 404, and coordinated audits and reviews with independent accountants. From October 2006 until April 2015, Mr. Karlekar was a Senior Manager of Ernst & Young LLP in their real estate industry assurance and advisory Services group in New York and Dublin, Ireland offices. Mr. Karlekar is a Certified Public Accountant and earned a B.Com. in Accounting from Mumbai University, India and is a Chartered Accountant from Institute of Chartered Accountants in India.

**Jared W. Morgan, Senior Vice President, Head of Acquisitions**

Mr. Morgan has served as the Senior Vice President, Head of Acquisitions of the Sponsor since its inception. Mr. Morgan has served as Senior Vice President, Head of Acquisitions of Four Springs Capital Trust since August 2016. From May 2013 until July 2016, Mr. Morgan served as Vice President of Acquisitions at Spirit Realty Capital, Inc. (NYSE: SRC), responsible for sourcing new acquisitions in the marketplace. From August 2006 until July 2011, Mr. Morgan was the Vice President, Dispositions and Acquisitions, of Sovereign Investment Company, where he bought and sold over \$2 billion of net lease assets. Mr. Morgan has served as Operating Partner of Excess Space Retail Services, Inc. and was co-founder of an Apollo Real Estate Advisors venture. Mr. Morgan earned a B.A. from Colby College.

**Cynthia M. Daly, Senior Vice President, Head of Underwriting**

Ms. Daly has served as the Senior Vice President, Head of Underwriting of the Sponsor since its inception. Ms. Daly has served as Senior Vice President, Head of Underwriting of Four Springs Capital Trust since January 2021. From December 2016 through December 2020 she was our VP of Underwriting. From November 2012 until December 2016, Ms. Daly served as our Director of Acquisitions. Prior to joining the company, Ms. Daly was the founder and Principal of Sand Dollar Investments LLC, a real estate consulting firm, from March 2008 until November 2012. From January 2001 until November 2010, Ms. Daly served as Executive Vice President and Director of Monmouth Real Estate Investment Corporation (NYSE: MNR), a REIT focused on net lease industrial properties. Ms. Daly earned a B.A. in English from Lafayette College and an M.B.A. from Monmouth University.

**Prior Performance of the Sponsor and its Affiliates**

The information on page 42 presents in narrative and table format a summary of similar real estate programs sponsored by the Sponsor and its affiliates. The purpose of providing the prior performance information is to enable you to evaluate the experience of the Sponsor and its affiliates with similar programs. You should not assume that you will experience returns, if any, comparable to those experienced by investors in such prior real estate programs.

**FIDUCIARY DUTIES OF THE MANAGER**

The Manager is responsible for the control and management of the Fund and must exercise good faith and integrity in handling Fund affairs. The Manager has a fiduciary responsibility for the safekeeping and use of all funds and assets of the Fund, whether or not in its immediate possession and control, and may not use or permit another to use such funds or assets in any manner except for the exclusive benefit of the Fund. The funds of the Fund will not be commingled with the funds of any other person or entity except for operating revenues from the Properties. The Manager may employ persons or firms to carry out all or any portion of the business of the Fund and has the authority to employ contractors, architects, attorneys, accountants, engineers, appraisers or other persons or entities to assist in the management and operation of the Fund. Some or all of such persons or entities may be Affiliates.

It is unclear under current Delaware law the extent, if any, a manager will have as to a fiduciary duty to members of a limited liability company. This area of the law is rapidly developing. If you have questions about the fiduciary duties of the Manager, you should consult with your own legal counsel.

The Operating Agreement provides that the Manager will not be liable to the Fund or the Members for any act or omission performed or omitted by it in good faith, but will be liable only for gross negligence or willful malfeasance. Members and other holders of Units may, accordingly, have a more limited right of action against the Manager than they would have absent such an exculpatory provision in the Operating Agreement.

The Operating Agreement generally provides for indemnification of the Manager, its members, shareholders, affiliates, officers, partners, directors, employees, agents and assigns, by the Fund (to the extent of Fund assets) for any loss or damage incurred by them in connection with the business of the Fund not arising out of gross negligence or willful malfeasance. In the case of a liability arising from an alleged violation of securities laws, the Manager may obtain indemnification only if (i) the Manager is successful in defending the action, (ii) the action is settled and the court specifically approves the settlement and the indemnification of such settlement, or (iii) in the opinion of counsel for the Fund, the right to indemnification has been settled by controlling precedent. It is the opinion of the SEC that indemnification for liabilities arising under the Securities Act is contrary to public policy and, therefore, unenforceable.

## **CONFLICTS OF INTEREST**

The Manager, the Sponsor and its Affiliates may act, and are acting, as the manager of other limited liability companies, or as the general partner of other partnerships. The Manager may form and manage additional limited liability companies or other business entities. The Manager and its Affiliates have existing responsibilities and, in the future, may have additional responsibilities to provide management and services to a number of other entities in addition to the Fund. In addition, the Property Manager, which is the same entity as the Manager, will operate and manage the Properties. As a result, conflicts of interest between the Fund and the other activities of the Manager and its Affiliates may occur from time to time. The principal areas in which conflicts may be anticipated to occur are as described below.

### **Sale of Units by the Selling Group**

Principals of the Manager of the Fund may also be acting as a prospective Investor's registered representative or registered supervisor (or both), in which case they may receive Selling Commissions and Expenses as a result of their sales efforts with respect to the Units. This presents a conflict of interest that may affect their judgment in making an investment recommendation to such prospective Investor. Accordingly, each prospective Investor must choose to make an investment in Units based on their own independent review of the merits and risks of this Offering.

The compensation described in this section and elsewhere in this Memorandum, and other compensation or benefits provided by the Fund, may be more or less than the overall compensation on similar or other products. Prospective investors may inquire of their registered representative regarding conflicts of interest and compensation. The Sponsor and the Manager are affiliated entities.

The Sponsor of this Offering is also the Manager of the Fund. This may lead to a conflict of interest between their various roles, including conflicts with the Investors regarding decisions related to the Investments and the management of the Properties.

### **Investments will be made into Entities Owned or Managed by Affiliates of the Manager and/or Sponsor.**

The Manager and the Sponsor are affiliated entities. This may lead to a conflict of interest between their various roles, including conflicts with the Investors regarding decisions related to the Properties and acquisition and management of the Properties.

Conflicts of interest between the Fund and the various roles, activities and duties of the Manager and its Affiliates may occur from time to time. The Sponsor will have control over the selection of the Properties acquired and the mix of the Fund's debt investment in a Depositor, Third-Party Debt, including a Sponsor Loan, or Bank Loans used to acquire the Properties. The principals of the Manager and the Property Manager are employed independently of the Fund and may engage in other activities. The Manager and the Property Manager will have conflicts of interest in allocating management time, services and functions between various existing enterprises and future enterprises the Manager and the Property Manager may organize, as well as other business ventures in which the Manager and the Property Manager may be or become involved. The Manager and the Property Manager, however, each believes that it will have sufficient staff, consultants, independent contractors and business property managers to perform adequately its responsibilities to the Fund.

## **Competition by the Fund and the Manager with Other Activities for Management Services**

The Sponsor, the Manager, and their respective affiliates believe that their managers will have sufficient time to discharge fully their responsibilities to the Fund and to other business activities in which the Sponsor, the Manager, and their affiliates are or may become involved. However, the Sponsor, the Manager, and their affiliates are engaged in substantial other activities apart from the management of the Fund and the properties which will be purchased by the DSTs, as applicable. Accordingly, the Sponsor, the Manager, and their affiliates will devote only so much of its time to the activities of the Fund and the properties, as applicable, as is reasonably required in the judgment of the Sponsor, the Manager, and their affiliates. The Sponsor, the Manager, and their affiliates will have conflicts of interest in allocating management time, services and functions among the Fund and the properties held through another program they may sponsor or operate, as well as with other business ventures in which the Sponsor, the Trust, and their affiliates are or may become involved.

## **Acquisition of Other Properties or Investments**

The Manager and the Sponsor and their Affiliates may form additional limited liability companies, funds and other entities in the future to engage in activities similar to and with the same investment objectives as those of the Fund. Conflicts of interest between the Fund and the various roles, activities and duties of the Manager and its Affiliates may occur from time to time, including, but not limited to, the Manager operates a fund similar to the Fund which may compete with the Fund with respect to Investments. The Manager and the Sponsor and their Affiliates may be engaged in sponsoring other such entities at approximately the same time as the Fund's securities are being offered or its investments are being made. These activities may cause conflicts of interest between such activities and the Fund, and the duties of the Manager concerning such activities and the Fund. The Manager will attempt to minimize any conflicts of interest that may arise among these various activities.

## **Obligations to Other Entities**

Conflicts of interest will occur with respect to the obligations of the Sponsor the Manager and their affiliates to the Fund and similar obligations to other entities. Moreover, neither the Fund nor the Properties will have independent management, as they will rely on the Manager and its Affiliates for all their management decisions. Other investment projects in which the Manager and its Affiliates participate may compete with the Fund for the time and resources of the Manager and its Affiliates. The Manager will, therefore, have conflicts of interest in allocating management time, services and functions among the Fund and other existing companies and businesses, as well as any companies or business entities that may be organized in the future. Under the Operating Agreement, the Manager is obligated to devote as much time as it, in its sole discretion, deems to be reasonably required for the proper management of the Fund and its assets. The Manager believes that it has the capacity to discharge its responsibilities to the Fund notwithstanding participation in other investment programs and projects.

## **Interests in Other Activities**

The Manager or any of its Affiliates may engage for its own account, or for the account of others, in other business ventures, whether related to the business of the Fund or otherwise, and neither the Fund nor any Member shall be entitled to any interest therein solely by reason of any relationship with or to each other arising from the Fund.

## **Control of Selection of Properties to Acquire**

The Sponsor will have control over the selection of the Properties acquired and the amount of Investments made into each of the Properties.

## **Receipt of Compensation by the Manager and its Affiliates**

The payments to the Manager and its Affiliates set forth under "Compensation of the Manager and its Affiliates" have not been determined by arm's-length negotiations. Further, the Sponsor, Manager and their Affiliates will receive commissions and other compensation upon the acquisition and sale of the Properties. The amount of such compensation cannot be determined at this time.

## **Management of the Properties**

The Sponsor or its affiliates may enter into property management agreements for the Properties. The objectives of the Property Manager may differ from the objectives of the Fund.

## **Manager's Representation of Fund in Tax Audit Proceedings**

Situations may arise in which the Manager may act as Partnership Representative on behalf of the Fund in administrative and judicial proceedings involving the IRS or other enforcement authorities. Such proceedings may involve or affect other entities for which the Manager or its Affiliates may act as manager. In such situations, the positions taken by the Manager may have differing effects on the Fund and such other entities. Any decisions made by the Manager with respect to such matters will be made in good faith. However, any Member who desires not to be bound by any settlement reached by the Manager may file a statement within a certain period of time prescribed by tax regulations stating that the Manager does not have authority to enter into a settlement on his or her behalf.

## **Legal Representation**

Counsel to the Fund, the Sponsor, and the Manager in connection with this Offering is the same, and it is anticipated that such multiple representation will continue in the future. Said counsel has also advised certain prior partnerships and limited liability companies formed by the Manager and its Affiliates. As a result, conflicts may arise in the future and if those conflicts cannot be resolved or the consent of the respective parties cannot be obtained to the continuation of the multiple representations after full disclosure of any such conflict, said counsel will withdraw from representing one or more of the conflicting interests with respect to the specific matter involved.

## **Purchases of Units by the Manager or its Affiliates**

The Manager or its Affiliates will not purchase more than 49% of the Units sold. As a result, purchases of Units by the Manager or its Affiliates may create a conflict of interest between the Fund and the Manager or any Affiliate who purchases such Units because the Manager or its Affiliates may have an interest in disposing of Fund assets at an earlier date than would other investors so as to receive its investment in the Units. In addition, purchases of Units by the Manager or its Affiliates will allow such persons or entities to obtain voting power over actions subject to a Majority Vote of the Members.

## **Resolution of Conflicts of Interest**

The Manager has not developed, and does not expect to develop, any formal process for resolving conflicts of interest. While the foregoing conflicts could materially and adversely affect the Members, the Manager, in its sole judgment and discretion, will try to mitigate such potential adversity by the exercise of its business judgment in an attempt to fulfill its fiduciary obligations. There can be no assurance that such an attempt will prevent adverse consequences resulting from the numerous conflicts of interest.

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## COMPENSATION OF THE MANAGER AND ITS AFFILIATES

The following is a description of compensation that may be received by the Manager and its Affiliates from the Fund or in connection with the proceeds of the Offering. Other than as specified herein, no compensation will be paid to the Manager, although the Manager will be reimbursed for certain expenses that the Manager has advanced or may advance on behalf of the Fund. These compensation arrangements have been established by the Manager and are not the result of arm's-length negotiations.

Form of Compensation	Description and Entity Receiving	Estimated Amount of Compensation
<b>Operating Stage:</b>		
Loan Origination Fees and/or Points on Loans	The Sponsor may receive loan origination fees imposed to process the loans on the Properties. In addition, the Sponsor may receive points paid on the loans on each Property.	The amount cannot be determined at this time.
Promote Structure	The Manager may receive certain payments of (i) Distributable Cash following payment of the Preferred Return pro rata to the Members in accordance with their capital contributions from Distributable Cash from interest income generated by Fund Notes, and (ii) Principal Distributable Cash following the return to Members of their respective unreturned capital contributions from Principal Distributable Cash generated by the repayment of principal on the Fund Notes. See "Compensation of the Manager and its Affiliates" in section entitled "Summary of the Offering" above.	The amount cannot be determined at this time.

## DESCRIPTION OF THE UNITS

The Units represent equity interests in the Fund and entitle the holder thereof to participate in certain Fund allocations and distributions. Persons who purchase Units from the Fund shall become Members in the Fund and be entitled to vote on certain Fund matters. See "Summary of the Operating Agreement and Income, Loss and Distributions."

The Fund is offering for sale up to 1,000 Units at \$25,000 per Unit. The minimum investment in the Fund is ten Units (\$250,000), except that the Fund may permit certain investors to purchase a fraction of a Unit in its sole discretion.

Units may not be freely assigned and are subject to restrictions on transfer by law, by regulation in the state where they are sold, and by the Operating Agreement, and may be subject to restrictions on transfer imposed by lenders. It is not anticipated that a public trading market in the Units will develop. See "Restrictions on Transferability" below.

## **RESTRICTIONS ON TRANSFERABILITY**

There are substantial restrictions on the transferability of the Units in the Operating Agreement and imposed by federal and state securities laws. Lenders may also impose additional restrictions on the transferability of Units. Before selling or transferring a Unit, a Member must obtain the written consent of the Manager and comply with applicable requirements of federal and state securities laws and regulations, including the financial suitability requirements of such laws or regulations. It is highly unlikely that any market for Units will ever develop. You should view an investment in Units solely as a long-term investment.

In addition, the Operating Agreement provides that an assignee of Units may not become a Substituted Member without meeting certain conditions and without the consent of the Manager, which consent the Manager may withhold in its sole discretion. If an assignee is not admitted to the Fund as a Substituted Member, such assignee will have no right to vote on Fund matters, will have no right to information relating to the Fund's business, and will have no right to participate in the management of the business and affairs of the Fund. Such assignee will only be entitled to receive a share of profits and distributions to which a member would otherwise be entitled. Further, no transfer will be allowed unless the Manager determines that the transfer will not cause the Fund to be "publicly traded."

The Units offered by this Memorandum have not been registered under the Securities Act or the securities laws of any state. The Units may not be transferred or resold unless they are registered under the Securities Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available.

Appropriate legends setting forth the restrictions on transfer of the Units will be set out on any certificates representing Units. It is currently not anticipated that certificates will be issued with respect to the Units.

## **SUMMARY OF THE OPERATING AGREEMENT AND INCOME, LOSS AND DISTRIBUTIONS**

### **General**

The rights and obligations of the Members will be governed by the Operating Agreement, a copy of which is printed in its entirety as Exhibit A hereto. You should review the entire Operating Agreement before subscribing. The following is merely a summary of some of the significant provisions of the Operating Agreement and is qualified in its entirety by reference thereto.

The Fund has been formed as a Delaware limited liability company in accordance with the Delaware Limited Liability Company Act, as amended from time to time. The Manager is FSX DST Inventory Financing Fund Manager, LLC, a Delaware limited liability company. The principal place of business of the Fund (and the mailing address of the Fund) is 3349A State Route 138, Allaire Corporate Center, Building A, Suite A, Second Floor, Wall, NJ 07719, and the telephone number is (877) 449-8828.

### **Term and Dissolution**

The Operating Agreement provides that the existence of the Fund shall continue until December 31, 2030 unless sooner terminated. However, the Fund will have a projected operating life of approximately two to four years.

### **Capital Contributions**

The purchasers of Units will contribute the Capital Contributions to the Fund.

### **Fund Operating Expenses Paid by the Fund**

The Fund will pay all operating and other expenses of the Fund, except for startup expenses associated with formation of the Fund, including but not limited to legal and third-party diligence expenses. The Fund will pay all

other operating expenses of the Fund, provided that the Fund will not be responsible for the Manager's overhead expenses, including compensation of its staff.

### **Distributions to the Members**

#### Distributable Cash from the Investments.

Distributable Cash will be distributed annually (typically on 1<sup>st</sup> day of April of each calendar year) as follows:

- (1) First, to the Members (pro rata in accordance with their respective Unreturned Capital Contributions) until each Member has received cumulative distributions equal to a ten percent (10%) per annum preferred return on its unreturned Capital Contributions (the "**Preferred Return**"). The Preferred Return shall accrue annually on the outstanding amount of each Member's unreturned Capital Contributions and shall be calculated from the date such Capital Contributions were made by the Member,
- (2) Second, to the Manager until the Manager has received aggregate distributions equal to two percent (2%) of the aggregate capital contributions made by the Members;
- (3) Third, eighty percent (80%) to the Members (allocated pro rata among them) and twenty percent (20%) to the Manager. For the avoidance of doubt, the Manager shall not receive any portion of the Distributable Cash until the Member's entitlement for that period has been satisfied in full (and there is no Manager catch-up provision with respect to such Preferred Return).

Principal Distributable Cash will be distributed annually (typically on 1<sup>st</sup> day of April of each calendar year) as follows:

- (1) First, 100% of Principal Distributable Cash shall be distributed to the Members (pro rata in accordance with their respective unreturned Capital Contributions) until each Member has received distributions equal to the full return of its Capital Contributions (thereby reducing each Member's unreturned Capital Contributions to zero).
- (2) Second, eighty percent (80%) to the Members and twenty percent (20%) to the Manager.

Members will be allowed to make Redemption Requests for all or a portion of their Units, subject to the procedures set forth in the Operating Agreement. See -SUMMARY OF THE OFFERING – "Redemption". A Member making a Redemption Request must deliver a Redemption Notice in writing to the Fund at least one hundred and eighty (180) days in advance of the Redemption Date. The first effective date for timely Redemption Requests will be 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 timely Redemption Requests will also be effective on the thirty-six (36) month anniversary and the forty-eight (48) month anniversaries (as the case may be) of the Initial Closing. A Member's interest will be redeemed in an amount equal: (i) if the Redemption Request occurs on or before the second (2<sup>nd</sup>) anniversary of the Initial Closing, and (a) if the Fund does not pay any commission to a third-party for the Investment by such Member, 100% of such Member's unreturned funded Investment and (b) if the Fund has paid a commission to a third-party for such Member's Investment, 95% of such Member's unreturned funded Investment; and (ii) if the Redemption Request occurs after the second (2<sup>nd</sup>) anniversary of the Initial Closing, 100% of such Member's unreturned funded Investment. The Sponsor may make a Redemption Request for its membership interests if the third (3<sup>rd</sup>) anniversary of the Initial Closing has occurred and shall receive 100% of the Sponsor's unreturned funded Investment unless the aggregate Redemption Requests received by the Fund for the applicable redemption window during which the Sponsor made a Redemption Request exceed the Available Redemption Funds (as defined below).

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, 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. If a Redemption Request of the Sponsor is made

during a redemption window under which the aggregate Redemption Requests received by the Fund exceed the Available Redemption Funds, such Redemption Request of the Sponsor shall be subordinated to those of the other Members until such other Member's Redemption Requests are fully satisfied. 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 will 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.

If the Manager determines, in its sole discretion, that it is necessary to suspend (in whole or in part) the processing and payment of Redemption Requests due to adverse market conditions, lack of liquidity of Fund assets, or other extraordinary circumstances, the Manager may suspend all Redemption Request under a Suspension Event. In connection with a Suspension Event, the Manager shall have the authority to reject any and all outstanding or future Redemption Requests and to revert any Member's interests previously designated as Non-Redeemed Interests to interests entitled to distributions of Distributable Cash. In addition, upon a Suspension Event, the Manager may, in its sole discretion, elect to terminate the Fund and liquidate all its assets, and distribute the proceeds of the liquidation to the Members on a *pro rata* and *pari-passu* basis in accordance with the termination provisions of the Fund.

### **The Fund's Collateral for its Investments**

As collateral for its Fund Notes, the Fund expects to receive a Pledge Agreement, to be entered into by a Depositor and the Fund whereby a Depositor will pledge to the Fund a Depositor certain Collateral, which pledge provides that in the event a Depositor defaults in the payment of any Fund Note, the Fund shall receive the right to execute an assignment of a Depositor's beneficial interests in such DST and all proceeds thereof. Any Depositor issuing a Fund Note may elect to incur additional indebtedness either by a Depositor or the DST on the Property, and may also incur indebtedness that, like a loan made by the Fund to a Depositor, is secured by the DST beneficial interests to be syndicated. Accordingly, the Fund's security interest in the Collateral may be subordinated 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 made by the Fund to Depositors. Further, the Investments may be grouped by the Sponsor into portfolios at the Sponsor's discretion and, if additional debt financing is used to acquire or inventory the properties by the Sponsor, the Fund's Investments will remain backed by the Collateral, but junior to any such debt financing.

### **Limit on the Number of Members**

In no event will the Fund have more than 499 Members.

### **Authority of the Manager**

The Manager shall, subject to certain restrictions set forth in the Operating Agreement, have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Fund, to make all decisions regarding those matters and to perform any and all other act or activities customary or incident to the management of the Fund's business. In the course of its management, the Manager may, in its absolute discretion, employ such persons, including, under certain circumstances, Affiliates of the Manager, as it deems necessary for the

efficient operation of the Fund. The Manager, however, may be removed by a Majority Vote of the Units for cause which includes fraud, gross negligence, willful misconduct or upon an Event of Insolvency of the Manager.

### **Voting Rights of Members**

Although they are not permitted to take part in the management or control of the business of the Fund, the Members have the right to vote on certain matters, including the following:

- (a) Removal of the Manager only for Cause as defined in the Operating Agreement;
- (b) Admission of the Manager or election to continue the business of the Fund after the Manager ceases to be the Manager when there is no remaining Manager;
- (d) Amendment of the Operating Agreement;
- (e) Any merger or combination of the Fund or roll-up of the Fund; and
- (f) Election to continue the business of the Fund when there is a Dissolution Event.

The Manager may at any time call a meeting of the Members, or may call for a vote of the Members without a meeting, on matters on which the Members are entitled to vote. In addition, a meeting of the Members will be called by the Manager upon receipt of written request therefor by Members holding more than 50% of the Units entitled to vote.

### **Liabilities of Members**

A Member's capital is subject to the risks of the Fund's business. Members are not permitted to take part in the management or control of the Fund's business. Assuming that the Fund is operated in accordance with the terms of the Operating Agreement, a Member will not be liable for the liabilities of the Fund in excess of the Member's total Capital Contributions and share of undistributed profits.

### **Books and Records**

At all times during the term of the Fund, the Manager is required to keep true and accurate books of account of all of the financial activities of the Fund. Such books of account will be kept on the accrual basis of accounting. The Manager may make such elections for federal and state income tax purposes as it deems appropriate. The fiscal year of the Fund will be the calendar year.

### **Amendments**

The Operating Agreement may be amended by the Manager with a Majority Vote, except that the Manager may amend the Operating Agreement without action by the Members to (i) modify the allocation provisions of the Operating Agreement to comply with Section 704(b) of the Tax Code; (ii) add to the representations, duties, services or obligations of the Manager or its Affiliates for the benefit of the Members; (iii) cure any ambiguity or mistake, correct or supplement any provision in the Operating Agreement that may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising under the Operating Agreement that will not be inconsistent with the provisions of the Operating Agreement; (iv) delete or add any provision of the Operating Agreement required to be so deleted or added by the staff of the SEC or by a state "Blue Sky" Commissioner or similar official, which addition or deletion is deemed by such commission or official to be for the benefit or protection of the Members; (v) amend the Operating Agreement to reflect the addition or substitution of Members or the reduction of the Capital Accounts upon the return of capital to the Members; (vi) minimize the adverse impact of, or comply with, any "plan assets" regulations; (vii) reconstitute the Fund under the laws of another state if beneficial; (viii) execute, acknowledge and deliver any and all instruments to effectuate the foregoing, including the execution, acknowledgment and delivery of any such instrument by the attorney-in-fact for the Manager under a special or limited power of attorney, and to take all such actions in connection therewith as the Manager shall deem necessary or appropriate with

the signature of the Manager acting alone; (ix) change the name and/or principal place of business of the Fund; (x) decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Fund and conduct its business affairs); or (xi) modify the Operating Agreement to make any changes requested by a lender that are requested or required to obtain financing or add or delete any such provisions after repayment of any such loans. No amendment shall be adopted pursuant to (x) or (xi) above without the consent of the Members unless the adoption thereof (a) is for the benefit of and not adverse to the interests of the Members; (b) is not inconsistent with Section 7 of the Operating Agreement pertaining to the management and administration of the Fund by the Manager; and (c) does not affect the limited liability of the Members or the status of the Fund as a partnership for federal income tax purposes. Further, the Manager can amend the Operating Agreement to comply with any lender requirement that the Fund be a special purpose entity.

## **Prohibitions**

The Operating Agreement provides that the Manager may not receive from the Fund a rebate or give-up or participate in any reciprocal business arrangements that would enable it or any Affiliate to do so. The Manager shall not directly or indirectly pay or award any finder's fees, commissions or other compensation to any person engaged by a potential investor for investment advice as an inducement to such advisor to advise the purchase of Units; provided, however, that the Manager shall not be prohibited from paying underwriting or marketing commissions, or finder's or referral fees to registered broker-dealers or other properly licensed persons for their services in marketing Units as provided for in the Operating Agreement.

## **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The following discussion is a summary of certain federal income tax considerations that may be relevant to the acquisition, ownership and disposition of Units by an investor that is (i) an individual citizen or resident of the United States, (ii) a corporation (including any entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any state (including the District of Columbia), (iii) an estate the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust (a) if a United States court is able to exercise primary supervision over the administration thereof and if one or more "United States persons" (as defined in the Tax Code) has the authority to control all substantial decisions thereof or (b) that has in effect a valid election under applicable Regulations to be treated as a United States person. The discussion does not take into account any considerations that may relate to special classes of taxpayers, including, among others, dealers in securities (or other persons not holding Units as capital assets or that have elected mark-to-market treatment), investors receiving Units as compensation, banks or other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, S corporations, investors that are subject to the alternative minimum tax, investors that hold, directly or indirectly, a ten percent (10%) or greater interest in any entity in which the Fund holds a direct or indirect interest, investors whose functional currency is not the U.S. dollar, investors who hold Units as part of a straddle, hedge, conversion or other integrated transaction, investors classified as partnerships or other pass-through entities for U.S. federal income tax purposes (or persons holding indirect interests in the Fund through such investors), non-U.S. investors (including, without limitation, non-U.S. investors subject to tax as U.S. expatriates and non-U.S. investors holding Units in connection with a U.S. trade or business), governments or agencies or instrumentalities thereof, or, except as expressly discussed below, tax-exempt entities. This discussion also does not take into account any considerations that may be relevant to investors acquiring Units other than pursuant to the offering described in this Memorandum.

The discussion below is based on the Tax Code, judicial decisions and administrative regulations, rulings, and procedures, all of which are subject to change, possibly with retroactive effect. The Fund has not applied for or obtained a ruling from the IRS as to any tax matters, nor has it obtained any opinions of counsel with respect to any federal tax issue, including whether it will be classified as a partnership for federal income tax purposes.

The Fund will furnish each Member with necessary information for inclusion in their federal tax returns. It will be each Member's responsibility to prepare and file all appropriate tax returns which it may be required to file as a result of its participation in the Fund. The Manager and the Fund assume no responsibility for the tax consequences of a Member's investment, nor for the disallowance, either partially or entirely, of any proposed deductions.

*The discussion below is not intended to constitute tax advice, or to be a complete description of the tax effects of investing in the Fund. It is provided solely as a partial illustration of certain tax matters and issues which may arise as a result of an investment in the Fund. No attempt has been made to ensure that all applicable interpretations or applicable provisions are described herein, or to provide any evaluation of the likelihood or effect of any of the concerns described below. This summary does not discuss all aspects of federal income taxation that may be relevant to a particular Member in light of its personal investment circumstances or to certain types of Members subject to special treatment under the Tax Code, such as insurance companies. This summary also does not discuss any aspects of state, local, foreign or non-income tax laws which may be applicable to a Member. Accordingly, a prospective Member is urged to consult its own tax advisor regarding an investment in the Fund.*

### **Taxation of the Fund as a Partnership**

The Fund is organized as a Delaware limited liability company and is intended to be treated as a partnership for U.S. federal income tax purposes. Assuming it is so treated, the Fund generally will not be subject to U.S. federal income tax, but must file an annual information return with the IRS. In addition, as discussed in more detail below, the Fund may in certain circumstances be subject to tax with respect to certain adjustments to its tax returns, absent an election to the contrary.

### **Taxation of Fund Income and Loss**

Each Member will be required to report on such Member's U.S. federal income tax return, and will be taxed upon its allocable share of, each item of the Fund's income, gain, loss, deduction and credit for each taxable year of the Fund ending with or within the Member's taxable year. Generally, each item will have the same character and the same source to a Member as though the Member realized the item directly. Members must report these items regardless of the extent to which, or whether, they receive cash distributions from the Fund for such taxable year and thus may incur income tax liabilities from an investment in the Fund regardless of whether they receive any distributions from the Fund.

### **Allocation of Fund Income and Loss**

Pursuant to the Operating Agreement, items of income, gain, loss and deduction will be allocated so as to take into account the interests of the Members in the Fund. Treasury Regulations promulgated under the Tax Code provide that allocations of items of income, gain, loss, deduction or credit will be respected for tax purposes if such allocations have "substantial economic effect" or are determined to be in accordance with the "partners' interests in the partnership." The Manager intends to follow the allocations in the Operating Agreement in preparing tax information returns. If the IRS were to redetermine the allocations to a particular Member, such redetermination could have a material adverse effect to such Member.

### **Adjusted Tax Basis of Units**

For U.S. federal income tax purposes, a U.S. Member's initial basis in such Member's Units will generally consist of the amount of cash plus the fair market value of any property that such Member has contributed to the Fund in exchange for such Units. The initial basis may be subsequently increased by factors including (i) any additional contributions made to the Fund by such Member and (ii) such Member's distributive share of the Fund's income and liabilities, and decreased (but not below zero) by factors including (x) distributions to such Member from the Fund and (y) such Member's distributive share of the Fund's losses and reductions in the Fund's liabilities.

### **Distributions**

Distributions of cash and, in certain circumstances, marketable securities, from the Fund to a Member will reduce the adjusted basis of the Member's Units by the amount of such cash distribution (or the value of such marketable securities). To the extent such distributions exceed the adjusted basis of a Member's Units, such Member will be treated as having recognized gain from the sale or exchange of such Units. In general, distributions (other than liquidating distributions) of property other than cash or marketable securities will reduce the adjusted basis (but not below zero) of a Member's Units by the amount of the Fund's adjusted basis in such property immediately before

such distribution, but will not result in the recognition of taxable income to the Member for U.S. federal income tax purposes. Liquidating distributions of property other than cash or marketable securities generally will not result in the recognition of taxable income to the Member for U.S. federal income tax purposes, and the Member will generally take a tax basis in the property received equal to its tax basis in its Units.

### **Dispositions of Units**

In general, a Member will recognize gain or loss upon the sale, redemption or other taxable disposition of Units in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received (or deemed to have been received as a result of debt relief) in such disposition and the Member's adjusted tax basis in the Units at the time of the disposition. In general, capital gains recognized by individuals and other non-corporate Members upon the sale or disposition of Units will be subject to a maximum U.S. federal income tax rate of 20% if the Units are held for more than one year, although any portion of such gain attributable to depreciation recapture can be taxed at a 25% rate, and any portion of such gain treated as attributable to certain assets can be recharacterized as ordinary income. Such gain will generally be taxed at ordinary income rates (of up to 37% for taxable years beginning before January 1, 2026) if the Units are held for one year or less. Gains recognized by Members taxed as corporations are subject to U.S. federal income tax at a rate of 21%, whether or not classified as long-term capital gains.

Capital losses recognized by a Member upon the disposition of the Units held for more than one year at the time of disposition will be considered long-term capital losses (or short-term capital losses if the Units have not been held for more than one year), and are generally available only to offset capital gain income of the Member but not ordinary income (except in the case of non-corporate Members, who may offset up to \$3,000 of ordinary income each year). A non-corporate Member may carry forward unused capital losses indefinitely. A corporate Member must pay tax on its net capital gain at the regular corporate rate. A corporate Member may deduct capital losses only to the extent of capital gains, with unused losses being carried back three years and forward five years. In addition, any loss upon a sale or exchange of Units by a Member who has held the Units for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions received from the Fund that were required to be treated by the Member as long-term capital gain.

### **Limits on the Deduction of Losses and Expenses**

A Member generally may deduct such Member's share of the Fund's losses only to the extent of such Member's basis in its Units at the close of the taxable year. If the recognition of a Member's allocable share of the Fund's losses would reduce the Member's adjusted tax basis in such Member's Units below zero, the recognition of such losses by such Member would be deferred until such time as the recognition of such losses would not reduce such Member's basis below zero. In the case of individuals and, in certain cases, closely held corporations, the deduction of net losses is subject to the following additional limitations.

#### *At-Risk Limitation*

Members that are individuals or, in certain cases, closely held corporations, may deduct their share of the Fund's losses and deductions only to the extent of such Members' (i) investment of cash or property and (ii) borrowed amounts for which such Members are personally liable or which are secured by assets other than such Members' Units. A special rule allows a Member to count nonrecourse debt with respect to real estate as part of its "at risk" amount if the amount of such debt was borrowed from a government entity or a person actively and regularly engaged in the business of lending money and if certain other requirements are met. It is not possible to predict the extent to which debt incurred by the Fund will qualify for this preferential rule.

#### *Passive Activity Loss Limitations*

With respect to the Fund's losses that are allocated to individuals, estates, trusts, personal service corporations and certain closely held corporations, the aggregate net losses from a "passive activity" in which the Member does not materially participate may be used to offset income from passive activities but may not offset either "active" income such as salary and active business income or portfolio income such as dividends, interest, royalties and non-

business capital gains. However, upon a complete disposition of the interest giving rise to the passive activity, previously unallowed losses with respect to such activity generally become allowable.

All Fund activities to which a Member's relationship is solely that of a Member would be viewed as activities in which such Member does not materially participate. Further, real estate rental activities, with certain exceptions, are viewed as passive activities. Income or loss which is properly characterized as portfolio income or loss would not be subject to the passive loss limitations.

#### *Excess Business Losses*

Until 2026, the "excess business loss" of non-corporate Members will be disallowed and treated as a net operating loss carryover to future taxable years. In general, an "excess business loss" is the excess of a Member's aggregate deductions attributable to trades or business of the Member over the sum of the aggregate gross income or gain of such Member attributable to such trades or businesses plus a threshold amount (currently, \$500,000 for married taxpayers filing jointly; \$250,000 for all other taxpayers). The "excess business loss" limitation applies after the application of the "passive activity" loss limitation described above.

#### *Investment Interest Limitation*

In the case of non-corporate Members, Section 163(d) of the Tax Code limits the deduction for investment interest expense to the amount of "net investment income," generally defined as the excess of general investment income (which excludes capital gains, unless an election has been made to re-characterize such gains as ordinary income) over investment expenses. Losses disallowed by this limitation may be carried forward and deducted in succeeding taxable years, subject to the same limitation.

#### *Limitation on Miscellaneous Itemized Deductions*

Members generally will not be entitled to deductions for "miscellaneous itemized deductions." Beginning in 2026, however, subject to certain exceptions, the amount of the miscellaneous itemized deductions of an individual Member, and the amount of certain deductions by a trust or estate that is a Member, will be deductible only to the extent that such amounts exceed 2% of such Member's adjusted gross income. In addition, the otherwise allowable itemized deductions of an individual taxpayer whose adjusted gross income exceeds an applicable threshold amount will be subject to reduction by an amount equal to the lesser of: (i) 3% of the excess of such individual's adjusted gross income over the threshold amount; or (ii) 80% of the amount of the itemized deductions otherwise allowable. The limitation on miscellaneous itemized deductions does not apply to the extent that the Fund is deemed to be engaged in a trade or business and such expenses are deemed ordinary and necessary expenses of such trade or business. It is not possible to predict the extent to which the Fund will be viewed as engaged in a trade or business for this purpose or the extent to which the Fund's expenses will instead be deemed related to investment activities.

#### *Tax Elections*

Under Section 754 of the Tax Code, the Fund may elect to have the basis of its assets adjusted in the event of a distribution of property (including cash) to a Member or in the event of a transfer of a Unit by sale or exchange or as a result of the death of a Member. The Manager, in its sole discretion, may cause the Fund to make such an election. Such basis adjustments, however, are mandatory in the case of partnerships that have built-in losses in their assets in excess of \$250,000, or where the transferee would be allocated a loss of more than \$250,000 if all of the partnership's assets were sold immediately following the transfer. The Fund may incur additional expense as a result of making any such basis adjustments.

#### *Tax Returns and Tax Audits*

The Fund will file U.S. federal income tax returns on the basis of a calendar taxable year or such other year as may be required by the Tax Code. In addition, the Fund will provide Members with Schedules K-1 setting forth the U.S. federal income tax information required for the filing of the Members' tax returns. The Fund's ability to provide Schedules K-1 to Members on a timely basis may depend upon factors outside of the Fund's control, such as

the receipt of information from third parties. Each Member generally is required to treat partnership items of income, gain, loss and deduction on its tax return consistent with the treatment of such items by the Fund, as reflected on the Schedules K-1, unless such Member files with its tax return a statement, on IRS Form 8082, that describes any inconsistency.

The Fund will designate the Manager to serve as the “partnership representative” to act on the Fund’s behalf in the event of a tax proceeding involving the Fund, including an IRS audit. In addition, unless the Manager elects otherwise, any adjustments, penalties and interest imposed as a result of an audit of the Fund’s U.S. federal income tax returns will be assessed at the partnership level in the year in which the adjustments are finalized at the higher of the maximum applicable rate of U.S. federal income tax for corporations or for individuals in respect of the relevant item. According to the terms of the Operating Agreement, the Members and former Members will indemnify the Fund for any taxes imposed on the Fund as a result of an IRS audit that are attributable to such Member’s allocable share of any adjustment to an item of income, gain, loss, or deduction or credit (including audit expenses) in any tax year in which such Member or former Member was a Member, as determined by the Manager. In certain circumstances, the amount of tax, penalties and interest imposed on the Fund will be reduced in circumstances where an Member or former Member files amended tax returns and pays tax for the taxable year subject to the audit, or to the extent it is established that a portion of the adjustment is attributable to a Member or former Member that would have been exempt from tax in respect of the relevant item, or is subject to a reduced highest applicable rate of U.S. federal income tax in respect of the relevant item by reason of its status as a subchapter C corporation or an individual (with an S corporation being treated as an individual for this purpose). In addition, the Manager may elect to issue to Members and former Members revised statements of their allocable shares of the Fund’s taxable income, gain, loss, deduction and credit, in which case the Members and former Members will be subject to U.S. federal income tax in the year of the statement based upon the effect the adjustment would have on the Members’ or former Members’ prior taxable years.

Prospective Investors should consult their tax advisors regarding the impact of the partnership audit rules on an investment in the Fund.

### **State and Local Taxes**

Prospective Investors should also consider the potential state and local tax consequences of an investment in the Units. In addition to being subject to tax in its own state or locality of residence, a Member should expect to be subject to tax return filing obligations and income, franchise and other taxes in local jurisdictions where the Fund is regarded as doing business or earning income. Further, the Fund may be subject to state and local income taxes in certain jurisdictions in which the Fund operates or is deemed to operate. Certain jurisdictions may collect taxes through withholding by the Fund and any amounts so withheld would be treated as a distribution from the Fund to the relevant Members. Prospective Investors are urged to consult their tax advisors regarding the state and local tax consequences of an investment in the Fund.

Prospective Investors should consult their tax advisors regarding the application and effect of U.S. state, local and non-U.S. income and other tax laws on an investment in the Units.

### **Medicare Tax on Unearned Income**

U.S. Members that are individuals, estates or trusts may be required to pay an additional 3.8% tax on, among other things, their allocable share of net income and gain from the Fund (without regard to the Section 199A Deduction) and capital gains from the sale or other disposition of their Units. Members should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Units.

### **Backup Withholding and Information Reporting**

Backup withholding of U.S. federal income tax may apply to distributions (or some portion thereof) made by the Fund to Members who fail to provide the Fund with certain identifying information (such as the Member’s tax

identification number). Members may comply with these identification procedures by providing the Fund a duly completed and executed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

A Member may have U.S. reporting requirements in respect of its investment in the Fund under current or future rules. Members should consult their tax advisors regarding any such reporting requirements they may have.

### **Legislative or Other Actions**

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the Treasury. No assurance can be given as to whether, when, or in what form, U.S. federal income tax laws applicable to the Fund and the Members may be enacted. Changes to the U.S. federal income tax laws and interpretations of U.S. federal income tax laws could adversely affect an investment in the Units. Prospective Investors are urged to consult with their tax advisors regarding the potential effects of legislative, regulatory or administrative developments on an investment in the Units.

## **REPORTS**

The Manager will keep proper and complete records and books of account for the Fund. These books and records will be kept at the Fund's principal place of business and each Member (or a duly authorized representative) will, at all times during reasonable business hours, have the right to inspect, examine and copy them. 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.

## **LITIGATION**

There are no legal actions pending against the Fund, or the Manager, nor, to the knowledge of the Manager, are any such actions contemplated that would have a material effect on the business, financial condition or operations of the Fund or the Manager.

## **ADDITIONAL INFORMATION**

The Sponsor will answer inquiries about the Fund and other matters relating to the offer and sale of the Units, and the Sponsor will afford you the opportunity to obtain any additional information that is necessary to verify the information in this Memorandum to the extent the Sponsor possesses such information or can acquire such information without unreasonable effort or expense.

You are entitled to review copies of other material contracts relating to the Fund described in this Memorandum and copies of the Manager's organizational documents.

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EXHIBIT A  
OPERATING AGREEMENT

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SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

OF

FSX DST INVENTORY FINANCING FUND, LLC

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS ANY COMMISSION OR AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS OR EXEMPTION THEREFROM.

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SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT  
OF  
FSX DST Inventory Financing Fund, LLC

This Second Amended and Restated Limited Liability Company Agreement of FSX DST Inventory Financing Fund, LLC, a Delaware limited liability company (“**Company**”), effective as of this September 17, 2025, is entered into by and between FSX DST Inventory Financing Fund Manager, LLC, a Delaware limited liability company (the “**Manager**”) and the Members listed on Exhibit B attached hereto, pursuant to the Act on the following terms and conditions, with reference to the following facts:

**RECITALS**

- A. The Company was formed under the Act pursuant to a Certificate of Formation filed with the Secretary of State of the State of Delaware on March 17, 2025.
- B. On March 17, 2025, the Members entered into that certain Limited Liability Company Agreement to govern the Company (the “**Original Agreement**”).
- C. On April 29, 2025, the Members entered into that certain Amended and Restated Limited Liability Company Agreement, which amended and restated the Original Agreement (the “**Amended Agreement**”).
- D. The Manager and the Members desire that this Agreement shall amend and restate in its entirety the Amended Agreement to govern the Company.
- E. Capitalized terms used and not otherwise defined herein have the meanings set forth on Schedule A hereto.

**AGREEMENT**

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Member agrees as follows:

1. Organization.

1.1 Formation. On March 17, 2025, a Certificate of Formation was filed in the office of the Secretary of State of Delaware in accordance with and pursuant to the Act.

1.2 Name and Place of Business. The name of the Company shall be FSX DST Inventory Financing Fund, LLC, and its principal place of business shall be 3349A State Route 138, Allaire Corporate Center, Building A, Suite A, Second Floor, Wall, NJ 07719. The Manager may change such name, change such place of business or establish additional places of business of the Company as the Manager may determine to be necessary or desirable.

1.3 Business and Purpose of the Company. The primary purpose of the Company is to make various debt investments into Four Springs TEN31 Xchange, LLC (“**FSX**” also referred to herein as the “**Sponsor**”). FSX DST Inventory Financing Fund Manager, LLC, a Delaware limited liability company will be the Manager of the Company (the “**Manager**” and also referred to herein as “**FSX DST**”). Each of the foregoing is referred to herein as an “**Investment**” and collectively, “**Investments**”. The Company will lend money in the form of a loan to a depositor (each, a “**Depositor**”) created by the Sponsor for the specific property acquisition (each, a “**Property**” and collectively, the “**Properties**”). A Depositor will then contribute money sufficient to purchase the property to a newly created Delaware Statutory Trust (“**DST**”) entity. The DST will buy the Property at the closing and in exchange for the contribution, issue Class II interests to a Depositor. The DST will then sell Class I interests to investors seeking the tax deferred real estate exchange solutions under Section 1031 of the Tax Code. Once all Class I interests are sold, the DST will use those proceeds to redeem the Class II interests from a Depositor. A Depositor will then use those redemption proceeds to repay the loan to the Company. The Company’s investment period (“**Investment Period**”)

will commence on the Company's Initial Closing and expire three (3) years from the Final Closing. During the Investment Period, the Company shall be entitled to reinvest all investment proceeds without limitation in accordance with the Company's strategy.

1.4 Term. The Company shall commence on the date the Certificate of Formation was filed in the office of the Secretary of State of Delaware and shall continue for three (3) years from the earliest of: (a) the final closing of the Company, (b) the date that the Company receives aggregate subscriptions for \$10 million of Fund Units, and (c) 270 days from the Initial Closing of the Fund, unless the Company is sooner dissolved and terminated as provided in this Agreement (the "**Term**"). The Term may be extended by the Manager for a period of up to two, one-year additional terms in its sole discretion (each an "**Extension Right**").

1.5 Required Filings. The Manager shall execute, acknowledge, file, record and/or publish such certificates and documents, as may be required by this Agreement or by law in connection with the formation and operation of the Company.

1.6 Registered Office and Registered Agent. The Company's initial registered office and initial registered agent shall be as provided in the Certificate of Formation. The registered office and registered agent may be changed from time to time by the Manager by filing the address of the new registered office and/or the name of the new registered agent pursuant to the Act.

1.7 Certain Transactions. Any Manager, Member, Economic Interest Owner, or any Affiliate, or any shareholder, officer, director, employee, partner, member, manager or any person owning an interest therein, may engage in or possess an interest in any other business or venture of any nature or description, whether or not competitive with the Company including, but not limited to, the acquisition, syndication, ownership, financing, leasing, operation, maintenance, management, brokerage, construction and development of property similar to the Properties and no Manager, Member or other person or entity shall have any interest in such other business or venture by reason of their interest in the Company.

2. Definitions. Definitions for this Agreement are set forth on Exhibit A and are incorporated herein.

3. Capitalization and Financing.

3.1 Members' Capital Contributions.

3.1.1 Units. The Company is hereby authorized to sell and issue up to 1,000 Units (\$25,000,000) at a purchase price of \$25,000 per Unit and to admit the persons who acquire such Units as Members. The minimum purchase shall be 1 Unit except that the Manager may, in its sole discretion, sell and issue a fraction of a Unit. In no event shall the Company have more than 499 Owners. The Offering shall terminate on the Offering Termination Date. The Company will not sell 25% or more of the Units to qualified benefit plans. The Sponsor will have discretion to purchase Units in the Company.

3.1.2 Payment of Purchase Price. The purchase price of each Unit shall be paid in full in cash at the time of execution of the Subscription Agreement. Payment of the purchase price for a Unit shall constitute the Member's initial Capital Contribution.

3.1.3 Subscription Agreement. Each person desiring to acquire Units and become a Member shall tender to the Company a Subscription Agreement for the number of Units desired, together with the correct full Subscription Payment of the Units so subscribed. The Company shall accept or reject each Subscription Agreement within 30 days after the Company receives the same (and the failure by the Company to accept a Subscription Agreement within the 30-day period shall constitute a rejection thereof). If rejected, all Subscription Payments shall be returned to the subscriber. Acceptance of a Subscription Agreement shall be evidenced by the execution by the Manager. Subject to Section 3.1.6, upon the acceptance of a Subscription Agreement, the accompanying Subscription Payment shall become a Capital Contribution by such subscriber.

3.1.4 Manager as Member. The Manager and/or Affiliates may purchase Units for the same price and upon the same terms and conditions, subject to Section 3.1.3, as all other purchasers thereof, provided, however, that the Manager will not acquire more than 49% of the Units sold. Certain Affiliates of the Manager and their officers and directors, may acquire additional Units. As a result, the Manager or Affiliates may be admitted to the Company as Members with respect to such Units and would be entitled to all rights as Members appurtenant thereto, including but not limited to the right to vote on certain Company matters as provided for in this Agreement and to receive Distributions and allocations attributable to the Units so purchased.

3.1.5 Admission of a Member. To the extent required by law, the Manager shall amend this Agreement and take such other action as the Manager deems necessary or appropriate promptly after receipt of the Members' Capital Contributions to the Company to reflect the admission of those persons to the Company as Members.

3.1.6 Liabilities of Members. Except as specifically provided in this Agreement, neither the Manager nor any Member shall be required to make any additional contributions to the Company and no Manager or Member shall be liable for the debts, liabilities, contracts, or any other obligations of the Company, by reason of being a Member or Manager of the Company, nor shall the Manager or the Members be required to lend any funds to the Company or to repay to the Company, any Member, or any creditor of the Company any portion or all of any deficit balance in a Member's Capital Account.

3.2 Manager Loans. The Manager or its Affiliates may, but will have no obligation to, make loans to the Company. Any such loan shall bear interest at the actual cost of funds to the Manager and provide for the payment of principal and any accrued but unpaid interest in accordance with the terms of the promissory note evidencing such loan, but in no event later than the dissolution of the Company.

#### 4. Allocation of Tax Items.

4.1 Allocation of Net Income and Net Loss. For each fiscal year, the Net Income and Net Loss of the Company shall be allocated among the Members such that each Member's Capital Account balance (computed after taking into account all distributions with respect to such taxable period and increased by such Members' share of Company Minimum Gain and Member Minimum Gain), would, as nearly as possible, be equal to the amount that each Member would receive if all of the remaining assets of the Company were sold for their Book Values, all liabilities of the Company were satisfied (limited, with respect to nonrecourse liabilities, to the Book Value of the assets securing such liabilities) and the remaining assets were distributed pursuant to Section 5.1 all as of the last day of the period for which the allocations are being made. Notwithstanding the foregoing provisions of this Section 4.1, in any year in which the Company sells substantially all of its assets or liquidates (or in any prior open year if the Manager believes it necessary to accomplish the purposes of this Section 4.1), each Member shall be allocated Net Income and Net Losses (or items thereof) to the extent necessary to cause its Capital Account balance to reflect the amount that will be distributable to such Member in liquidation of the Company pursuant to Section 14.3.3. In furtherance of the foregoing and in accordance with Treasury Regulations Section 1.1061-3(c)(3)(ii)(B), the Company shall (i) calculate separate allocations attributable to (A) special distributions to the Manager pursuant to Sections 5.1.1(c), 5.1.1(d) and 5.1.2(b) and any other distribution entitlements that are not commensurate with capital contributed to the Company, and (B) any distribution entitlements of the Members that are commensurate with capital contributed to the Company (in each case, within the meaning of Treasury Regulations Section 1.1061-3(c)(3)(ii)(B) and as reasonably determined by the Manager) and (ii) consistently reflect each such allocation in its books and records.

#### 4.2 Special Allocations.

4.2.1 Qualified Income Offset. Except as provided in Section 4.2.3, in the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations

Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit created by such adjustment, allocation or distribution as quickly as possible.

4.2.2 Gross Income Allocation. Net Loss shall not be allocated to any Member to the extent such allocation would cause any Member to have an Adjusted Capital Account Deficit at the end of a fiscal year. In the event any Member has an Adjusted Capital Account Deficit at the end of any fiscal year, each such Member shall be specially allocated items of Company gross income and gain in the amount of such Adjusted Capital Account Deficit as quickly as possible.

4.2.3 Company Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section 4.2.3 is intended to comply with the partnership minimum gain chargeback requirement in the Treasury Regulations and shall be interpreted consistently therewith. This provision shall not apply to the extent the Member's share of net decrease in Company Minimum Gain is caused by a guaranty, refinancing, or other change in the debt instrument causing it to become partially or wholly recourse debt or Member Nonrecourse Debt, and such Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the newly guaranteed, refinanced or otherwise changed debt or to the extent the Member contributes cash to the capital of the Company that is used to repay the Nonrecourse Debt, and the Member's share of the net decrease in Company Minimum Gain results from the repayment.

4.2.4 Member Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, except Section 4.2.3, if there is a net decrease in Member Minimum Gain, any Member with a share of that Member Minimum Gain (as determined under Treasury Regulations Section 704-2(i)(5)) as of the beginning of the year shall be allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section shall not apply to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Debt due to conversion, refinancing or other change in a debt instrument that causes it to become partially or wholly a Nonrecourse Debt. This Section is intended to comply with the partner minimum gain chargeback requirements in the Treasury Regulations and shall be interpreted consistently therewith and applied with the restrictions attributable thereto.

4.2.5 Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be allocated 100% to the Members in proportion to their Units and each Member's share of excess Nonrecourse Debt shall be in the same proportion.

4.2.6 Member Nonrecourse Deductions. Member Nonrecourse Deductions for any fiscal year shall be allocated to the Member who bears the economic risk of loss as set forth in Treasury Regulations Section 1.752-2 with respect to the Member Nonrecourse Debt. If more than one Member bears the economic risk of loss for a Member Nonrecourse Debt, any Member Nonrecourse Deductions attributable to that Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss.

4.2.7 Tax Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Tax Code Section 734(b) or Tax Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such section of the Treasury Regulations.

4.3 Curative Allocations. Notwithstanding any other provision of this Agreement, the Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

4.4 Contributed Property. Notwithstanding any other provision of this Agreement, the Members shall cause depreciation and or cost recovery deductions and gain or loss attributable to Property contributed by a Member

or revalued by the Company to be allocated among the Members for income tax purposes in accordance with Section 704(c) of the Tax Code and the Treasury Regulations promulgated thereunder.

4.5 Commission Discounts. In the event any Member receives a commission discount as described in Section 3.1.3, such Member shall be treated upon liquidation of the Company as if such Member had not received a discount and an appropriate income allocation shall be made to such Member so that all liquidating Distributions to the Members per Unit are equal.

4.6 Recapture Income. The portion of each Member's distributive share of Net Income that is characterized as ordinary income pursuant to Section 1245 or 1250 of the Tax Code shall be proportionate to the amount of Net Income or Net Loss which included the corresponding depreciation deductions that were allocated to such Member as compared with the amount of depreciation deductions allocated to all Members.

4.7 Allocation Among Units. Except as otherwise provided in this Agreement, all Distributions and allocations made to the Units shall be in the ratio of the number of Units held by each such Member on the date of such allocation (which allocation date shall be deemed to be the last day of each month) to the total outstanding Units as of such date, and, except as otherwise provided in this Agreement without regard to the number of days during such month that the Units were held by each Member. Members who purchase Units at different times during the Company tax year shall be allocated Net Income and Net Loss using the monthly convention set forth in Section 4.9. For purposes of this Section 4, an Economic Interest Owner shall be treated as a Member.

4.8 Allocation of Company Items. Except as otherwise provided herein, whenever a proportionate part of Net Income or Net Loss is allocated to a Member, every item of income, gain, loss or deduction entering into the computation of such Net Income or Net Loss, and every item of credit or tax preference related to such allocation and applicable to the period during which such Net Income or Net Loss was realized shall be allocated to the Member in the same proportion.

4.9 Assignment.

4.9.1 In the event of the assignment of a Unit, the Net Income and Net Loss shall be apportioned as between the Member and his assignee based upon the number of months of their respective ownership during the year in which the assignment occurs, without regard to the results of the Company's operations during the period before or after such assignment. Distributions shall be made to the holder of record of the Units as of the date of the Distribution. An assignee who receives Units during the first 15 days of a month will receive any allocations relative to such month. An assignee who acquires Units on or after the sixteenth day of a month will be treated as acquiring his Units on the first day of the following month.

4.9.2 In the event of the assignment of the Manager's Interest, the allocations of Net Income or Net Loss shall be as agreed between the Manager and its assignee. In the absence of an agreement, the Net Income, Net Loss and Distributions shall be allocated in a manner similar to that provided in Section 4.9.1.

4.10 Power of Manager to Vary Allocations. It is the intent of the Members that each Member's share of Net Income and Net Loss be determined and allocated in accordance with Section 704(b) of the Tax Code and the provisions of this Agreement shall be so interpreted. Therefore, if the Company is advised by the Company's legal counsel that the allocations provided in this Section 4 are unlikely to be respected for federal income tax purposes, the Manager is hereby granted the power to amend the allocation provisions of this Agreement to the minimum extent necessary to comply with Section 704(b) of the Tax Code and effect the plan of allocations and distributions provided for in this Agreement.

4.11 Consent of Members. The allocation methods of Net Income and Net Loss are hereby expressly consented to by each Member as a condition of becoming a Member.

4.12 Withholding Obligations.

4.12.1 If the Company is required (as determined in good faith by the Manager) to make a payment, including any payment attributable to an income tax audit, (“**Tax Payment**”) with respect to or attributable to any Member to discharge any legal obligation of the Company or the Manager to make payments to any governmental authority with respect to any federal, foreign, state or local tax liability of the Company or of such Member arising as a result of such Member’s interest in the Company, then, notwithstanding any other provision of this Agreement to the contrary, the amount of any such Tax Payment shall be deemed to be a loan by the Company to such Member, which loan shall bear interest at the Prime Rate and be payable upon demand or by offset to any Distribution which otherwise would be made to such Member.

4.12.2 If and to the extent the Company is required to make any Tax Payment with respect to any Member, or elects to make payment on any loan described in Section 4.12.1 by offset to a Distribution to a Member, either (i) such Member’s proportionate share of such Distribution shall be reduced by the amount of such Tax Payment, or (ii) such Member shall pay to the Company prior to such Distribution an amount of cash equal to such Tax Payment. In the event a portion of a Distribution in kind is retained by the Company pursuant to clause (i) above, such retained property may, in the discretion of the Manager, either (A) be distributed to the other Members, or (B) be sold by the Company to generate the cash necessary to satisfy such Tax Payment. If the Property is sold, then for purposes of income tax allocations only under the Agreement, any gain or loss from such sale or exchange shall be allocated to the Member to whom the Tax Payment relates. If the Property is sold at a gain, and the Company is required to make any Tax Payment on such gain, the Member to whom the gain is allocated shall pay the Company prior to the due date of Tax Payment an amount of cash equal to such Tax Payment.

4.12.3 The Manager shall be entitled to hold back any Distribution to any Member to the extent the Manager believes in good faith that a Tax Payment will be required with respect to such Member in the future and the Manager believes that there will not be sufficient subsequent Distributions to make such Tax Payment.

## 5. Distributions.

### 5.1 Distributable Cash from the Investments.

5.1.1 Subject to Section 5.3, all Distributable Cash of the Company, shall be distributed annually (typically on the 1<sup>st</sup> of April of each calendar year) among the Members and Manager as follows in the following order of priority:

(a) First, to the Members (pro rata in accordance with their respective Unreturned Capital Contributions) until each Member has received cumulative distributions equal to a ten percent (10%) per annum preferred return on its Unreturned Capital Contributions (the “**Preferred Return**”). The Preferred Return shall accrue annually on the outstanding amount of each Member’s Unreturned Capital Contributions and shall be calculated from the date such Capital Contributions were made by the Member,

(b) Second, to the Manager until the Manager has received aggregate distributions pursuant to this Section 5.1.1(b) equal to two percent (2%) of the aggregate Capital Contributions made by the Members, and

(c) Thereafter, eighty percent (80%) to the Members (allocated pro rata among them) and twenty percent (20%) to the Manager. For the avoidance of doubt, the Manager shall not receive any portion of the Distributable Cash until the Member’s entitlement for that period has been satisfied in full (and there is no Manager catch-up provision with respect to such Preferred Return).

5.1.2 Subject to Section 5.3, all Principal Distributable Cash of the Company shall be distributed annually (typically on the 1<sup>st</sup> of April of each calendar year), or more frequently after the expiration of the Investment Period in the discretion of the Manager, among the Members and Manager as follows in the following order of priority:

(a) First, 100% to the Members (pro rata in accordance with their respective Unreturned Capital Contributions) until each Member has received distributions pursuant to this Section 5.1.2(a) equal to Unreturned Capital Contributions (thereby reducing each Partner’s Unreturned Capital Contributions to zero), and

(b) Thereafter, eighty percent (80%) to the Members and twenty percent (20%) to the Manager.

5.2 Restrictions. The Company intends to make periodic distributions of substantially all cash determined by the Manager to be distributable, subject to the following: (i) Distributions may be restricted or suspended for periods when the Manager determines in its reasonable discretion that it is in the best interest of the Company; and (ii) all Distributions are subject to the payment, and the maintenance of reasonable reserves for payment, of Company obligations.

5.3 Tax Distribution to the Manager. The purpose of this Section is to provide for distributions to the Manager to cover federal, state, and local income tax liabilities attributable to the Manager's share of the Company's taxable income:

5.3.1 *Estimated Tax Liability*: Within 45 days after the end of each fiscal quarter, the Company shall distribute to the Manager an amount equal to the product of (i) the Manager's share of the Company's taxable income for such fiscal quarter and (ii) the highest combined federal, state, and local income tax rate applicable to individuals or corporations, as the case may be, for such fiscal quarter (the "Estimated Tax Distribution").

5.3.2 *Annual Reconciliation*: Within 90 days after the end of each fiscal year, the Company shall determine the Manager's actual tax liability for such fiscal year based on the Manager's share of the Company's taxable income and the highest combined federal, state, and local income tax rate applicable to individuals or corporations, as the case may be, for such fiscal year. If the total Estimated Tax Distributions made to the Manager for such fiscal year are less than the Manager's actual tax liability, the Company shall promptly distribute the shortfall to the Manager. If the total Estimated Tax Distributions exceed the Manager's actual tax liability, the Manager shall promptly return the excess to the Company.

5.3.3 *Timing of Distributions*: Estimated Tax Distributions shall be made within 90 days after the end of each fiscal quarter and within 120 days after the end of each fiscal year, as applicable.

5.3.4 *Priority of Distributions*: Estimated Tax Distributions made pursuant to this Section shall be treated as advances against the Manager's share of future distributions of pursuant to Sections 5.1 and 14.3.3 and shall reduce the amount of such future distributions on a dollar-for-dollar basis.

5.3.5 *Adjustments*: The Manager and the Members acknowledge that the tax rates and tax liabilities may change from time to time. The Manager shall have the authority to adjust the Estimated Tax Distribution calculations to reflect such changes, provided that any such adjustments are made in good faith and are consistent with the purpose of this Section.

5.3.6 *No Duplication*: Estimated Tax Distributions made pursuant to this Section shall not duplicate any other distributions made to the Manager under this Agreement.

5.4 Clawback.

5.4.1 *Triggering Event*: Notwithstanding any provision to the contrary in this Agreement, in the event that, upon final liquidation and winding up of the Company (the "**Clawback Period**"), a Member has not received distributions pursuant to Section 5.1.2(a) and to the extent applicable, Section 12 sufficient to return its aggregate Capital Contributions in full (the "**Shortfall**"), then the Manager shall be obligated to repay to the Company, for distribution to such Member, an amount (the "**Clawback Amount**") equal to the lesser of (a) the Shortfall and (b) the cumulative distributions previously made to the Manager pursuant to Sections 5.1.1(b), 5.1.1(c) and 5.1.2(b) (net of any taxes paid or payable by the Manager on allocations of taxable income and gain attributable to such distributions).

5.4.2 *Return of Distributions*: Upon the occurrence of a triggering event described in Section 5.4.1, the Clawback Amount shall be payable no later than 180 days after the final liquidation and winding up of the Company and shall not exceed the cumulative amount of distributions previously received by the Manager. Any

Clawback Amount shall be distributed to the Members on a pro rata basis based on their respective Capital Contributions.

5.4.3 *Limitation on Clawback Amount.* The Members acknowledge and agree that the Manager shall not be required to contribute any amounts beyond the amounts previously distributed to it, and that the obligations under this Section 5.4 shall survive the termination of the Company.

5.4.4 *Priority of Clawback:* The Clawback Amount returned by the Manager will be treated as a priority distribution to the investors and will be made before any further distributions to the Manager.

5.4.5 *Reporting and Transparency:* The Manager will provide detailed reports to the investors outlining the calculation of the Clawback Amount and the distributions made to satisfy the clawback obligation.

## 6. Compensation to the Manager and Affiliates.

6.1 Fees and Expenses of the Company. The Company 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 Company and the Company's committees (if any). Additionally, the Company will be responsible for all expenses incurred in organizing the Company.

6.2 Management Fees. The Manager will not receive a management fee from the Company. 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 Company, but the Manager is not required to do so. The Fund will not be responsible for the Manager's overhead expenses, including compensation of its staff and its office-related expenses.

## 7. Authority, and Responsibilities of the Manager.

7.1 Management. The business and affairs of the Company shall be managed by its Manager. Except as otherwise set forth in this Agreement, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

7.2 Number, Tenure and Qualifications. The Company shall have one Manager which shall be FSX DST. The Manager shall hold office until such Manager is removed or withdraws or resigns as set forth in this Agreement.

7.3 Manager Authority. The Manager shall have all authority, rights and powers conferred by law (subject to Section 8.2, if required) and those required or appropriate to the management of the Company's business, which, by way of illustration but not by way of limitation, shall include the right, authority and power to cause the Company to:

7.3.1 Take all actions as the lender of the Investments;

7.3.2 Enter into any limited liability company agreement, partnership agreement or other operating agreement with a joint venture partner;

7.3.3 Acquire, hold, operate, sell, exchange, and otherwise dispose of the Investments;

7.3.4 Borrow money, and, if security is required therefor, to pledge or mortgage or subject Property to any security device, to obtain replacements of any mortgage or other security device and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage or other security device. All of the

foregoing shall be on such terms and in such amounts as the Manager, in its sole discretion, deems to be in the best interest of the Company; provided that Manager shall not cause the Company to incur indebtedness or otherwise engage in borrowing that would result in the Company's aggregate leverage exceeding fifty percent (50%) of the Fund's total assets;

7.3.5 Place record title to, or the right to use, Property in the name or names of a nominee or nominees for any purpose convenient or beneficial to the Company;

7.3.6 Enter into such contracts and agreements as the Manager determines to be reasonably necessary or appropriate in connection with the Company's business and purpose (including contracts with Affiliates of the Manager), and any contract of insurance that the Manager deems necessary or appropriate for the protection of the Company and the Manager, including errors and omissions insurance, for the conservation of Company assets, or for any purpose convenient or beneficial to the Company;

7.3.7 Employ persons, who may be Affiliates of the Manager, in the operation and management of the business of the Company;

7.3.8 Prepare or cause to be prepared reports, statements, and other relevant information for distribution to the Members;

7.3.9 Open accounts and deposits and maintain funds in the name of the Company in banks, savings and loan associations, "money market" mutual funds and other instruments as the Manager may deem in its discretion to be necessary or desirable;

7.3.10 Cause the Company to make or revoke any of the elections referred to in the Tax Code (the Manager shall have no obligation to make any such elections), including, for the avoidance of doubt, any election under Section 754 or Section 6226 of the Tax Code;

7.3.11 Select as its accounting year a calendar or fiscal year as may be approved by the Internal Revenue Service (the Company initially intends to adopt the calendar year);

7.3.12 Determine the appropriate accounting method or methods to be used by the Company;

7.3.13 In addition to any amendments otherwise authorized herein, amend this Agreement without any action on the part of the Members by special or general power of attorney or otherwise:

(a) To add to the representations, duties, services or obligations of the Manager or its Affiliates, for the benefit of the Members;

(b) To cure any ambiguity or mistake, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Agreement that will not be inconsistent with the provisions of this Agreement;

(c) To amend this Agreement to reflect the addition or substitution of Members or the reduction of the Capital Accounts upon the return of capital to the Members;

(d) To minimize the adverse impact of, or comply with, any final regulation of the United States Department of Labor, or other federal agency having jurisdiction, defining "plan assets" for ERISA purposes;

(e) To reconstitute the Company under the laws of another state if beneficial;

(f) To execute, acknowledge and deliver any and all instruments to effectuate the foregoing, including the execution, acknowledgment and delivery of any such instrument by the attorney-in-fact for

the Manager under a special or limited power of attorney, and to take all such actions in connection therewith as the Manager shall deem necessary or appropriate with the signature of the Manager acting alone; and

(g) Make any changes to this Agreement as requested or required by any lender or potential lender which may be required to obtain financing.

7.3.14 Require in any Company contract that the Manager shall not have any personal liability, but that the person or entity contracting with the Company is to look solely to the Company and its assets for satisfaction;

7.3.15 Lease personal property for use by the Company;

7.3.16 Establish reserves from income in such amounts as the Manager may deem appropriate;

7.3.17 Temporarily invest the proceeds from sale of Units in short-term, highly-liquid investments;

7.3.18 Make secured or unsecured loans to the Company and receive interest at the rates set forth herein;

7.3.19 Represent the Company and the Members as “partnership representative” within the meaning of the Tax Code in discussions with the Internal Revenue Service, or any other applicable taxing authority, regarding the tax treatment of items of Company income, loss, deduction or credit, or any other matter reflected in the Company’s returns, and, if deemed in the best interest of the Members, to agree to final Company administrative adjustments or file a petition for a readjustment of the Company items in question with the applicable court;

7.3.20 Offer and sell Units through any licensed Affiliate, or licensed nonaffiliate, and to employ licensed personnel, agents and dealers for such purpose;

7.3.21 Redeem or repurchase Units on behalf of the Company;

7.3.22 Hold an election for a successor Manager before the resignation, expulsion or dissolution of the Manager;

7.3.23 Initiate legal actions, settle legal actions and defend legal actions on behalf of the Company;

7.3.24 Admit itself as a Member;

7.3.25 Enter into any transaction with any partnership or venture;

7.3.26 Merge or combine the Company or “roll-up” the Company into a partnership, limited liability company or other entity with a Majority Vote of the Units;

7.3.27 Perform any and all other acts which the Manager is obligated to perform hereunder;

7.3.28 Appoint officers of the Company as set forth in Section 7.11 of this Agreement; and

7.3.29 Execute, acknowledge and deliver any and all instruments to effectuate the foregoing and all transactions and actions described in, or contemplated by, the Memorandum, and take all such actions in connection therewith as the Manager may deem necessary or appropriate. Any and all documents or instruments may be executed on behalf and in the name of the Company by the Manager.

7.4 [Reserved].

7.5 Responsibilities of the Manager. The Manager shall:

7.5.1 Have a fiduciary responsibility for the safekeeping and use of all the funds and assets of the Company;

7.5.2 Devote such of its time and business efforts to the business of the Company as it shall in its discretion, exercised in good faith, determine to be necessary to conduct the business of the Company;

7.5.3 File and publish all certificates, statements, or other instruments required by law for formation, qualification and operation of the Company and for the conduct of its business in all appropriate jurisdictions;

7.5.4 Cause the Company to be protected by public liability, property damage and other insurance determined by the Manager in its discretion to be appropriate to the business of the Company;

7.5.5 At all times use its best efforts to meet applicable requirements for the Company to be taxed as a partnership and not as an association taxable as a corporation; and

7.5.6 Amend this Agreement to reflect the admission of Members not later than 90 days after the date of admission or substitution.

7.6 Partnership Representative. The Members hereby appoint the Manager to act as the “partnership representative” and assume any comparable procedural duties under state, local or non-U.S. tax laws.

7.7 Indemnification of Manager and Officers.

7.7.1 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 Company as a consultant in connection with an investment or proposed investment, will not be liable to the Company or to any Member and will be indemnified by the Company for any act performed or omission made by it, except with for acts or omissions that constitute willful misconduct. The Company 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 Company and will be paid out of the Company assets, to the extent of the Company’s assets, including amounts contributed by the Members to satisfy such expenses.

7.8 No Personal Liability for Return of Capital. The Manager shall not be personally liable or responsible for the return or repayment of all or any portion of the Capital Contribution of any Member or any loan made by any Member to the Company, it being expressly understood that any such return of capital or repayment of any loan shall be made solely from the assets (which shall not include any right of contribution from any Member) of the Company.

7.9 Authority as to Third Persons.

7.9.1 No third party dealing with the Company shall be required to investigate the authority of the Manager or secure the approval or confirmation by any Member of any act of the Manager in connection with the Company business. No purchaser of any property or interest owned by the Company shall be required to determine the right to sell or the authority of the Manager to sign and deliver any instrument of transfer on behalf of the Company, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith.

7.9.2 The Manager shall have full authority to execute on behalf of the Company any and all agreements, contracts, conveyances, deeds, mortgages and other instruments, and the execution thereof by the Manager, executing on behalf of the Company shall be the only execution necessary to bind the Company thereto. Any officer appointed by resolution of the Manager pursuant to Section 7.11 shall have full authority to execute on behalf of the Company any agreements, contract, conveyances, deeds, mortgages and other instruments, to the extent such authority is delegated by the Manager to such officer, and the execution thereof by such officer, executing on

behalf of the Company shall be the only execution necessary to bind the Company thereto. No signature of any Member shall be required.

7.9.3 The Manager shall have the right by separate instrument or document to authorize one or more individuals or entities to execute leases and lease-related documents on behalf of the Company and any leases and documents executed by such agent shall be binding upon the Company as if executed by the Manager.

7.10 Officers of the Company. The Company may or may not have officers.

7.10.1 The Manager, in its sole and absolute discretion, may appoint officers of the Company at any time. The officers of the Company, if appointed by resolution of the Manager, may include a president, vice president, secretary, and treasurer. The officers shall serve at the pleasure of the Manager. Any individual may hold any number of offices. The Manager's officers may serve as officers of the Company if appointed by resolution of the Manager. The officers shall exercise such powers and perform such duties as determined and authorized by the Manager.

7.10.2 Any officer may be removed, either with or without cause, by the Manager at any time. Any officer may resign at any time by giving written notice to the Manager. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

8. Rights, Authority and Voting of the Members.

8.1 Members Are Not Agents. Pursuant to Section 7, the management of the Company is vested in the Manager. No Member, acting solely in the capacity of a Member, is an agent of the Company nor can any Member in such capacity bind nor execute any instrument on behalf of the Company.

8.2 Voting by a Member. Members who own Units shall be entitled to cast one vote for each Unit they own. Except as otherwise specifically provided in this Agreement, Members who own Units (but not Economic Interest Owners) shall have the right to vote only upon the following matters, which matters must be approved by a Majority Vote:

8.2.1 Removal of the Manager as provided in this Agreement;

8.2.2 [Reserved].

8.2.3 Admission of the Manager or election to continue the business of the Company after the Manager ceases to be the Manager when there is no remaining Manager;

8.2.4 Amendment of this Agreement; and

8.2.5 Any merger or combination of the Company or roll-up of the Company.

8.3 Member Vote; Consent of Manager. Matters upon which the Members may vote shall require a Majority Vote of the Units and the consent of the Manager to pass and become effective.

8.4 Meetings of the Members. The Manager may at any time call for a meeting of the Members, or for a vote without a meeting, on matters on which the Members are entitled to vote, and shall call for such a meeting at its discretion or following receipt of a written request therefor of Members holding more than 50% of the Units entitled to vote as of the record date. Within 20 days after receipt of such request, the Manager shall notify all Members of record on the record date of the Company meeting.

8.4.1 Notice. Written notice of each meeting shall be given to each Member entitled to vote, either personally or by mail or other means of written communication, charges prepaid, addressed to such Member at

his address appearing on the books of the Company or given by him to the Company for the purpose of notice or, if no such address appears or is given, at the principal executive office of the Company, or by publication of notice at least once in a newspaper of general circulation in the county in which such office is located. All such notices shall be sent not less than 10, nor more than 30, days before such meeting. The notice shall specify the place, date and hour of the meeting and the general nature of business to be transacted, and no other business shall be transacted at the meeting.

8.4.2 Adjourned Meeting and Notice Thereof. When a Members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.

8.4.3 Quorum. The presence in person or by proxy of the persons entitled to vote a majority of the Units shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a Majority Vote or such greater vote as may be required by this Agreement or by law. In the absence of a quorum, any meeting of Members may be adjourned from time to time by the vote of a majority of the Units represented either in person or by proxy, but no other business may be transacted, except as provided above.

8.4.4 Consent of Absentees. The transactions of any meeting of Members, however called and noticed and wherever held, are as valid as though they occurred at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of the meeting or an approval of the minutes thereof. All waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting.

8.4.5 Action Without Meeting; Deemed Consent. Except as otherwise provided in this Agreement, any action which may be taken at any meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all entitled to vote thereon were present and voted. In the event the Members are requested to consent on a matter without a meeting, each Member shall be given not less than 10, nor more than 30, days' notice; provided, however, in the event that a Member does not respond to such notice within such 30 day period (i.e., the Member does not return such written consent to either approve or reject such action within such 30 day period), the Member shall be deemed to have consented to and approved such action or actions. In the event the Manager or Members representing more than 50% of the Units, request a meeting for the purpose of discussing or voting on the matter, the notice of a meeting shall be given in the same manner as required by Section 8.4.1 and no action shall be taken until the meeting is held. Unless delayed as a result of the preceding sentence, any action taken without a meeting will be effective 5 days after the required minimum number of voters have signed the consent; however, the action will be effective immediately if the Manager and Members representing at least 90% of the Units have signed the consent.

8.4.6 Record Dates. For purposes of determining the Members entitled to notice of any meeting or to vote or entitled to receive any Distributions or to exercise any rights in respect of any other lawful matter, the Manager (or Members representing more than 50% of the Units if the meeting is being called at their request) may fix in advance a record date, which is not more than 30 nor less than 10 days prior to the date of the meeting nor more than 30 days prior to any other action. If no record date is fixed:

(a) The record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held;

(b) The record date for determining Members entitled to give consent to Company action in writing without a meeting shall be the day on which the first written consent is given;

(c) The record date for determining Members for any other purpose shall be at the close of business on the day on which the Manager adopts it, or the 30<sup>th</sup> day prior to the date of the other action, whichever is later; and

(d) A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting unless the Manager, or the Members who requested the meeting fix a new record date for the adjourned meeting, but the Manager, or such Members, shall fix a new record date if the meeting is adjourned for more than 45 days from the date set for the original meeting.

8.4.7 Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Manager. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy continues in full force and effect until revoked as specified or unless it states that it is irrevocable. A proxy which states that it is irrevocable is irrevocable for the period specified therein.

8.4.8 Chairman of Meeting. The Manager may select any person to preside as Chairman of any meeting of the Members, and if such person shall be absent from the meeting, or fail or be unable to preside, the Manager may name any other person in substitution therefor as Chairman. The Chairman of the meeting shall designate a secretary for such meeting, who shall take and keep or cause to be taken and kept minutes of the proceedings thereof. The conduct of all Members' meetings shall at all times be within the discretion of the Chairman of the meeting and shall be conducted under such rules as he may prescribe. The Chairman shall have the right and power to adjourn any meeting at any time, without a vote of the Units present in person or represented by proxy, if the Chairman shall determine such action to be in the best interests of the Company.

8.4.9 Inspectors of Election. In advance of any meeting of Members, the Manager may appoint any persons other than nominees for Manager or other office as the inspector of election to act at the meeting and any adjournment thereof. If an inspector of election is not so appointed, or if any such person fails to appear or refuses to act, the Chairman of any such meeting may, and on the request of any Member or his proxy shall, make such appointment at the meeting. The inspector of election shall determine the number of Units outstanding and the voting power of each, the Units represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all Members.

8.4.10 Record Date and Closing Company Books. When a record date is fixed, only Members of record on that date are entitled to notice of and to vote at the meeting or to receive a Distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any Units on the books of the Company after the record date.

8.5 Rights of Members. No Member or Owner shall have the right or power to: (i) withdraw or reduce his contribution to the capital of the Company, except as a result of the dissolution and termination of the Company or as otherwise provided in this Agreement or by law; (ii) bring an action for partition against the Company; or (iii) demand or receive property other than cash in return for his Capital Contribution. Except as provided in this Agreement, no Member or Owner shall have priority over any other Member or Owner either as to the return of Capital Contributions or as to allocations of the Net Income, Net Loss or Distributions of the Company. Other than upon the termination and dissolution of the Company as provided by this Agreement, there has been no time agreed upon when the contribution of each Member or Owner is to be returned.

8.6 Restrictions on the Member. No Member shall:

8.6.1 Disclose to any non-Member other than their lawyers, accountants or consultants and/or commercially exploit any of the Company's business practices, trade secrets or any other information not generally known to the business community, including the identity of suppliers utilized by the Company;

8.6.2 Do any other act or deed with the intention of harming the business operations of the Company; or

8.6.3 Do any act contrary to the Agreement.

8.7 Return of Capital of Member. In accordance with the Act, an Owner may, under certain circumstances, be required to return to the Company, for the benefit of the Company's creditors, amounts previously distributed to the Owner. If any court of competent jurisdiction holds that any Owner is obligated to make any such payment, such obligation shall be the obligation of such Owner and not of the Company, the Manager or any other Owner.

9. Resignation, Withdrawal or Removal of the Manager.

9.1 Resignation or Withdrawal of Manager. Subject to Section 10, the Manager shall not resign or withdraw as the Manager or do any act that would require its resignation or withdrawal without a Majority Vote of the Units.

9.2 Removal. The Manager may only be removed by a Majority Vote of the Units only upon Cause or the occurrence of an Event of Insolvency with respect to the Manager.

9.3 Purchase of Manager's Interest; Conversion to Economic Interest. Upon the removal of the Manager, the removed Manager shall elect one of the two following provisions:

9.3.1 Upon the removal of the Manager pursuant to Section 9.2 or its withdrawal with the approval of a Majority Vote of the Members, the removed Manager's interest in the Distributions and allocations of Net Income and Net Loss set forth in this Agreement, and its interest in its right to the earned but unpaid fees and other compensation remaining to be paid under this Agreement, shall be purchased by the Company for a purchase price equal to the aggregate fair market value of the Manager's interest determined according to the provisions of Section 9.4. The purchase price of such interest shall be paid by the Company to the Manager in cash within 60 days of the determination of the fair market value or;

9.3.2 The Manager's interest in the Net Income, Net Loss and Distributions, and assets of the Company will be converted into an Economic Interest which will entitle the Manager to its share of Net Income, Net Loss and Distributions in accordance with this Agreement, but no voting or other rights with respect to management or operation of the Company other than those granted to any assignee. In such event, all earned but unpaid fees shall be paid at the closing.

9.4 Purchase Price of the Manager's Interest. The fair market value of the Manager's interest to be purchased by the Company pursuant to Section 9.3 shall be determined by agreement between the Manager and the Company, which agreement is subject to approval by a Majority Vote. For this purpose, the fair market value of the interest of the terminated Manager shall be computed as the present value of the future amount which could reasonably be expected to be realized by such Manager upon the sale of the Company's assets in the ordinary course of business at the time of removal. If the Manager and the Company cannot agree upon the fair market value of such Company interest within 30 days, the fair market value thereof shall be determined by appraisal, the Company and the terminated Manager each to choose one appraiser and the two appraisers so chosen to choose a third appraiser. The decision of a majority of the appraisers as to the fair market value of such Company interest shall be final and binding and may be enforced by legal proceedings. The terminated Manager and the Company shall each compensate the appraiser appointed by it and the compensation of the third appraiser shall be borne equally by such parties. Notwithstanding the above, for purposes of this determination, the purchase price shall be reduced by any damages caused by the Manager prior to such removal that occur as a result of the Manager's gross negligence, willful misconduct, or fraud.

10. Assignment of the Manager's Interest.

10.1 Permitted Assignments. Except as otherwise provided in this Agreement, the Manager may not sell, assign, hypothecate, encumber or otherwise transfer any part or all of its interest in the Company except with the

consent of a Majority Vote of the Units, which consent may be withheld by such Members in their sole and absolute discretion and without reason or for any reason whatsoever. If the Members consent to the transfer, the interest may only be sold to the proposed transferee within the time period approved by the Members, or within 90 days of such consent on the proposed terms and price, if later. All costs of the transfer, including reasonable attorneys' fees (if any), shall be borne by the transferring Manager.

10.1.1 Any assignment or transfer of the Manager's interest provided for by this Agreement can be an assignment or transfer of all of its interest or any portion or part of its interest.

10.1.2 Any transfer of all or a part of any Manager's interest may be made only pursuant to the terms and conditions contained in this Section 10.

10.1.3 Any such assignment shall be by a written instrument of assignment, the terms of which are not in contravention of any of the provisions of this Agreement, and which has been duly executed by the assignee of such Manager's interest and accepted by the Members pursuant to a Majority Vote.

10.1.4 The assignor and assignee shall have executed, acknowledged, and delivered such other instruments as the Members pursuant to a Majority Vote, may deem necessary or desirable to effect such substitution of any such proposed transfer, and which shall include the written acceptance and adoption by the assignee of the provisions of this Agreement.

10.2 Substitute Manager. Upon acceptance by the Members of an assignment by the Manager, any assignee of such Manager's interest in compliance with this Section 10 shall be substituted as the Manager.

10.3 Transfer in Violation Not Recognized. Any assignment, sale, exchange or other transfer in contravention of the provisions of this Section 10 shall be void and ineffectual and shall not bind or be recognized by the Company.

10.4 Transfers to Affiliates. Notwithstanding the above, the Manager may assign its interest to an Affiliates without the consent of the Members.

## 11. Assignment of Units.

11.1 Permitted Assignments. A Member may only sell, assign, hypothecate, encumber or otherwise transfer any part (but not less than the lesser of (i) one Unit or (ii) the Member's entire interest in the Company) or all of his or her interest in the Company if the following requirements are satisfied:

11.1.1 The Manager consents in writing to the transfer;

11.1.2 No Member shall transfer, assign or convey or offer to transfer, assign or convey all or any portion of an Unit to any person who does not possess the financial qualifications required of all persons who become Members, as described in the Memorandum;

11.1.3 No Member shall have the right to transfer any Unit to any minor or to any person who, for any reason, lacks the capacity to contract for himself under applicable law. Such limitations shall not, however, restrict the right of any Member to transfer any one or more Units to a custodian or a trustee for a minor or other person who lacks such contractual capacity;

11.1.4 The Manager, with advice of counsel, must determine that such transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act of 1933, as amended, and registration or qualification under state securities laws relied upon by the Company and Manager in offering and selling the Units or otherwise violate any federal or state securities laws;

11.1.5 The Manager, with advice of counsel, must determine that, despite such transfer, Units will not be deemed traded on an established securities market or “readily tradable on a secondary market (or the substantial equivalent thereof)” under the provisions applicable to publicly traded partnership status;

11.1.6 Any such transfer shall be by a written instrument of assignment, the terms of which are not in contravention of any of the provisions of this Agreement, and which has been duly executed by the assignor of such Units and accepted by the Manager in writing. Upon such acceptance by the Manager, such an assignee shall take subject to all terms of this Agreement and shall become an Economic Interest Owner;

11.1.7 A transfer fee shall be paid by the transferring Member in such amount as may be required by the Manager to cover all reasonable expenses, including attorneys’ fees, connected with such assignment;

11.1.8 The transfer will not result in qualified benefit plans owning 25% or more of the Units;

11.1.9 The transfer will not result in more than 499 Owners;

11.1.10 The transfer will not cause a default with respect to any financing obtained by the Company; and

11.1.11 The buyer and the seller shall comply with and use the terms described in NASD Uniform Practices Code, if applicable.

## 11.2 Substituted Member.

11.2.1 Conditions to be Satisfied. No Economic Interest Owner shall have the right to become a Substituted Member unless the Manager shall consent thereto in accordance with Section 11.2.2 and all of the following conditions are satisfied:

(a) A duly executed and acknowledged written instrument of assignment shall have been filed with the Company, which instrument shall specify the number of Units being assigned and set forth the intention of the assignor that the assignee succeed to the assignor’s interest as a Substituted Member in his place;

(b) The assignor and assignee shall have executed, acknowledged and delivered such other instruments as the Manager may deem necessary or desirable to effect such substitution, which may include an opinion of counsel regarding the effect and legality of any such proposed transfer, and which shall include: (i) the written acceptance and adoption by the assignee of the provisions of this Agreement and (ii) the execution, acknowledgment and delivery to the Manager of a special power of attorney, the form and content of which are more fully described herein; and

(c) A transfer fee sufficient to cover all reasonable expenses connected with such substitution shall have been paid to the Company.

11.2.2 Consent of Manager. The consent of the Manager shall be required to admit an Economic Interest Owner as a Substituted Member. The granting or withholding of such consent shall be within the sole and absolute discretion of the Manager.

11.2.3 Consent of Members. By executing or adopting this Agreement, each Member hereby consents to the admission of additional or Substituted Members, and to any Economic Interest Owner becoming a Substituted Member upon consent of the Manager and in compliance with this Agreement.

11.3 Right to Inspect Books. Economic Interest Owners shall have no right to inspect the Company’s books or records, to vote on Company matters, or to exercise any other right or privilege as Members, until they are admitted to the Company as Substituted Members except as provided in the Act.

11.4 Assignment of 50% or More of Units. No assignment of any Units may be made if the Units to be assigned, when added to the total of all other Units and Manager Interests assigned within the 13 immediately preceding months, would, in the opinion of counsel for the Company, result in the termination of the Company under the Tax Code.

11.5 Transfer Subject to Law. No assignment, sale, transfer, exchange or other disposition of any Units may be made except in compliance with the applicable governmental laws and regulations, including state and federal securities laws.

11.6 Termination of Membership Interest. Upon the transfer of a Unit in violation of this Agreement, the Membership Interest of a Member shall be converted into an Economic Interest.

## 12. Redemption.

12.1 The Company will permit Members to redeem (each, a “**Member Redemption**”), all or a portion of its Units in the Company effective as of the twenty-four (24) month anniversary of the Initial Closing of the Company, and if the Company exercises one or more of the Extension Rights, then effective as of the thirty-six (36) month anniversary and the forty-eight (48) month anniversaries (as the case may be) of the Initial Closing (each, a “**Redemption Date**”). A Member requesting a Member Redemption must deliver a notice in writing to the Company at least one hundred and eighty (180) days in advance of the Redemption Date, setting forth such Member’s request for redemption (a “**Redemption Notice**”). A Member’s Units will be redeemed in an amount equal to: (i) if the Redemption Request occurs on or before the second (2<sup>nd</sup>) anniversary of the Initial Closing, 95% of such Member’s unreturned funded Investment; or (ii) if the Redemption Request occurs after the second (2<sup>nd</sup>) anniversary of the Initial Closing, 100% of such Member’s unreturned funded Investment. If a Member (i) has not received any commission and (ii) the second (2<sup>nd</sup>) anniversary of the Initial Closing has occurred, the Member may make a Redemption Request at any time and receive 100% of such Member’s unreturned funded Investment. Following the third (3<sup>rd</sup>) anniversary of the Initial Closing, the Sponsor may make a Redemption Request. At that time, if the Sponsor (i) has received a commission, the Sponsor may make a Redemption Request and receive 95% of the Sponsor’s unreturned funded Investment, or (ii) has not received a commission, the Sponsor may make a Redemption Request and receive 100% of the Sponsor’s unreturned funded Investment; provided that the Sponsor shall not receive its unreturned funded Investment back in either scenario if the aggregate Redemption Requests received by the Company for the applicable redemption window during which the Sponsor made a Redemption Request exceed the Available Redemption Funds (as defined below).

12.2 The Company will review all Redemption Requests for the applicable redemption window; provided that to the extent that such aggregate requests received by the Company exceed the Available Redemption Funds, each Member’s Units (other than the Sponsor’s) 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. If a Redemption Request of the Sponsor is made during a redemption window under which the aggregate Redemption Requests received by the Fund exceed the Available Redemption Funds, such Redemption Request of the Sponsor shall be subordinated to those of the other Members until such other Member’s Redemption Requests are fully satisfied. 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.

12.3 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.

12.4 With respect to any redemption window, the “**Available Redemption Funds**” which the Company may apply to Redemption Requests will be equal to the Company’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 Company 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. The Company will not be obligated to borrow money to fund any Redemption Requests.

12.5 No redemption shall be made (i) if it would violate the Act, as amended from time to time, or any other applicable law, rule or regulation or other agreements to which the Company is a party, (ii) to the extent the Company, 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 Company.

12.6 If the Manager determines, in its sole discretion, that it is necessary to suspend (in whole or in part) the processing and payment of Redemption Requests due to adverse market conditions, lack of liquidity of Fund assets, or other extraordinary circumstances, the Manager may suspend all Redemption Requests, including those previously submitted and not yet processed (a “**Suspension Event**”). In connection with a Suspension Event, the Manager shall have the authority to reject any and all outstanding or future Redemption Requests and to revert any Member’s interests previously designated as Non-Redeemed Interests to interests entitled to distributions of Distributable Cash. In addition, upon a Suspension Event, the Manager may, in its sole discretion, elect to terminate the Fund and liquidate all its assets, and distribute the proceeds of the liquidation to the Members on a *pro rata* and *pari-passu* basis in accordance with the termination provisions of the Fund.

### 13. Books, Records, Accounting and Reports.

13.1 Records, Audits and Reports. The Company shall maintain at its principal office the Company’s records and accounts of all operations and expenditures of the Company including the following:

13.1.1 A current list in alphabetical order of the full name and last-known business or resident address of each Owner and Manager, together with the Capital Contribution and the share in profits and losses of each Owner;

13.1.2 A copy of the Certificate of Formation and all amendments thereto, together with any powers of attorney pursuant to which the Certificate of Formation or any amendments thereto were executed;

13.1.3 Copies of the Company’s Federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;

13.1.4 Copies of this Agreement and any amendments thereto together with any powers of attorney pursuant to which any written accounting or any amendments thereto were executed;

13.1.5 Copies of any financial statements of the Company, if any, for the six most recent years;  
and

13.1.6 The Company’s books and records as they relate to the internal affairs of the Company for at least the current and past four fiscal years.

### 13.2 Delivery to Members and Inspection.

13.2.1 Each Member, or its representative designated in writing, has the right, upon reasonable written request for purposes related to the interest of that person as a Member, which purposes are set forth in the written request, to receive from the Company:

(a) True and full information regarding the status of the business and financial condition of the Company;

(b) Promptly after becoming available, a copy of the Company’s federal, state and local income tax returns for each year;

(c) A current list of the name and last known business, residence or mailing address of each Member and Manager;

(d) A copy of this Agreement and the Certificate of Formation and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which this Agreement and any certificate and all amendments thereto have been executed; and

(e) True and full information regarding the amount of cash and description and statement of the agreed value of any property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each became a Member.

13.3 Annual Report. Members will be provided with annual cash basis audited financial statements of the Company, semi-annual reports containing operational summaries of the Company's investments, and such other information as is necessary for the preparation of tax returns.

13.4 Tax Information. The Manager shall cause to prepare and timely file income tax returns for the Company with the appropriate authorities, and shall cause all Company information necessary in the preparation of the Owners' individual income tax returns to be distributed to the Owners not later than 120 days after the end of the Company's fiscal year. The Manager shall also distribute a copy of the Company's tax return to a Member, if requested by such Member.

#### 14. Termination and Dissolution of the Company.

14.1 Termination of Company. The Company shall be dissolved, shall terminate and its assets shall be disposed of, and its affairs wound up upon the earliest to occur of the following:

14.1.1 Upon the happening of any event of dissolution specified in the Certificate of Formation;

14.1.2 A determination by the Manager to terminate the Company;

14.1.3 Upon the entry of a decree of judicial dissolution;

14.1.4 The occurrence of a Dissolution Event unless the business of the Company is continued by the consent of the remaining Members within 90 days following the occurrence of the event;

14.1.5 The expiration of the Term of the Company;

14.1.6 The Members redeem up to the entire Available Redemption Funds per Article 12, then the Manager will dissolve the Company and make distribution pro rata; or

14.1.7 A Suspension Event occurs pursuant to Section 12.6 of the Agreement.

14.2 Certificate of Cancellation. As soon as possible following the occurrence of any of the events specified in Section 14.1, the Manager who has not wrongfully dissolved the Company or, if none, the Members, shall execute a Certificate of Cancellation in such form as shall be required by the Act.

14.3 Liquidation of Assets. Upon a dissolution and termination of the Company, the Manager (or in case there is no Manager, the Members or person designated by a Majority Vote) shall take full account of the Company assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining the fair market value thereof, shall make a final allocation of all items of income, gain, and loss and expenses so that each Member and the Manager have Capital Account balances equal to the amounts distributed to them pursuant to Section 14.3.3 (taking into account all prior Distributions and Capital Contributions), and apply and distribute the proceeds therefrom in the following order:

14.3.1 To the payment of creditors of the Company, but excluding secured creditors whose obligations will be assumed or otherwise transferred on liquidation of Company assets, and then to the payment of Members who are creditors of the Company;

14.3.2 To the setting up of any reserves as required by law for any liabilities or obligations of the Company; provided, however, that said reserves shall be deposited with a bank or trust company in escrow at interest for the purpose of disbursing such reserves for the payment of any of the aforementioned contingencies and, at the expiration of a reasonable period, for the purpose of distributing the balance remaining in accordance with remaining provisions of this Section 14.3; and

14.3.3 To the Owners in the following order of priority:

- (a) to the Members pro rata to the extent of any Unreturned Capital Contributions;
- (b) to the Members pro rata to the extent of any unpaid but accrued Preferred Return;
- (c) [Reserved];
- (d) to the Manager in an amount equal to two percent (2%) of the aggregate Capital Contributions made by the Members less any distributions made to the Manager pursuant to Section 5.1.1.(c); and
- (e) eighty percent (80%) to the Members and twenty percent (20%) to the Manager.

14.4 Distributions Upon Dissolution. Each Member shall look solely to the assets of the Company for all Distributions and its Capital Contributions, and shall have no recourse therefor (upon dissolution or otherwise) against any Manager or any Member.

15. Special and Limited Power of Attorney.

15.1 Power of Attorney. FSX DST shall at all times during the term of the Company have a special and limited power of attorney as the attorney-in-fact for each Member, with power and authority to act in the name and on behalf of each such Member to execute, acknowledge, and swear to in the execution, acknowledgment and filing of documents which are not inconsistent with the provisions of this Agreement and which may include, by way of illustration but not by limitation, the following:

15.1.1 This Agreement, as well as any amendments to the foregoing which, under the laws of the State of Delaware or the laws of any other state, are required to be filed or which the Manager shall deem it advisable to file;

15.1.2 Any other instrument or document that may be required to be filed by the Company under the laws of any state or by any governmental agency or which the Manager shall deem it advisable to file;

15.1.3 Any instrument or document that may be required to effect the continuation of the Company, the admission of Substituted Members, or the dissolution and termination of the Company (provided such continuation, admission or dissolution and termination are in accordance with the terms of this Agreement);

15.1.4 Any contract for purchase or sale of real estate, and any deed, deed of trust, mortgage, or other instrument of conveyance or encumbrance, with respect to Property; and

15.1.5 Any and all other instruments as the Manager may deem necessary or desirable to effect the purposes of this Agreement and carry out fully its provisions, including, but not limited to, those in Section 16.

15.2 Provision of Power of Attorney. The special and limited power of attorney of FSX:

15.2.1 Is a special power of attorney coupled with the interest of FSX in the Company, and its assets, is irrevocable, shall survive the death, incapacity, termination or dissolution of the granting Member, and is limited to those matters herein set forth;

15.2.2 May be exercised by FSX by and through one or more of the officers of FSX for each of the Members by the signature of FSX acting as attorney-in-fact for all of the Members, together with a list of all Members executing such instrument by their attorney-in-fact or by such other method as may be required or requested in connection with the recording or filing of any instrument or other document so executed; and

15.2.3 Shall survive an assignment by a Member of all or any portion of his Units except that, where the assignee of the Units owned by the Member has been approved by the Manager for admission to the Company as a Substituted Member, the special power of attorney shall survive such assignment for the sole purpose of enabling FSX to execute, acknowledge and file any instrument or document necessary to effect such substitution.

15.3 Notice to Members. The Manager shall promptly furnish to a Member a copy of any amendment to the Operating Agreement executed by FSX pursuant to a power of attorney from the Member.

16. Relationship of This Agreement to the Act. Many of the terms of this Agreement are intended to alter or extend provisions of the Act as they may apply to the Company or the Members. Any failure of this Agreement to mention or specify the relationship of such terms to provisions of the Act that may affect the scope or application of such terms shall not be construed to mean that any of such terms is not intended to be a limited liability company agreement provision authorized or permitted by the Act or which in whole or in part alters, extends or supplants provisions of the Act as may be allowed thereby.

17. Amendment of Agreement.

17.1 Admission of Member. Amendments to this Agreement for the admission of any Member or Substitute Member shall not, if in accordance with the terms of this Agreement, require the consent of any Member.

17.2 Amendments with Consent of Member. In addition to any amendments otherwise authorized herein, this Agreement may be amended by the Manager with a Majority Vote of the Units.

17.3 Amendments Without Consent of the Members. In addition to the Amendments authorized pursuant to Section 4.10 and Section 7.3.12 or otherwise authorized herein, the Manager may amend this Agreement, without the consent of any of the Members, to (i) change the name and/or principal place of business of the Company, or (ii) decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Company and conduct its business and affairs); provided, however, that no amendment shall be adopted pursuant to this Section 17.3 unless the adoption thereof (A) is for the benefit of or not adverse to the interests of the Members, and (B) does not affect the limited liability of the Members or the status of the Company as a partnership for federal income tax purposes. Further, the Manager shall be allowed to amend this Agreement without the consent of any of the Members to comply with any terms or modifications required by any lender to make this Agreement comply with any special purpose entity requirements or otherwise.

17.4 Execution and Recording of Amendments. Any amendment to this Agreement shall be executed by the Manager, and by FSX as attorney-in-fact for the Members pursuant to the power of attorney contained in Section 14. After the execution of such amendment, the Manager shall also prepare and record or file any certificate or other document which may be required to be recorded or filed with respect to such amendment, either under the Act or under the laws of any other jurisdiction in which the Company holds any Property or otherwise does business.

18. Miscellaneous.

18.1 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart.

18.2 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the respective Members.

18.3 Severability. In the event any sentence or Section of this Agreement is declared by a court of competent jurisdiction to be void, such sentence or Section shall be deemed severed from the remainder of this Agreement and the balance of this Agreement shall remain in full force and effect.

18.4 Notices. All notices under this Agreement shall be in writing and shall be given to the Member or Economic Interest Owner entitled thereto, by personal service or by mail, posted to the address maintained by the Company for such person or at such other address as he may specify in writing.

18.5 Manager's Address. The name and address of the Manager is as follows:

FSX DST Inventory Financing Fund Manager, LLC  
3349A State Route 138,  
Allaire Corporate Center,  
Building A, Suite A, Second Floor,  
Wall, NJ 07719

18.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

18.7 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and reference. Such titles and captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any provisions hereof.

18.8 Gender. Whenever required by the context hereof, the singular shall include the plural, and vice versa, the masculine gender shall include the feminine and neuter genders, and vice versa.

18.9 Time. Time is of the essence with respect to this Agreement.

18.10 Additional Documents. Each Member, upon the request of the Manager, shall perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement, including, but not limited to, providing acknowledgment before a Notary Public of any signature made by a Member.

18.11 Descriptions. All descriptions referred to in this Agreement are expressly incorporated herein by reference as if set forth in full, whether or not attached hereto.

18.12 Binding Arbitration. Any controversy arising out of or related to this Agreement or the breach thereof or an investment in the Units shall be settled by arbitration in Los Angeles, California, in accordance with the rules of The American Arbitration Association, and judgment entered upon the award rendered may be enforced by appropriate judicial action. The arbitration panel shall consist of one member, which shall be the mediator if mediation has occurred or shall be a person agreed to by each party to the dispute within 30 days following notice by one party that he desires that a matter be arbitrated. If there was no mediation and the parties are unable within such 30-day period to agree upon an arbitrator, then the panel shall be one arbitrator selected by the Los Angeles County office of The American Arbitration Association, which arbitrator shall be experienced in the area of real estate and limited liability companies and who shall be knowledgeable with respect to the subject matter area of the dispute. The losing party shall bear any fees and expenses of the arbitrator, other tribunal fees and expenses, reasonable attorney's fees of both parties, any costs of producing witnesses and any other reasonable costs or expenses incurred by him or the prevailing party or such costs shall be allocated by the arbitrator. The arbitration panel shall render a decision within 30 days following the close of presentation by the parties of their cases and any rebuttal. The parties shall agree within 30 days following selection of the arbitrator to any prehearing procedures or further procedures necessary for the arbitration to proceed, including interrogatories or other discovery; provided, in any event each Member shall be entitled to discovery.

18.13 Venue. Any Action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Los Angeles, California.

18.14 Partition. The Members agree that the assets of the Company are not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all rights that he may have, or may obtain, to maintain any action for partition of any of the assets of the Company.

18.15 Integrated and Binding Agreement. This Agreement contains the entire understanding and agreement among the Members with respect to the subject matter hereof, and there are no other agreements, understandings, representations or warranties among the Members other than those set forth herein except the Subscription Documents. This Agreement may be amended only as provided in this Agreement.

18.16 Legal Counsel. Each Member acknowledges and agrees that counsel representing the Company, the Manager and its Affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Members, other than the Manager, in any respect. In addition, each Member consents to the Manager hiring counsel for the Company which is also counsel to one or more of the Manager.

18.17 Title to Company Property. All property owned by the Company shall be owned by the Company as an entity and, insofar as permitted by applicable law, no Member shall have any ownership interest in any Company property in its individual name or right, and each Member's membership interest shall be personal property for all purposes.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have set their hands to this Agreement as of the date first set forth in the preamble.

MANAGER:  
FSX DST Inventory Financing Fund Manager, LLC, a  
Delaware limited liability company

By: Four Springs TEN31 Xchange, LLC, its sole member

By: \_\_\_\_\_  
Coby R. Johnson, CEO

EXHIBIT A

DEFINITIONS

“Act” shall mean the Delaware Limited Liability Company Act, as amended from time to time.

“Adjusted Capital Account Deficit” shall mean, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which the Member is obligated to restore and the Member’s share of Member Minimum Gain and Company Minimum Gain and;

(ii) Debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

“Affiliate” shall mean any person owned by or under common ownership of FSX DST. The term “person” shall include any natural person, corporation, partnership, trust, unincorporated association or other legal entity.

“Agreement” shall mean this Second Amended and Restated Limited Liability Company Agreement, as amended from time to time.

“Available Redemption Funds” shall have the meaning set forth in Section 12.4.

“Book Gain” shall mean the excess, if any, of the fair market value of the Property over its adjusted basis for federal income tax purposes at the time a valuation of the Property is allowed under Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

“Book Loss” shall mean the excess, if any, of the adjusted basis of Property for federal income tax purposes over its fair market value at the time a valuation of the Property is allowed under Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

“Book Value” shall mean the adjusted basis of Property for federal income tax purposes increased or decreased by Book Gain, Book Loss, Built-In Gain and Built-In Loss as reduced by depreciation, amortization or other cost recovery deductions, or otherwise, based on such Book Value.

“Broker-Dealer” shall mean the broker-dealers who are members of Financial Industry Regulatory Authority whom made sales of the Units to Members during the Offering pursuant to the Memorandum.

“Built-In Gain (or Loss)” shall mean the amount, if any, by which the agreed value of contributed Property exceeds (or is lesser than) the adjusted basis of Property contributed to the Company by a Member immediately after its contribution by the Member to the capital of the Company.

“Capital Account” with respect to any Member (or such Member’s assignee) shall mean such Member’s initial Capital Contribution adjusted as follows:

(i) A Member’s Capital Account shall be increased by:

(a) such Member’s share of Net Income;

(b) any income or gain specially allocated to a Member and not included in Net Income or Net Loss;

(c) any additional cash Capital Contribution made by such Member to the Company;

and

(d) the fair market value of any additional Capital Contribution consisting of property contributed by such Member to the capital of the Company reduced by any liabilities assumed by the Company in connection with such contribution or to which the property is subject.

(ii) A Member's Capital Account shall be reduced by:

- (a) such Member's share of Net Loss;
- (b) any deduction specially allocated to a Member and not included in Net Income or Net Loss; and
- (c) any cash Distribution made to such Member.

Property other than money may not be contributed to the Company except as specifically provided in this Agreement. Property of the Company may not be revalued for purposes of calculating Capital Accounts unless the Manager and the Members pursuant to a Majority Vote agree on the fair market value of the Property and Company complies with the requirements of Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and (g); provided, however, for purposes of calculating Book Gain or Book Loss (but not for purposes of adjusting Capital Accounts to reflect the contribution and distribution of such Property), the fair market value of Property shall be deemed to be no less than the outstanding balance of any nonrecourse indebtedness secured by such Property; Capital Accounts are adjusted to reflect the contribution or revaluation, including, without limitation, the valuation of such Property and the selection of book depreciation methods; and the Members, pursuant to a Majority Vote, agree on the allocation among the Members of items of income, gain, depreciation, amortization and loss reflecting to such Property for federal income tax purposes.

The Capital Account of a Substituted Member shall include the Capital Account of his transferor. Notwithstanding anything to the contrary in this Agreement, the Capital Accounts shall be maintained in accordance with Treasury Regulations Section 1.704-1(b). References in this Agreement to the Treasury Regulations shall include corresponding subsequent provisions.

"Capital Contribution" shall mean the gross amount invested in the Company by a Member and shall be equal in amount to the cash purchase price paid by such Member for the Units sold to him by the Company. In the plural, "Capital Contributions" shall mean the aggregate amount invested by all of the Members in the Company and shall equal, in total, the sum of the amount attributable to the purchase of Units and the contributions of the Manager. For purposes of any Member who purchases a Unit pursuant to Section 3.1.3, the Capital Contribution shall be deemed \$25,000 per Unit.

"Cash from Operations" shall mean the net cash realized by the Investments from all sources after payment of all cash expenditures of the Investments, including, but not limited to, all operating expenses including all fees payable to the Manager or Affiliates, and such reserves and retentions as the Manager reasonably determines to be necessary and desirable in connection with the operation of the Investments.

"Cause" shall mean the occurrence of any of the following events: (i) continued gross negligence by Manager in the performance of its duties that results in material damage to the Company, or (ii) fraud or embezzlement by Manager; provided, however, that in the case of any of the events described in clause (i), such event shall not constitute Cause hereunder unless and until there is given to Manager by the Members a written notice which sets forth the specific respects in which they believe that Manager's conduct constitutes Cause hereunder, which conduct is not cured within sixty (60) days of written notice thereof.

"Certificate of Formation" shall mean the Certificate of Formation of the Company as filed with the Secretary of State of Delaware as the same may be amended or restated from time to time.

"Clawback Amount" shall have the meaning set forth in Section 5.4.1.

"Clawback Period" shall have the meaning set forth in Section 5.4.1.

“Tax Code” shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequently enacted federal revenue laws.

“Company” shall refer to FSX DST Inventory Financing Fund, LLC.

“Company Minimum Gain” shall mean “partnership minimum gain” as set forth in Treasury Regulations Sections 1.704-2(d).

“Dissolution Event” shall mean with respect to the Manager one or more of the following: the death, insanity, withdrawal, retirement, resignation, expulsion, Event of Insolvency or dissolution (unless reconstituted by the Manager) of the Manager unless the Members consent to continue the business of the Company pursuant to Section 8.2.3.

“Distributable Cash” shall mean total cash received by the Company (other than Principal Distributable Cash and cash from Capital Contributions) less (i) all operating expenses and other cash expenditures of the Company incurred in the ordinary course of business, and (ii) such reserves for reinvesting the Company’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 Company that the Manager may determine are necessary or advisable.

“Distribution” shall refer to any money or other property transferred without consideration to Members or Owners with respect to their interests or Units in the Company.

“DST” means a newly created Delaware Statutory Trust.

“Economic Interest” shall mean an interest in the Net Income, Net Loss and Distributions of the Company but shall not include any right to vote or to participate in the management of the Company.

“Economic Interest Owner” shall mean the owner of an Economic Interest who is not a Member.

“Estimated Tax Distribution” shall have the meaning set forth in Section 5.3.1.

“Event of Insolvency” shall occur when an order for relief against the Manager is entered under Chapter 7 of the federal bankruptcy law, or (A) the Manager: (1) makes a general assignment for the benefit of creditors, (2) files a voluntary petition under the federal bankruptcy law, (3) files a petition or answer seeking for that Manager a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, (4) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Manager in any proceeding of this nature, or (5) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of that Manager or of all or a substantial part of that Manager’s properties, or (B) the expiration of 60 days after either (1) the commencement of any proceeding against the Manager seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law, or regulation, if the proceeding has not been dismissed, or (2) the appointment without the Manager’s consent or acquiescence of a trustee, receiver, or liquidator of the Manager or of all or any substantial part of the Manager’s properties, if the appointment has not been vacated or stayed (or if within 60 days after the expiration of any such stay, the appointment is not vacated).

“Extension Right” shall have the meaning set forth in Section 1.4.

“Final Closing” shall mean the last closing of the issuance and sale of Interests as determined in writing by the Manager in its sole and absolute discretion.

“Initial Closing” may be held at the discretion of the Manager any time after aggregate subscriptions for at least \$500,000 of Units have been received. After the initial closing, subsequent closings may be held in the sole discretion of the Manager over the entire life of the Company.

“Interest” shall mean a Membership Interest or an Economic Interest.

“Investments” shall have the meaning set forth in Section 1.3.

“Investment Period” shall have the meaning set forth in Section 1.3.

“Majority Vote” shall mean the vote of more than 67% of the Units entitled to vote. Members shall be entitled to cast one vote for each Unit they own, and a fractional for each fractional Unit they own.

“Manager” shall refer to FSX DST. The term “Manager” shall also refer to any successor or additional Manager who is admitted to the Company as the Manager.

“Member” shall mean any holder of a Unit who is admitted to the Company as a Member, including the Manager to the extent it has acquired Units.

“Member Minimum Gain” shall mean “partner nonrecourse debt minimum gain” as determined under Treasury Regulations Section 1.704-2(i)(3).

“Member Nonrecourse Debt” shall mean “partner nonrecourse debt” as set forth in Treasury Regulations Section 1.704-2(b)(4).

“Member Nonrecourse Deductions” shall mean of “partner nonrecourse deductions,” and the amount thereof shall be, as set forth in Treasury Regulations Section 1.704-2(i).

“Member Redemption” shall have the meaning set forth in Section 12.1.

“Membership Interest” shall mean a Member’s entire interest in the Company including such Member’s Economic Interest and such voting and other rights and privileges that the Member may enjoy by being a Member.

“Memorandum” shall mean the Confidential Private Placement Memorandum pertaining to the Offering distributed to potential purchasers of Units by the Manager, as amended, supplemented or restated.

“Net Income” or “Net Loss” shall mean, respectively, for each taxable year of the Company the taxable income and taxable loss (exclusive of Built-In Gain or Loss) of the Company as determined for federal income tax purposes in accordance with Section 703(a) of the Tax Code (including all items of income, gain, loss, or deduction required to be separately stated pursuant to Section 703(a)(1) of the Tax Code) (other than any specific item of income, gain (exclusive of Built-In Gain), loss (exclusive of Built-In Loss), deduction or credit subject to special allocation under this Agreement), with the following modifications:

(a) The amount determined above shall be increased by any income exempt from federal income tax;

(b) The amount determined above shall be reduced by any expenditures described in Section 705(a)(2)(B) of the Tax Code or expenditures treated as such pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i);

(c) Depreciation, amortization and other cost recovery deductions shall be computed based on Book Value instead of on the amount determined in computing taxable income or loss. Any item of deduction, amortization or cost recovery specially allocated to a Member and not included in Net Income or Net Loss shall be determined for Capital Account purposes in a similar manner; and

(d) For purposes of this Agreement, Book Gain and Book Loss attributable to a revaluation of Property attributable to unrealized gain or loss in such Property shall be treated as Net Income and Net Loss.

“Nonrecourse Debt” shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

“Nonrecourse Deductions” shall have the meaning, and the amount thereof shall be, as set forth in Treasury Regulations Section 1.704-2(c).

“Non-Redeemed Interests” shall have the meaning set forth in Section 12.3.

“Offering” shall mean the offering and sale of the Units made in accordance with the provisions of Section 3.1 and pursuant to the Memorandum.

“Offering Termination Date” shall mean the date the Offering of Units shall terminate as set forth in the Memorandum.

“Owner” shall mean a Member or the holder of an Economic Interest.

“Pledge Agreement” shall mean the Pledge Agreement dated as of the date of this Agreement by and between the Sponsor and the Company whereby the Sponsor shall pledge to the Company its beneficial interests in each DST that owns the Properties acquired by the Sponsor.

“Preferred Return” shall have the meaning set forth in Section 5.1.1(a).

“Principal Distributable Cash” shall mean total cash received by the Company from the repayment of loan principal on any Investment less (i) such reserves for reinvesting the Company’s assets in new loans to DSTs; and (ii) reserves for debt service (including for payments of principal and interest whether currently due or otherwise).

“Prime Rate” shall mean the reference rate announced from time-to-time by the Wall Street Journal, and changes in the Prime Rate shall be deemed to occur on the date that changes in such rate are announced.

“Properties” shall have the meaning set forth in Section 1.3.

“Property” shall refer to any or all of such real and tangible or intangible personal property or properties as may be acquired by the Company.

“Redemption Notice” shall have the meaning set forth in Section 12.1.

“Regulatory Allocations” shall mean the allocations set forth in Sections 4.2.1 through 4.2.7. “FSX DST” shall refer to FSX DST Inventory Financing Fund Manager, LLC, a Delaware limited liability company. “Sponsor” shall refer to FSX DST.

“Depositor DST Equity” shall mean a Depositor’s capital in the form of equity in a DST used to acquire the Properties.

“Shortfall” shall have the meaning set forth in Section 5.4.1.

“Subscription Agreement” means the agreement, in the form attached to the Memorandum, by which each person desiring to become a Member shall evidence (i) the number of Units which such person wishes to acquire and (ii) such person’s agreement to become a party to, and be bound by the provisions of, this Agreement and (iii) certain representations regarding the person’s finances and investment intent.

“Subscription Payment” shall mean the cash payment that must accompany each subscription for Units sold through the Offering.

“Substituted Member” shall mean any person admitted as a substituted Member pursuant to this Agreement.

“Suspension Event” shall have the meaning set forth in Section 12.6.

“Tax Payment” shall have the meaning set forth in Section 4.12.

“Term” shall have the meaning set forth in Section 1.4.

“Unit” shall represent an interest in the Company entitling the owner of the Unit if admitted as a Member to the respective voting and other rights afforded to a Member holding a Unit, and affording to such Member a share in Net Income, Net Loss and Distributions as provided for in this Agreement

“Unreturned Capital Contributions” shall mean for each Member the amount of such Member’s Capital Contributions less any amounts distributed to such Member pursuant to Section 5.1.2(a) and, to the extent applicable, Section 14.3.3(a).

EXHIBIT B

MEMBERS

**Name**

**Units**

**TOTAL UNITS**

**1,000**

EXHIBIT B

INSTRUCTIONS TO INVESTORS AND SUBSCRIPTION AGREEMENT

STRICTLY CONFIDENTIAL

**FSX DST Inventory Financing Fund, LLC  
Subscription Agreement**



# FSX DST Inventory Financing Fund, LLC

## EXHIBIT B

### INSTRUCTIONS TO INVESTORS AND SUBSCRIPTION AGREEMENT

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STRICTLY CONFIDENTIAL

# FSX DST Inventory Financing Fund, LLC Subscription Agreement

3349A State Route 138,  
Allaire Corporate Center,  
Building A, Suite A, Second Floor,  
Wall, NJ 07719  
(877) 449-8828

[InvestorServices@4SpringsCapital.com](mailto:InvestorServices@4SpringsCapital.com)

## TABLE OF CONTENTS

1.	Instructions	4
2.	General Questionnaire	5
3.	Individual Subscribers	8
4.	Entity Subscribers	9
5.	Accreditation Verification	14
6.	Form W-9	16
7.	ACH Authorization	18
8.	Agreement	19
9.	Signatures	25
10.	Wire Instructions	27

**Please attach the following when submitting documents for processing:**

- Copies of valid photo IDs for ALL subscribers/ signers
- Copy of voided check for distributions
- **IF Trust:** Copies of the relevant pages of the trust agreement, which includes the trust title, trust date and provide signature pages
- **IF Entity:** Certified copy of corporate resolution, partnership agreement, or copies of LLC documents including signature pages of all owners/members. In addition, any member with 25% or more ownership must submit a valid photo ID and provide their personal information on this packet. Please use additional pages if needed.

## 1. Instructions

Any person or entity desiring to subscribe ("**Subscriber**") for limited liability company units ("**Units**") to be issued by FSX DST Inventory Financing Fund, LLC, a Delaware limited liability company (the "**Company**"), at an offering price of \$25,000 per Unit, should carefully read and when ready review the Confidential Private Placement Memorandum relating to the offering of Units dated September 17, 2025 (the "**Memorandum**") as supplemented to date. Any person or entity desiring to subscribe for Units must complete the Purchaser Questionnaire that follows these instructions. Please follow the appropriate instructions listed below for the items indicated. If not submitting electronically, please use ballpoint pen to fill out. Please respond to each question for each applicable section, even if the response is "None" or "Not Applicable," unless directed otherwise. Capitalized terms not defined herein shall have the meaning set forth in the Memorandum. All information is confidential and only for investment purposes.

**Minimum Investment Requirements:** Units will be sold only to prospective investors who: (i) have read the Memorandum including all supplements and exhibits, (ii) buy a minimum initial subscription of \$250,000, subject to certain exceptions in the discretion of the Company, and (iii) meet the requirements and make the representations set forth in the Memorandum, including that each investor is an "Accredited Investor" as defined in Section 501(a) of Regulation D of the Securities Act of 1933, as amended.

**Funding Instructions:** Subscriber shall deliver an amount equal to the full amount of their purchase price for their Units either by (i) a check payable to "**FSX DST Inventory Financing Fund, LLC**" or (ii) a wire transfer to FSX DST Inventory Financing Fund, LLC.

For increased security, we will provide wiring instructions to all investors separately. Please call in advance of initiating any wire to verify account information. **No investor or their representatives should initiate a wire until such wiring instructions have been verified by phone with FSX DST's Investor Relations department at (877) 449-8828.**

*All Subscribers will need to complete Sections 2 (pages 4-6), 5, 6, and 7 (pages 15-19); review Section 8 (pages 20-30); sign (page 31), and provide requisite documents electronically via DocuSign, email to [InvestorServices@4SpringsCapital.com](mailto:InvestorServices@4SpringsCapital.com), or FedEx/USPS.*

*Individual investors will also need to complete Section 3 (page 7).*

*Entity investors will also need to complete Section 4 (page 8).*

## 2. General Questionnaire

All Subscribers or authorized representatives of the investing entity must fill out this section.

### Who or what entity will hold the units?

Full name of the Person(s) or investing entity ("Subscriber"):

-----

Primary SSN or EIN of investing person or entity for tax purposes:

-----

Primary State of Residency:

-----

### What amount will be invested?

Amount of proposed investment in U.S. dollars: \_\_\_\_\_

### How will the units be held?

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> individual            | <input type="checkbox"/> partnership                | <input type="checkbox"/> JTWROS            |
| <input type="checkbox"/> corporation           | <input type="checkbox"/> sole and separate property | <input type="checkbox"/> JTEN              |
| <input type="checkbox"/> community property    | <input type="checkbox"/> multi-member LLC           | <input type="checkbox"/> single member LLC |
| <input type="checkbox"/> benefit plan investor | <input type="checkbox"/> revocable trust            | <input type="checkbox"/> tenants-in-common |
| <input type="checkbox"/> irrevocable trust     |   |  |

other (e.g. custodian, trustee, etc.):  
-----

### Individual Investor(s) or Authorized Representative(s)

Please complete the information on the following page(s) for each individual investor or, if investor is an entity, for each authorized representative of the investing entity. We have provided room for two investors or authorized representatives on the following two pages. If there are more than two investors or authorized representatives, please provide a separate page with the same information requested of the other investors or authorized representatives below.

## Person A

Prefix: \_\_\_\_\_ First: \_\_\_\_\_ Middle: \_\_\_\_\_

Last: \_\_\_\_\_ Suffix: \_\_\_\_\_

Address: \_\_\_\_\_

Citizenship: \_\_\_\_\_ SSN: \_\_\_\_\_

DOB: \_\_\_\_\_

Personal phone number: \_\_\_\_\_

Primary email address for correspondence:

\_\_\_\_\_

Additional email address(es) to add to account:

\_\_\_\_\_

Occupation (former if retired): \_\_\_\_\_

Employer (If retired, enter "Retired"):

\_\_\_\_\_

If you do not desire that any necessary physical correspondence be sent to the residential address provided above, please provide an alternative address below:

Address: \_\_\_\_\_

*If there is more than one investor or authorized representative, please complete the next page also.*

**Person B** *(if more than one individual investor or authorized representative)*

Prefix: \_\_\_\_\_ First: \_\_\_\_\_ Middle: \_\_\_\_\_

Last: \_\_\_\_\_ Suffix: \_\_\_\_\_

Address: \_\_\_\_\_

Citizenship: \_\_\_\_\_ SSN: \_\_\_\_\_

DOB: \_\_\_\_\_

Personal phone number: \_\_\_\_\_

Primary email address for correspondence:

\_\_\_\_\_

Additional email address(es) to add to account:

\_\_\_\_\_

Occupation (former if retired): \_\_\_\_\_

Employer (If retired, enter "Retired"):

\_\_\_\_\_

If you do not desire that any necessary physical correspondence be sent to the residential address provided above, please provide an alternative address below:

Address: \_\_\_\_\_

**Individual investors** proceed to Section 3 on the next page.**Entity investors** proceed to Section 4 (page 9).

### 3. Individual Subscribers

This Section is for **individual investors**. If subscribing as an entity, please disregard this section and proceed to Section 4 (page 8) for Entity Subscribers.

#### Net Worth

Is your net worth, together with the net worth of your spouse if applicable, in excess of \$1,000,000, which amount does not include the value of your primary residence? "Net worth" means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of your primary home) over total liabilities. Total liabilities exclude any mortgage on the primary home in an amount up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days in advance of the purchase of the Units. Liabilities include (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of Units for the purpose of investing in the Units.

yes       no

Approx. net worth in U.S. dollars:    \$\_\_\_\_\_

#### Income

Was **either** your yearly income from all sources during the current year and each of the last two years in excess of \$200,000 (for individuals) **or** the joint income of you and your spouse from all sources over the same period of time in excess of \$300,000?

yes       no

Approx. net worth in U.S. dollars:    \$\_\_\_\_\_

**After this section is complete**, please skip Section 4 and complete Sections 5, 6, and 7 (pages 15-19) to provide the financial information required to make an investment in this Offering. After providing the required financial information, please review the Agreement in Section 8 (pages 20-30) and sign (page 31) to complete your application.

## 4. Entity Subscribers

*This section is for entity investors. Please complete this section only if the Units would be acquired by a trust, partnership, limited liability company, corporation, or other entity. If the investment will be made by more than one entity, please complete a copy of this questionnaire for each entity.*

*Please note that the personal information portion of Section 2 (“Person A” and “Person B”) must also be completed by each authorized representative of the investing entity. If there are more than two authorized representatives, please provide the same information for each additional authorized representative requested for Person A and Person B on a separate page.*

### Identification

Name of Entity: \_\_\_\_\_

Name and Title of Signatory for Entity: \_\_\_\_\_

Legal Residence: \_\_\_\_\_ Effective date: \_\_\_\_\_

Entity Tax ID: \_\_\_\_\_

Entity address: \_\_\_\_\_

Mailing address(if different): \_\_\_\_\_

Main phone number: \_\_\_\_\_

Description of business activity: \_\_\_\_\_

Names of equity owners/ signatories/ Trustees and ownership percentages are **REQUIRED**  
(ownership percentages must total 100%)

1. Name: \_\_\_\_\_ SSN: \_\_\_\_\_ DOB: \_\_\_\_\_ %: \_\_\_\_\_
2. Name: \_\_\_\_\_ SSN: \_\_\_\_\_ DOB: \_\_\_\_\_ %: \_\_\_\_\_
3. Name: \_\_\_\_\_ SSN: \_\_\_\_\_ DOB: \_\_\_\_\_ %: \_\_\_\_\_
4. Name: \_\_\_\_\_ SSN: \_\_\_\_\_ DOB: \_\_\_\_\_ %: \_\_\_\_\_

### Accreditation

Are all the entity's shareholders, partners, members, or other equity owners Accredited Investors?

yes       no

Entity's gross assets at the time of Units purchase: \$ \_\_\_\_\_

*If the entity does not hold at least \$5,000,000 in gross assets, please have each equity owner, shareholder, partner, member, or other equity owner; or each self-directed benefit plan investor complete Section 3 (page 7).*

Was the entity formed for the purpose of this investment?

- yes       no

*If the answer to the above question is "yes," each additional shareholder, partner, member, or other equity owner must be an Accredited Investor and must also complete Section 3 (page 7) of this Subscription Agreement.*

### Entity Type

Please check the appropriate box to indicate which of the following accurately describes the entity:

- a trust that may be amended or revoked at any time by the grantors and all of whose grantors are Accredited Investors as defined by Rule 501 of Regulation D of the Securities Act (if this item is checked, all grantors must complete Section 3 hereof);
- an entity in which all of the equity owners are Accredited Investors and meet the criteria listed in Section 3 hereof (if this item is checked, all equity owners must complete Section 3 hereof).
- a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the units offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of the Securities Act;  
*Additional entity types are included on the next page. Please proceed to the next page to complete Section 4 for entities.*
- a self-directed employee benefit plan, a plan whose investment decisions are made solely by persons who are Accredited Investors (if this item is checked, all such persons must complete Section 3 and the individual information required in Section 2 hereof);
- a corporation, Massachusetts or similar business trust, or partnership, or an organization described in Section 501(c)(3) of the Code that was not formed for the specific purpose of acquiring the Units, and that has total assets in excess of \$5,000,000;
- a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended;
- a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended;
- an investment company registered under the Investment Trust Act of 1940, as amended, or a business development company as defined in Section 2(a)(48) of that Act;
- a bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in either an individual or fiduciary capacity;
- a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended;
- an insurance company as defined in Section 2(13) of the Securities Act;

- an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended, where the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or an employee benefit plan whose total assets exceed \$5,000,000 (each a “Plan”) (if this item is checked, Subscriber must complete Section 3 hereof); or
- a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, where such plan has total assets in excess of \$5,000,000;

**Entities will need to provide copies of the following documents, as applicable, to [InvestorServices@4SpringsCapital.com](mailto:InvestorServices@4SpringsCapital.com) or via FedEx/USPS to complete the application:**

**Trusts** (other than a trust that is a Benefit Plan Investor as described below)

- trust agreement
- amendments (if applicable)

If a Subscriber is purchasing units through a trust that is a taxpaying entity, then all trustees required by the trust documents must execute this Subscription Agreement on behalf of the trust and all questions concerning income, assets, and accreditation will pertain to the trust.

If, on the other hand, the trust is not the taxpaying entity with respect to this investment (e.g. a grantor trust), then the person paying the tax on the trust’s income (the “Taxpayer”) must complete and execute this Subscription Agreement and all questions concerning income, and assets will pertain to the Taxpayer.

**Corporations, Partnerships, and Limited Liability Companies**

- proof of authority to transact business

***If the investing entity is NOT a Benefit Plan Investor*** as defined below, please skip the remainder of this section and complete Sections 5, 6, and 7 (pages 15-19) to provide the financial information required to make an investment in this Offering. After providing the required financial information, please review the Agreement in Section 8 (pages 20-30) and sign (page 31) to complete your application for an investment in this Offering.

***If the investing entity IS a Benefit Plan Investor*** as defined below, please proceed to the next page to complete the remainder of Section 4 for entities (pages 12-13).

A “**Benefit Plan Investor**” is defined in Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), which includes, for example, a tax-qualified pension, stock bonus or profit-sharing plan, an employee benefit plan described in Section 3(3) and subject to Title I of ERISA, an annuity described in Section 403(a) or (b) of the Internal Revenue Code of 1986, as amended (the “Code”), a Keogh Plan, an individual retirement account or annuity described in Sections 408 or 408A of the Code, an Archer MSA described in Section 220(d) of the Code, a health savings account described in Section 223(d) of the Code, a Coverdell education savings account described in Section 530 of the Code, or another entity deemed to hold “plan assets” of any “employee benefit plan” as defined in Section 3(3) of ERISA, that is subject to Part 4 of Title I of ERISA, a “plan” covered by Section 4975 of the Code, or an entity whose underlying assets include plan assets of either of the foregoing, the Subscriber must complete the following section.

If investing as a **Benefit Plan Investor** as defined on the previous page, is the Subscriber...

1. a plan or trust that is subject to the fiduciary provisions under Part 4 of Title I of ERISA?
 

yes                       no
  
2. a plan, trust or account that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), including an individual retirement account (an "IRA"), a Keogh plan, a plan that is exempt from tax under Section 501(a) of the Code because it meets the requirements described in Section 401(a) of the Code, or any other plan, trust, account or annuity that is subject to Section 4975 of the Code?
 

yes                       no
  
3. a church plan within the meaning of Section 3(33) of ERISA?
 

yes                       no

  - a. If the Subscriber answered "yes" to question 3, has such church plan elected to be subject to ERISA?
 

yes                       no
  
4. a governmental plan within the meaning of Section 3(32) of ERISA?
 

yes                       no
  
5. a plan which is established and maintained outside of the United States primarily for the benefit of individuals substantially all of whom are nonresident aliens?
 

yes                       no
  
6. an investment entity (e.g., a partnership, limited liability company, corporation, a group trust, bank collective trust, insurance company separate account, or other investment vehicle)?
 

yes                       no

  - a. If the Subscriber answered "yes" to question 6 on the previous page, are the assets of the Investor deemed to include the assets of one or more Benefit Plan Investors (as defined on pages 11-12)?
 

yes                       no
  - b. If the Subscriber answered "yes" to question 6(a) above, throughout the period the Investor holds Units, the maximum percentage of equity interests in the Investor that may at any time be held by Benefit Plan Investors is: \_\_\_\_\_ %.
  
7. an insurance company that is purchasing Units with assets of its general account?
 

yes                       no

  - a. If the Subscriber answered "yes" to question 7 above, throughout the period the Investor holds Units, the maximum percentage of the general account as a whole that may at any time constitute plan assets of Benefit Plan Investors is: \_\_\_\_\_ %.

**Benefit Plan Investor Fiduciary Questionnaire:**

In connection with the Benefit Plan Investor’s decision to commit assets of the Benefit Plan for investment in the Company and the Benefit Plan Investor’s holding or disposition of its Units, the Investor was and will be represented by a fiduciary that is (check as applicable):

- a bank as defined in Section 202 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) or similar institution that is regulated and supervised and subject to periodic examination by any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States (each, a “State”) or U.S. federal agency which is independent of the Trust, the Trustee, their respective affiliates and their respective partners, members, directors, officers, employees, agents and representatives (each, a “Covered Person”).
- an insurance carrier which is qualified under the laws of more than one U.S. state to perform the services of managing, acquiring or disposing of assets of an “employee benefit plan” as defined in Section 3(3) of ERISA or “plan” described in Section 4975(e)(1)(A) of the Code which is independent of any Covered Person.
- an investment adviser registered under the Advisers Act or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the State in which it maintains its principal office and place of business which is independent of any Covered Person.
- a broker-dealer registered under the U.S. Securities Exchange Act of 1934 which is independent of any Covered Person.
- a fiduciary (excluding an individual directing his or her own individual retirement account or plan account or relative of such individual) that holds, or has under management or control, total assets of at least \$50 million which is independent of any Covered Person.

If the Subscriber selected any of the preceding options, please provide the name of the fiduciary so qualified: \_\_\_\_\_

If the Subscriber did not select any of the options above, the Subscriber confirms that the Covered Persons (1) have not provided any investment advice or recommendations with respect to the Subscriber’s decision to commit assets of the Plan for investment in the Company and (2) did not otherwise act as a fiduciary on behalf of the Plan in connection with an investment in the Company.

*After this segment for Benefit Plan Investors is complete, please complete Sections 5, 6, and 7 (pages 15-19) to provide the financial information required to make an investment in this Offering. After providing the required financial information, please review the Agreement in Section 8 (pages 20-30) and sign (page 31) to complete your application for an investment in this Offering.*

*Please be sure to provide all requisite copies of applicable entity documents (see the top half of page 11) via email to [InvestorServices@4SpringsCapital.com](mailto:InvestorServices@4SpringsCapital.com) or via FedEx/USPS.*

*Please proceed to the next page to continue the application process.*

## 5. Accreditation Verification

Please fill out and sign the financial statement **OR** include a signed copy of your own financial statement if you have one already prepared **OR**, in lieu of a financial statement, you may complete the third-party accreditation letter on the next page.

ASSETS	
Current Assets	
Cash & Cash Equivalents	
Checking/Savings	
Money Market	
CDs	
Marketable Securities Stocks, Bonds, Mutual Funds	
Notes / Accounts Receivable (within 12 months)	
Other Retirement Assets IRA, 401k, Pension, PSPs	
Short-term Receivables	
TOTAL CURRENT ASSETS	
Market: Value of Primary Residence	
Market Value of Investments and Real Estate Owned	
Net Worth of Business Interest	
Personal Property	
Vehicles	
Furniture, Fixtures & Equipment	
Notes/ Accounts Receivable	
TOTAL LONG-TERM OR ILLIQUID ASSETS	
TOTAL ASSETS	

LIABILITIES	
Current Liabilities (due within 12 months)	
Credit Card Debt	
Notes / Accounts Payable (within 12 months)	
TOTAL CURRENT LIABILITIES	
Mortgage Payable on Primary Residence	
Mortgage Payable on Investments Real Estate Owned	
Debt Secured by Business Interest	
Debt Secured by Personal Property	
Debt Secured by Vehicles	
Total Long-Term Liabilities	
TOTAL LIABILITIES	
NET WORTH	

-----  
Name and Title if applicable (please print)

-----  
Signature

-----  
Date

-----  
Name and Title if applicable (please print)

-----  
Signature

-----  
Date

## Third-Party Accreditation Verification Letter

*If Subscriber is not providing a signed financial statement, please have an attorney, accountant, representative, or advisor fill out and sign the form below to provide a third-party verification of the Subscriber's accreditation to complete an investment in this Offering.*

**Name of investor or investing entity:** \_\_\_\_\_

I hereby confirm that the Investor set forth above is an "Accredited Investor" as defined in Rule 501 of Regulation D of the Securities Act of 1933. In conducting the analysis, I reviewed information provided by the Investor including, but not limited to, financial statements or certifications of certain information and supporting documentation that the Investor provided to me. I have taken "reasonable steps" as outlined by the Securities and Exchange Commission in conducting this analysis.

I am confirming that the Investor has been verified as an "Accredited Investor" as defined in Rule 501 of Regulation D of the Securities Act of 1933.

Investor has qualified as an "accredited investor" because he or she (check one below)

- is a NATURAL PERSON whose individual net worth, or joint net worth with spouse, is at least \$1,000,000, excluding the value of their primary residence, but including indebtedness secured by such residence in excess of the value of such residence.
- is a NATURAL PERSON who had individual income in excess of \$200,000 in each of the two most recent years or joint income with spouse or spousal equivalent in excess of \$300,000 in each of those years and have reasonable expectation of reaching the same income level in the current year.
- is NOT a natural person and hereby represent and warrant that is an ENTITY in which all of the equity owners are Accredited Investors or that the entity has a net worth of \$5,000,000.
- Other (please describe below - note it must comply with SEC Rule 501)

\_\_\_\_\_  
\_\_\_\_\_

I am a(n) (please check one):

- Attorney
- Accountant
- Broker-Dealer
- Investment Advisor

My License/CRD # is \_\_\_\_\_ and it is currently in good standing  
in the state of \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

## 6. Form W-9

*All Subscribers must fill out and sign a Form W-9 for the entity or person(s) who will be receiving distributions. We have attached a copy of a Form W-9 for your convenience on the next page. If you already have a signed copy of a Form W-9 prepared, you may include that instead.*

*Please proceed to the next page to complete the Form W-9.*

*The balance of this page is intentionally blank.*



## 7. ACH Authorization

Please fill out this form in order to receive your distributions via ACH. This form must be accompanied by a voided check or bank letter.

**Account information** (for investing entity/person(s) listed in Section 2)

Please choose one:

checking account                       savings account                       brokerage account

Account #: \_\_\_\_\_ Routing #: \_\_\_\_\_

Bank name: \_\_\_\_\_

Bank address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**Account owner(s)** (If more than two account owners, please include separately)

Name/Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Trustee/Custodian** (for Benefit Plan Investors only)

Name/Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Please attach a voided check or bank letter to this page or email a copy to  
[InvestorServices@4SpringsCapital.com](mailto:InvestorServices@4SpringsCapital.com).

## 8. Agreement

### A. Subscription

1. Subject to the terms and conditions of this Subscription Agreement (“Subscription Agreement”), the Subscriber hereby subscribes for Units in the Company at an offering price of \$50,000 per Unit (subject to a one Unit initial subscription minimum, which may be lowered in the discretion of the Manager), having an aggregate purchase price in the amount indicated by the Subscriber in Section 2 hereof.
2. The Company shall have the sole right, at its complete discretion, to accept or reject this application for a subscription, in whole or in part, for any reason and that the same shall be deemed to be accepted by the Company only when it is signed by the Manager and delivered to the undersigned at the Closing referred to in Section 8 Subsection A(3) hereof. Notwithstanding anything in this Subscription Agreement to the contrary, the Company shall have no obligation to issue any of the Units to any person who is a resident of a jurisdiction in which the issuance of the Units to such person would constitute a violation of the securities, “blue sky”, Patriot Act, or other similar laws of such jurisdiction.
3. The closing of the purchase and sale of the Units (the “Closing”) shall take place at such time and place as the Company may designate.
4. Payment for the Units shall be received by the Company from the Subscriber by cashier’s check, wire transfer of immediately available funds in accordance with the procedures set forth in the Memorandum (as defined below), in the amount as set forth on the signature page hereto. The Company will accept or reject subscriptions within 30 days after receipt of a fully executed and completed copy of this Subscription Agreement. If Subscriber’s subscription is rejected, Subscriber’s funds, without interest, shall be returned to Subscriber within ten business days after the date of such rejection.

### B. Privacy Policy

1. In accordance with securities law requirements and Patriot Act compliance, the Company and its affiliates collect nonpublic personal information about investors from information received on subscription documents and other forms and information required in connection with a subscription for Units and information concerning Subscriber’s transaction with the Company.
2. The Company and its affiliates will not disclose any nonpublic personal information relating to current or former investors except in connection with:
  - the administration, processing, and servicing of Units;
  - services provided to the Company, such as those provided by auditors, tax advisers, legal advisers, or other Company service providers;
  - banks and other financial institutions, lenders, or providers of financing; or
  - government agencies, regulatory authorities, courts and the like.

In each such case, the Company and its affiliates’ disclosure of any nonpublic personal information will be subject to customary undertakings and requirements of confidentiality.

3. The Company and its affiliates restrict access to nonpublic personal information relating to investors to personnel of the Company and its affiliates, and other personnel covered by appropriate confidentiality requirements who need to know that information in connection with the operation of the Company, including for purposes of complying with anti-money-laundering laws, the Patriot Act, and Know Your Customer regulations.

4. The Company and its affiliates maintain physical, electronic, and procedural controls in keeping with U.S. federal standards to reasonably safeguard the Company's nonpublic personal information relating to investors.

### **C. Representations and Warranties of the Subscriber**

As an inducement to the Company to approve the sale to the Subscriber the Units for which it has subscribed, the Subscriber represents and warrants to the Company as follows:

1. The Subscriber has received a copy of the Company's Memorandum, and has subscribed for and will hold all Units subject to the terms of the Memorandum, Purchase Agreement, and Company Agreement. The Subscriber has read and understands the Memorandum. In making this subscription, the Subscriber has not relied on any information (whether oral or written) that is inconsistent with the information contained in the Memorandum or the Operating Agreement.
2. The Subscriber has reviewed and meets the applicable investor suitability and eligibility requirements set forth in the Memorandum under "Suitability Standards". Subscriber is an "Accredited Investor" as defined by Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act").
3. The Subscriber represents that all the information set forth herein regarding the Subscriber (including, but not limited to its financial position), is correct and complete as of the date of this Subscription Agreement, and if there should be any material change in such information prior to the Subscriber becoming a member of the Company, the Subscriber will immediately furnish such revised or corrected information to the Company.
4. The Subscriber is acquiring Units for its own account for investment and not with a view to the resale or distribution thereof.
5. Investment in the Company is speculative and includes the risks summarized under "Risk Factors" in the Memorandum. The Subscriber is able to afford the risks of an investment in the Company, which include illiquidity and the potential disruption or loss of income, or principal, or both.
6. The Subscriber agrees to furnish the Company with any information, representations and forms as shall reasonably be requested by the Company or the Company from time to time to assist it in complying with any applicable law or tax requirements or determining the extent of, and in fulfilling, its withholding obligations. The Subscriber agrees to furnish the Company with any representations and forms as shall reasonably be requested by the Company to assist it in obtaining any exemption, reduction or refund of any withholding or other taxes imposed by any taxing authority or other governmental agency upon the Company or amounts paid to the Company. The Subscriber represents that it has provided the Company with a completed and executed Form W-9.
7. The Subscriber has sufficient knowledge and experience in financial matters so as to be capable of evaluating the merits and risks of purchasing Units and is able to bear the economic risk of such investment, including a complete loss. In this regard, the Subscriber acknowledges that an investment for Units will be illiquid and that there is no guarantee that the Company may offer to repurchase its Units periodically as described in the Memorandum, it is not required to do so and may limit the amounts repurchased. The Subscriber has determined that the Units subscribed for are a suitable investment. The Subscriber understands that it must bear the economic risk of an investment in the Company for an indefinite period of time and represents and warrants that it can bear the economic risk of losing its entire investment in the Company. The Subscriber understands that an investment in the Company is illiquid and there is presently no public market for Units (nor is it anticipated that any public market for such Units will develop). The Subscriber's overall commitment to the Company and other investments that are not readily marketable is not disproportionate to the Subscriber's net worth and the Subscriber has no need for immediate liquidity in the Subscriber's investment in Units.

8. If the Subscriber is not a natural person, the Subscriber is duly organized, validly existing, and in good standing under the laws of its jurisdiction of organization and has the power and authority to enter into this Subscription Agreement and each other document required to be or otherwise executed and delivered by the Subscriber in connection with this subscription for Units, and to perform its obligations hereunder and thereunder and consummate the transactions contemplated hereby and thereby, and the person(s) signing this Subscription Agreement on behalf of the Subscriber has been duly authorized to execute and deliver this Subscription Agreement and each other document required to be or otherwise executed and delivered by the Subscriber in connection with this subscription for Units. If the Subscriber is an individual, the Subscriber has all requisite legal capacity to acquire and hold the Units and to execute, deliver and comply with the terms of each of the documents required to be executed and delivered by the Subscriber in connection with this subscription for Units.
9. The execution and delivery by the Subscriber, and compliance by the Subscriber with this Subscription Agreement and each other document required to be executed and delivered by the Subscriber in connection with this subscription for Units does not conflict with, or constitute a default under, any instruments governing the Subscriber, any law, regulation or order, or any agreement to which the Subscriber is a party or by which the Subscriber is bound. This Subscription Agreement is valid and binding on and enforceable against the Subscriber in accordance with its terms.
10. If the Subscriber's subscription for Units is accepted, the Subscriber will execute and/or supply any additional documentation or information that the Company, a placement agent or the Company determines is reasonably required to determine suitability and/or eligibility to acquire and hold Units.
11. The Subscriber has read and agrees to the terms of the Privacy Notice included herein as Section 8 Subsection B ("Privacy Policy"). The Subscriber understands that all information provided in connection with the Company is confidential and proprietary and may include trade secrets and other commercially sensitive information. The Subscriber agrees that it will not disclose or use any of the information provided in connection with the Company or the subscription of Units, or permit any of its representatives or advisors to disclose or use such information, unless it has received the prior written consent of the Company.
12. The Subscriber has not ever filed (or had filed against Subscriber) a petition under the federal bankruptcy laws or any state insolvency law or had a receiver, fiscal agent or similar officer appointed by a court for your business or property; has not filed any litigation or had any litigation filed against Subscriber at any time during the last five years; is not a party to any pending litigation; and is not in the process of being charged and/or has not been convicted or had any partner in a management or principal ownership role been convicted of or charged with a criminal act or been the subject of a pending criminal proceeding (excluding traffic violations and other minor offenses). If any of the prior statements are not true of Subscriber, Subscriber must notify Company and provide details PRIOR to proceeding with an investment in the Offering.
13. The Subscriber understands that the Units have not been registered under the laws of any jurisdiction (including the Securities Act, the laws of any state of the United States of America or the laws of any foreign jurisdiction), nor is such registration contemplated. The Subscriber understands and agrees further that the Units may not be offered, resold, pledged or otherwise transferred unless they have been registered under the Securities Act and any applicable state or other securities laws or unless an exemption from such registration is available. Even if such an exemption is available, the assignability and transferability of the Units will be governed by the Declaration and this Subscription Agreement, which imposes other substantial restrictions on transfer. The Subscriber understands that legends stating that the Units have not been registered under the Securities Act and any applicable state or other laws and setting out or referring to the restrictions on the transferability and resale of the Units will be placed on documents evidencing the Units, if any.
14. If the Subscriber is a "Benefit Plan Investor" as defined in Section 4 of ERISA, which includes, for example, tax-qualified pensions, stock bonus or profit-sharing plans, employee benefit plans described in Section 3(3) and subject to Title I of ERISA, annuities described in Section 403(a) or (b) of the Code,

a Keogh Plan, an individual retirement account or annuity described in Sections 408 or 408A of the Code, an Archer MSA described in Section 220(d) of the Code, a health savings account described in Section 223(d) of the Code, a Coverdell education savings account described in Section 530 of the Code, or entities deemed to hold “plan assets” of any of the foregoing, the Subscriber has so indicated in Section 4 hereof. If Subscriber is a Benefit Plan Investor, Subscriber (i) acknowledges that (a) the person causing the Subscriber to purchase Units (a “Plan Fiduciary”) has exercised independent judgment in evaluating for itself the merits of such investment, and (b) the Plan Fiduciary has not solicited and has not received from the Company, the Company or any of their respective affiliates any evaluation or other impartial investment advice on any basis in respect of the advisability of this or any other investment in light of the plan’s assets, cash needs, investment policies or strategy, overall portfolio composition or plan for diversification of assets, and it is not relying and has not relied on any such persons for any such advice and (ii) represents that neither the execution and delivery of this Subscription Agreement nor the purchase or holding of the Units constitutes a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. The Plan Fiduciary (i) is a “fiduciary” within the meaning of Section 3(21) of ERISA or Section 4975 of the Code; (ii) is responsible for the Subscriber’s decision to purchase Units; (iii) is capable of evaluating investment risks independently, both in general and with regard to the Subscriber’s purchase of Units; (iv) is independent of the Company, the Company and any of their respective affiliates; (v) is qualified to make such investment decision; and (vi) if the Subscriber is an “individual retirement account” or “individual retirement annuity” within the meaning of Section 408 of the Code, is not the owner of such “individual retirement account” or “individual retirement annuity” or a relative thereof.

#### **D. Indemnification for Subscriber’s Misrepresentations or Failures to Perform**

1. Subscriber shall indemnify, defend and hold harmless the Company, Manager, FSX DST Inventory Financing Fund Manager, LLC (the “Sponsor”), and all of their respective limited partners, general partners, members, managers, officers, directors, affiliates, representatives and advisors from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys’ fees and costs) that they may incur by reason of Subscriber’s failure to fulfill all of the terms and conditions of this Subscription Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents Subscriber has furnished to any of the foregoing in connection with the transactions described herein. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys’ fees and costs) incurred by the Company, Manager, Sponsor or any of their respective general partners, limited partners, members, managers, officers, directors, affiliates, representatives or advisors defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents that Subscriber has furnished to any of the foregoing in connection with this transaction.
2. The Subscriber certifies that: (i) the Subscriber’s name, taxpayer identification or social security number and address provided in this Subscription Agreement are correct; and (ii) the Investor will complete and return with this Subscription Agreement an Internal Revenue Service Form W-9, Request for Taxpayer Identification Number and Certification.
3. All representations, warranties and covenants of the Subscriber contained herein shall survive the acceptance of this subscription.

#### **E. Patriot Act Compliance**

As a material condition of investing in the Company, and without limiting the other provisions of this Subscription Agreement, each Subscriber represents, warrants, covenants and agrees with, and certifies to, the Company as follows (collectively, the “Patriot Act Compliance Provisions”):

1. **Subscriber, and any direct or indirect beneficial owner of Subscriber**, has not committed any Patriot Act Offense. “Patriot Act Offense” means any violation of any of the following (collectively, “Applicable Laws”) (a) the Patriot Act ; or (b) the federal criminal laws of the United States of America or the state criminal laws of any state or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of such states, relating to terrorism or the laundering of monetary instruments; or (c) the requirements of any Executive Order or OFAC (Office of Foreign Assets Control) Laws and Regulations; or (d) crimes of conspiracy to commit, or aiding and abetting another to commit, any Patriot Act Offense.
2. **Legal Source of Funds:** The funds invested by Subscriber in the Company, and all funds received, directly or indirectly, by Subscriber from any direct or indirect beneficial owner of Subscriber, are derived from legal sources and without violation of Applicable Laws.
3. **Identity of Subscriber:** Subscriber, and any direct or indirect beneficial owner of Subscriber, (i) is not listed on any Governmental Lists, or a person who acts for or on behalf of, any person, group or entity on the Governmental Lists; or (ii) is not a person who has been determined by competent authority to be subject to the prohibitions contained in any Executive Orders, including without limitation being a person designated under Section 1(b), (c) or (d) of Executive Order 13224; or (iii) is not and has not in the past been under investigation by any governmental authority for, or has been charged with or convicted of, any Patriot Act Offense, or assessed civil penalties under Applicable Laws or related laws, or subject to seizure or forfeiture of its funds in any action under Applicable Laws or related laws.
4. **Prohibited Activities:** Subscriber, and any direct or indirect beneficial owner of Subscriber, has not been, and will not in the future be (i) a person who is located in a country with which dealings are prohibited or restricted by the United States federal government; (ii) dealing in a prohibited manner with a country or person or entity in a country with which dealings are prohibited or restricted by the United States government; or (iii) a person who commits a Patriot Act Offense.
5. **Consent to Disclosure of Information:** Subscriber consents to the Company performing a search of applicable Governmental Lists prior to acceptance of any subscription for Units, which search may be performed by a third party. Subscriber shall provide to the Company prior to acceptance of its subscription, and from time to time thereafter as requested by the Company, all information reasonably required by the Company to establish compliance with these Patriot Act Compliance Provisions.

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5 “Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, Public Law 107-56 (October 26, 2001), as the same may be amended from time to time, and corresponding provisions of future laws.

6 “Executive Order” means any Presidential Executive Orders, including, without limitation, Presidential Executive Order No. 13224 (September 24, 2001).

7 “OFAC Laws and Regulations” means any lists, laws, rules, sanctions and regulations maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation, including the Trading with the Enemy Act, 50 App. U.S.C. § 1 et seq., as amended from time to time, the International Emergency Economic Powers Act, 50 U.S.C. § 1 Working Interest et seq., as amended from time to time, the un-repealed provisions of the Iraqi Sanctions Act, Publ. L. No. 101-513, United Nations Participation Act, 22 U.S.C. § 287c et seq., as amended from time to time, the International Security and Development Cooperation Act, 22 U.S.C. § 2349aa-9 et seq., as amended from time to time, The Cuban Democracy Act, 22 U.S.C. § 6001 et seq., as amended from time to time, The Cuban Liberty and Democratic Solidarity Act, 22 U.S.C. § 6021 et seq., as amended from time to time, The Antiterrorism and Effective Death Penalty Act, 8 U.S.C. § 1189 et seq., and The Foreign Narcotics Kingpin Designation Act, 21 U.S.C. § 1901 et seq., as amended from time to time.

8 “Governmental Lists” means (1) the SDN List (Specially Designated Nationals and Blocked Persons Lists maintained by OFAC, as such list is amended from time to time), (2) the Denied Persons List and the Entity List maintained by the United States Department of Commerce, (3) the List of Terrorists and List of Disbarred Parties maintained by the United States Department of State, (4) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the OFAC Laws and Regulations, (5) any other similar list maintained by the United States Department of State, the United States Department of Commerce or any other Governmental Authority or pursuant to any Executive Order of the President of the United States of America, and (6) any list or qualification of “Designated Nationals” as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, as all such Governmental Lists may be updated from time to time.

6. **Notice of Violation:** Subscriber shall immediately notify the Company in writing of the relevant facts and circumstances if any representation or warranty set forth in these Patriot Act Compliance Provisions is no longer true or accurate in any respect, including becoming a person who is listed on any of the Governmental Lists, or who has become a designated person pursuant to any of the Executive Orders, or who is under investigation by any governmental entity for or has been charged with or convicted of, any Patriot Act Offense.
7. **Further Restriction on Transfers:** Without limiting any provisions in the Declaration of Company or the Bylaws of the Company, it is further agreed that no transfer of any direct or indirect interest in the Company, or of the equity or other beneficial ownership interests in any Subscriber that is an entity, shall be effective until the transferee has provided a written certification by the transferee to the Company that the transferee shall be bound by, subject to and shall comply with all of the Patriot Act Compliance Provisions set forth in this Section 8 Subsection E.
8. **Indemnification and Consequences of Breach:** Subscriber acknowledges that Subscriber understands the meaning and legal consequences of the representations, warranties and covenants of these Patriot Act Compliance Provisions set forth in this Section 8 Subsection E, and understands that the Company has relied upon such representations, warranties and covenants, in connection with any sale of Units pursuant thereto and Subscriber hereby agrees to indemnify and hold harmless the Company, the Company and their affiliates and their officers, managers, controlling persons, agents and employees, from and against any and all losses, damages or liabilities due to or arising out of a breach of any representation, warranty or covenant made by Subscriber herein (including losses, damages or liabilities under agreements with lenders or mezzanine financiers to and/or equity partners). Without limiting the foregoing, in the event of a breach by Subscriber (or its successors and assigns) of any of the representations, warranties, covenants and agreements set forth in these Patriot Act Compliance Provisions, the Company shall have, in addition to and without limiting all of the rights and remedies otherwise available at law or in equity, the right to purchase Subscriber's Units for cash at a purchase price equal to the lesser of (a) 70% of the purchase price of the Unit and (b) 70% of the NAV of such Units (as determined in accordance with the Memorandum), regardless of the current fair value of the Units or the Company's assets.
9. **Acknowledgement of Terms:** Subscriber understands and acknowledges that these Patriot Act Compliance Provisions are reasonable in light of the Company's business and operation, and that they (i) are a material condition precedent of the Company's acceptance of Subscriber's subscription; (ii) are in addition to the other representations, warranties, covenants and agreements set forth in this Subscription Agreement (and to the extent of a conflict, the terms of these Patriot Act Compliance Provisions shall control); (iii) shall survive the Company's acceptance of Subscriber's subscription; and (iv) shall be binding upon Subscriber's successors and assigns.

**Individual Investors:** Individual Investors must also complete Section 2 (pages 4-6); Section 3 (page 7); Sections 5, 6, and 7 (pages 15-19); review Section 8 (pages 20-30); and sign (page 31) in order to complete the application for investment in this Offering.

**Entity Investors:** Investors investing with an entity or who are otherwise not investing as an individual must also complete Section 2 (pages 4-6); the applicable segments of Section 4 (pages 8-11 for entities that are not Benefit Plan Investors; pages 8-13 for Benefit Plan Investors); Sections 5, 6, and 7 (pages 15-19); review Section 8 (pages 20-30), and sign (page 31) in order to complete the application for investment in this Offering.

After reviewing all the terms of this Agreement listed in Section 8, please signify Subscriber's agreement to these terms by signing this Agreement on the next page.

## 9. Signatures

The Subscriber has read and understood the full Agreement terms in Section 8 as well as the Memorandum, including particularly the “Risk Section,” prior to proceeding with an investment in this Offering. Subscriber hereby subscribes for the Units on the terms and conditions set forth herein in this agreement. The Subscriber recognizes that the Company and its counsel are relying on the truth and accuracy of the foregoing information in reliance on the exemption contained in Subsection 4(2) of the Securities Act and Regulation D promulgated thereunder. To the best of the undersigned’s knowledge, information and belief, the foregoing information supplied by the undersigned is true and correct in all respects and the undersigned represents that the undersigned will notify the Company promptly of any changes in the foregoing information that may occur prior to the investment

*All signers must email a copy of their Driver’s License to [InvestorServices@4SpringsCapital.com](mailto:InvestorServices@4SpringsCapital.com) or send via FedEx/USPS with the rest of the documents requested.*

### Individuals

Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### Entities

Entity Name: \_\_\_\_\_

Signer Name/Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signer Name/Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*If more than two signers are required for an entity, please print and sign a copy of this page. Requisite Broker-Dealer Signatures follow on the next page*

\_\_\_\_\_

**Broker-Dealer**

The Advisor, Registered Investment Advisor, and/or Broker-Dealer advising and/or representing the Subscriber(s) making an investment in this Offering acknowledge and agree to the following:

Standards of suitability have been established by the Company and fully disclosed in the Memorandum under “Suitability Standards” and in this Subscription Agreement. Before recommending purchase of a Unit, we have reasonable grounds to believe, on the basis of information supplied by the prospective investor concerning its investment objectives, other investments, financial situation and needs, and other pertinent information that: (a) the prospective investor is an “Accredited Investor” as defined in Section 501(a) of Regulation D of the Securities Act and meets the purchaser suitability requirements set forth in the Memorandum and this Subscription Agreement; (b) the prospective investor has a net worth and income sufficient to sustain the risks inherent in the Units, including loss of investment and lack of liquidity; and (c) the Units are otherwise a suitable purchase for the prospective investor and in alignment with the requirements of Reg BI. We will maintain files disclosing the basis upon which the suitability and best interests of this Subscriber was determined.

We verify that the above subscription either does not involve a discretionary account or, if so, that the prospective investor’s prior written approval was obtained relating to the liquidity and marketability of the Units during the term of the purchase.

**Registered Representative**

Firm Name: \_\_\_\_\_

Firm Type:     \_\_\_ Broker Dealer     \_\_\_ RIA     \_\_\_ Other (Check one)

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

**Principal/Officer of Broker-Dealer or RIA**

Broker-Dealer or RIA Name: \_\_\_\_\_

Principal/Officer Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**FSX Approval Section**

The Company hereby accepts the above application for subscription for Units and the Subscriber is admitted to the Company as a member as of the effective date of closing provided on the fully executed closing statement (the “Effective Date of Closing”).

Entity Name: **FSX DST Inventory Financing Fund, LLC**                      Compliance Approved: \_\_\_\_\_

Signer Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## FSX DST Inventory Financing Fund, LLC Wire Instructions

### WIRE INSTRUCTIONS ARE AS FOLLOWS:

#### For Domestic Wires:

##### Account Name:

CITIZENS BANK NA AGT FOR FSX DST INV FINANCING FUND LLC

ABA Routing Number: 036076150

Account Number: 6326819222

Reference: Project FSX DST Inventory

#### For International Wires:

SWIFT Code: CTZIUS33

(Charles, Tango, Zulu, Indigo, Uncle, Sierra, and number 33)

##### Bank Address:

Citizens Commercial Banking

1 Citizens Drive ROP140

Riverside, RI 02915

**Important Note: Please call a FSX contact at 732-749-7344 to VERBALLY confirm these wire instructions before wiring any funds.**