Section 1: 10-K (10-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

COMMISSION FILE NUMBER: 000-55765

Inland Residential Properties Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**80-0966998**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2901 Butterfield Road, Oak Brook, Illinois	**60523**
(Address of principal executive offices)	**(Zip Code)**

630-218-8000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There is no established market for the registrant's shares of common stock. On February 2, 2018, the board of directors of the registrant determined an estimated per share net asset value for each class of the registrant's common stock equal to $23.15 per share of Class A common stock, $24.32 per share of Class T common stock and $23.55 per share of Class T-3 common stock. Based on these estimated per share net asset values, the aggregate value of the registrant's common stock held by non-affiliates as of June 30, 2018 (the last business day of the registrant's most recently completed second fiscal quarter) was $47,844,094. All of the registrant's Class T and Class T-3 common stock were converted to shares of Class A common stock on January 23, 2019. As of March 19, 2019, there were 2,183,727 shares of Class A common stock outstanding.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.

TABLE OF CONTENTS

PART I

Item 1. Business

General

Inland Residential Properties Trust, Inc. (which we refer to herein as the "Company", "we", "our", or "us") was incorporated on December 19, 2013 as a Maryland corporation. We were formed to primarily acquire and manage a portfolio of multi-family properties located primarily in the top 100 United States metropolitan statistical areas, which generally contain populations greater than 500,000 people. We entered into a business management agreement (as amended, the "Business Management Agreement") with Inland Residential Business Manager & Advisor, Inc. (the "Business Manager"), an indirect wholly owned subsidiary of Inland Real Estate Investment Corporation (the "Sponsor" or "IREIC"), to be the Business Manager to the Company. Our Business Manager is responsible for overseeing and managing our day-to-day operations. Our properties are managed by Inland Residential Real Estate Services LLC (the "Real Estate Manager"), an indirect wholly owned subsidiary of our Sponsor. Substantially all of our business is conducted through Inland Residential Operating Partnership, L.P. (the "operating partnership"), of which we are the sole general partner.

We were authorized to sell up to $1,000,000,000 of shares of common stock consisting of Class A common stock, $.001 par value per share ("Class A Shares"), at a price of $25.00 per share, Class T common stock, $.001 par value per share ("Class T Shares"), at a price of $23.95 per share, and Class T-3 common stock, $.001 par value per share ("Class T-3 Shares" and, together with the Class A Shares and the Class T Shares, the "Shares"), at a price of $24.14 per share, in any combination, in an initial "reasonable best efforts" offering (the "Offering"). We commenced our Offering of Class A Shares and Class T Shares on February 17, 2015 and, effective February 2, 2017, we reallocated certain of the remaining shares offered in the Offering to offer Class T-3 Shares. We ceased accepting subscription agreements dated after December 31, 2017 and terminated the Offering on January 3, 2018. Excluding the DRP, we sold 1,401,711 Class A Shares, 390,230 Class T Shares and 255,666 Class T-3 Shares generating gross proceeds of $49,628,418 from the Offering.

On September 17, 2018, our board of directors approved the sale of all or substantially all of our assets, our liquidation and dissolution pursuant to a plan of liquidation (the "Plan of Liquidation"), subject to the approval of our stockholders. The 2018 annual meeting of stockholders was originally convened on November 27, 2018. The annual meeting was adjourned to solicit additional proxies in favor of Proposal No. 3, approval of the Plan of Liquidation. The annual meeting was reconvened on December 18, 2018. At the reconvened annual meeting, our stockholders approved Proposal No. 3, the Plan of Liquidation. As a result of our stockholders' approval of the Plan of Liquidation, we adopted the liquidation basis of accounting (the "Liquidation Basis of Accounting") as of December 18, 2018.

At December 31, 2018, we owned real estate consisting of two multi-family communities totaling 538 units. The properties consisted of 571,700 square feet of residential gross leasable area. During 2018, the properties' weighted average daily occupancy was 93.6% and at December 31, 2018, 510 units, or 94.8% of the total residential units were leased. At December 31, 2017 and prior to the sale of "The Commons at Town Center," we owned real estate consisting of three multi-family communities totaling 623 units. The properties consisted of 677,142 square feet of residential and 10,609 square feet of retail gross leasable area. During the year ended December 31, 2017, the properties' weighted average daily occupancy for residential was 94.7%, and at December 31, 2017, 599 units or 96.1% of the residential units were leased. At December 31, 2017, 100% of the retail units were occupied.

Plan of Liquidation

Pursuant to the Plan of Liquidation, we expect to, among other things:

- sell or otherwise dispose of all or substantially all of our assets (including, without limitation, any assets held by the operating partnership and its and our subsidiaries) in exchange for cash or other assets that may be conveniently liquidated or distributed;
- pay or provide for our liabilities and expenses, which may include establishing a reserve fund to pay contingent or unknown liabilities;
- distribute our current cash and the remaining proceeds of the liquidation to stockholders after paying or providing for our liabilities and expenses, and take all necessary or advisable actions to wind up our affairs; and
- wind up our operations and dissolve the Company, all in accordance with the Plan of Liquidation.

We anticipate selling all of our assets and completing our liquidation within five months after the December 18, 2018 stockholder approval of the Plan of Liquidation.

While pursuing our liquidation pursuant to the Plan of Liquidation, we intend to continue to manage our remaining real estate properties. We expect to pay multiple liquidating distributions, including the Initial Liquidating Distribution (defined below), to our stockholders during the liquidation process and to pay the final liquidating distribution after we sell our remaining real estate properties, pay all of our known liabilities and provide for unknown or contingent liabilities.

However, we can give no assurance regarding the timing of the sale of our remaining real estate properties in connection with the implementation of the Plan of Liquidation, the sale prices we will receive for the properties, and the amount or timing of any additional liquidating distributions we pay to our stockholders. If we cannot sell our remaining real estate properties and pay our debts within twenty-four months from December 18, 2018, we intend to transfer and assign our remaining assets and liabilities to a liquidating trust and distribute beneficial interests in the liquidating trust to our stockholders equivalent to each stockholder's ownership interests in the Company at that time.

In light of the Plan of Liquidation, our board of directors ceased declaring and paying regular distributions to our stockholders following the distributions to stockholders of record with respect to each day during the month of October 2018. On January 23, 2019, pursuant to the provisions of our charter, all of our outstanding Class T Shares and Class T-3 Shares automatically converted to Class A Shares. On January 25, 2019, we paid an initial liquidating distribution of $4.53 per Class A Share to our stockholders of record as of the close of business on January 25, 2019 (the "Initial Liquidating Distribution").

On February 5, 2019, our board of directors unanimously approved an estimated per share net asset value of Class A Shares as of February 1, 2019 equal to $16.06 per Class A Share (the "Estimated Per Share NAV"). The Estimated Per Share NAV represents an estimate, prepared by the Business Manager, of the total cash that may be available to distribute to our stockholders in one or more liquidating distributions pursuant to the Plan of Liquidation equal to approximately $20.59 per Class A Share, reduced by the Initial Liquidating Distribution. Our net assets in liquidation value per Class A Share as of December 31, 2018 was $20.59. There can be no guarantee as to the exact amount of net liquidation proceeds that ultimately will be available for distribution to our stockholders pursuant to the Plan of Liquidation. This amount may vary from the Estimated Per Share NAV and the net assets in liquidation value per Class A Share. See "Item 1A. Risk Factors - Risks Related to the Plan of Liquidation - Both the Estimated Per Share NAV and net assets in liquidation value per Class A Share are based on certain assumptions and estimates and may not reflect the amount that our stockholders will receive." During the course of liquidating and dissolving, we may incur unanticipated expenses and liabilities all of which are likely to reduce the cash available for distribution to our stockholders.

Historically, we provided a distribution reinvestment plan ("DRP") and a share repurchase program ("SRP") to facilitate additional investment in our shares and to provide limited liquidity for stockholders. On September 17, 2018, in contemplation of the Plan of Liquidation, which was still pending at that time, the Company's board of directors determined to terminate the DRP and SRP.

Sales Pursuant to the Plan of Liquidation

The Commons at Town Center – property sale – On December 20, 2018, we sold to an unaffiliated third party "The Commons at Town Center," located in Vernon Hills, Illinois, for a sale price of $24.6 million. At the closing, we received net proceeds of approximately $9.9 million representing the sale price of $24.6 million, net of closing costs, commissions, and certain prorations and adjustments, and the full repayment of $13.8 million in mortgage debt that encumbered the property.

The Verandas at Mitylene – contract for sale – On December 21, 2018, we entered into a contract to sell to an unaffiliated third party "The Verandas at Mitylene," located in Montgomery, Alabama, for a sale price of approximately $40.5 million minus the principal amount outstanding on an approximately $21.9 million mortgage loan to be assumed by the buyer, closing costs, commissions, and certain prorations and adjustments. Sale of the property is subject to conditions contained in the agreement, as amended on January 23, 2019 and February 19, 2019, including the lender's approval of the buyer's assumption of the mortgage loan.

The Retreat at Market Square – contract for sale – On February 12, 2019, we entered into a contract to sell to an unaffiliated third party "The Retreat at Market Square," located in Frederick, Maryland, for a sale price of approximately $47.0 million excluding closing costs, commissions, and certain prorations and adjustments. Sale of the property is subject to conditions contained in the agreement.

Tax Status

We elected to be taxed as a real estate investment trust for U.S. federal income tax purposes ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), commencing with the tax year ended December 31, 2015. As a result, we generally will not be subject to U.S. federal income tax on taxable income that is distributed to stockholders. Despite having adopted the Plan of Liquidation, in order to continue to qualify for taxation as a REIT we must, among other things, continue to distribute annually at least 90% of our REIT taxable income (subject to certain adjustments and excluding any net capital gain) to our stockholders. We will monitor the business and transactions that may potentially impact our REIT status. If we fail to qualify as a REIT in any taxable year, without the benefit of certain relief provisions, we will be subject to U.S. federal and state income tax on our taxable income at regular corporate tax rates. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income, property or net worth and U.S. federal income and excise taxes on our undistributed income.

Competition

The multi-family real estate market is highly competitive. We compete in all of our markets with other owners and operators of multi-family properties. With respect to the assets that we own, we compete based on a number of factors that include location, rental rates, security, suitability of the property's design to tenants' needs and the manner in which the property is operated. The number of competing properties in a particular market could have a material effect on a property's occupancy levels, rental rates and operating expenses. Many competitors, including larger REITs, have substantially greater financial resources than we do and generally enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies.

Subsequent to the adoption of the Plan of Liquidation, we have competition from other properties in the multi-family real estate market both from an operations perspective and with respect to the disposition of our remaining assets. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business and our net assets in liquidation.

Employees

We do not have any employees. In addition, all of our executive officers are officers of IREIC or one or more of its affiliates and are compensated by those entities, in part, for their services rendered to us. We neither separately compensate our executive officers for their service as officers, nor do we reimburse either our Business Manager or Real Estate Manager for any compensation paid to individuals who also serve as our executive officers, or the executive officers of our Business Manager or its affiliates or our Real Estate Manager; provided that, for these purposes, the corporate secretaries of the Company and our Business Manager are not considered "executive officers."

Conflicts of Interest

Certain persons performing services for our Business Manager and Real Estate Manager are employees of IREIC or its affiliates, and may also perform services for its affiliates and other IREIC-sponsored entities. These individuals face competing demands for their time and services and may have conflicts in allocating their time between our business and assets and the business and assets of these other entities. IREIC also may face a conflict of interest in allocating personnel and resources among these entities. In addition, conflicts exist to the extent that we acquire properties in the same geographic areas where properties owned by other IREIC-sponsored programs are located. In these cases, a conflict may arise in the acquisition or leasing of properties if we and another IREIC-sponsored program are competing for the same properties or tenants, or a conflict may arise in connection with the resale of properties if we and another IREIC-sponsored program are selling similar properties at the same time.

Our charter contains provisions setting forth our ability to engage in certain related party transactions. Our board of directors reviews all of these transactions and, as a general rule, any related party transactions must be approved by a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction. Further, we may not engage in certain transactions with entities sponsored by, or affiliated with, IREIC unless a majority of our board of directors, including a majority of our independent directors, finds the transaction to be fair and reasonable and on terms no less favorable to us than those from an unaffiliated party under the same circumstances. Our board has adopted a conflicts of interest policy prohibiting us (except as noted below), without the approval of our independent directors, from engaging in the following types of transactions with IREIC-affiliated entities:

- purchasing properties from, or selling properties to, any IREIC-affiliated entities (excluding circumstances where an entity affiliated with IREIC, such as Inland Real Estate Acquisitions, LLC ("IREA"), enters into a purchase agreement to acquire a property and does not enter the chain of title but merely assigns the purchase agreement to us);
- making loans to, or borrowing money from, any IREIC-affiliated entities (this excludes expense advancements under existing agreements, waivers of fees due under certain agreements and the deposit of monies in any banking institution affiliated with IREIC); and

- investing in joint ventures with any IREIC-affiliated entities.

Likewise, our agreements or relationships between us and IREIC and its affiliates, including, for example, agreements with the Business Manager and Real Estate Manager, must also be approved by our independent directors prior to our renewal of those agreements. Notwithstanding the foregoing, to facilitate an acquisition or borrowing, the Business Manager, or an affiliate thereof (including IREA), may purchase properties or other assets in its own name or assume loans in connection with the purchase of properties pending allocation of the property to us or our decision to acquire the property. Any asset acquired by the Business Manager or an affiliate thereof will be transferred to us at the lesser of: (1) the price paid for the asset by the entity plus any cost incurred by the entity in acquiring or financing the asset; or (2) a price not to exceed its "fair market value" on an "as is" basis as determined by an MAI appraisal prepared by an unaffiliated third party and dated no earlier than six months prior to the time the asset is transferred to us.

Environmental Matters

As an owner of real estate, we are subject to various environmental laws, rules and regulations adopted by various governmental bodies or agencies. Compliance with these laws, rules and regulations has not had a material adverse effect on our business, assets, or results of operations, financial condition and ability to pay distributions. We do not believe that our existing portfolio as of December 31, 2018 will require us to incur material expenditures to comply with these laws and regulations.

Access to Company Information

We electronically file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports with the Securities and Exchange Commission ("SEC"). The public may read and copy any of the reports that are filed with the SEC at the SEC's Internet address located at www.sec.gov. The website contains reports, proxy and information statements and other information regarding issuers that file electronically.

We make available, free of charge, on our website, inland-investments.com/inland-residential-trust, or by responding to requests addressed to our investor services group, the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports. These reports are available as soon as reasonably practicable after such material is electronically filed or furnished to the SEC.

Certifications

We have filed with the SEC the certifications required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, which are attached as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K.

Item 1A. Risk Factors

The factors described below represent our principal risks. Other factors may exist that we do not consider significant based on information that is currently available or that we are not currently able to anticipate. The occurrence of any of the risks discussed below could have a material adverse effect on our business, financial condition, results of operations and ability to pay any additional liquidating distributions to our stockholders.

Risks Related to the Plan of Liquidation

We cannot determine at this time the amount or timing of any further liquidating distributions to our stockholders.

We paid the Initial Liquidating Distribution of $4.53 per Class A Share in January 2019 and we anticipate paying an additional liquidating distribution or distributions in the future, but we cannot determine at this time when we will be able to pay, or the amount of, any further liquidating distributions. The ultimate amount that we will distribute to stockholders in the liquidation will depend upon the actual amount of our liabilities, the actual proceeds from the sale of our properties, the actual fees and expenses incurred in connection with the sale of our properties, the actual expenses incurred in the administration of our properties prior to disposition, the actual general and administrative expenses of the Company, our ability to continue to meet the requirements necessary to retain our status as a REIT throughout the period of the liquidation process, our ability to avoid entity-level U.S. federal income and excise taxes throughout the period of the liquidation process and other factors. If our liabilities (including, without limitation, tax liabilities and compliance costs) are greater than we currently expect or if the sales prices of our assets are less than we expect, distributions to stockholders will be reduced.

While we have previously provided estimates about the timing and amount of liquidating distributions that we will make, these estimates are based on multiple assumptions, one or more of which may prove to be incorrect, and the actual amount of liquidating distributions we pay to our stockholders may be more or less than these estimates. No assurance can be given regarding the actual amount our stockholders will receive in liquidating distributions pursuant to the Plan of Liquidation or when they will be paid.

If the sale agreement for "The Verandas at Mitylene" or "The Retreat Market Square" fails to close for any reason, we may be unable to find buyers for the assets on a timely basis or at our expected sales prices which may delay or reduce our liquidating distributions.

As of the date of this Annual Report on Form 10-K, we have entered into agreements to sell "The Verandas at Mitylene" and "The Retreat at Market Square," each to an unaffiliated third party. Sale of each property is subject to closing conditions, and sale of "The Verandas at Mitylene" is also subject to the lender's approval of the buyer's assumption of the mortgage loan. Even if all of the closing conditions are met, in the event that the buyer of either property fails to honor its contractual obligation to consummate the purchase of the applicable property, we have no right to bring an action for specific performance in order to compel the buyer to comply with its covenants or consummate the purchase of the applicable property. The consummation of the potential sales for which we will enter into sale agreements in the future will also be subject to satisfaction of closing conditions. If any of the transactions contemplated by the sale agreements do not close because of a buyer default, failure of a closing condition or for any other reason, we may not be able to enter into a new agreement on a timely basis or on terms that are as favorable as the original sale agreement. Any delay in the completion of asset sales could delay our payment of liquidating distributions to our stockholders. In addition, in order to find buyers in a timely manner, we may be required to lower our asking price below the current sale price. We will also incur additional costs involved in locating a new buyer and negotiating a new sale agreement for the applicable asset. If we incur these additional costs or reduce the sale price, our liquidating distributions to our stockholders would be reduced.

We may be required to invest additional amounts in our properties.

We have limited cash resources but may be required to make additional investments in our properties to enhance their sale value, including to correct defects or to make improvements before a property can be sold. We cannot assure stockholders that we will have funds available to correct these defects or to make these improvements. Any reduction in the value of our assets would make it more difficult for us to sell those assets for the amounts that we have estimated. Reductions in the amounts that we receive when we sell our assets could decrease the payment of distributions to stockholders. Our failure to meet our capital needs with financing that is on favorable terms could reduce and delay the liquidating distributions we make to our stockholders.

Decreases in property values may reduce the amount we receive upon a sale of our assets, which would reduce the amount stockholders receive in liquidating distributions.

There is no assurance that we will be able to sell our properties at prices or on terms and conditions acceptable to us. Investments in real properties are relatively illiquid. The amount we receive upon sale of our assets depends on the underlying value of our assets, and the underlying value of our assets may be reduced by a number of factors that are beyond our control, including, without limitation, the following:

- changes in general economic or local conditions;
- changes in supply of or demand for similar or competing properties in an area;
- changes in interest rates and availability of mortgage funds that may render the sale of a property difficult or unattractive;
- increases in operating expenses;
- the financial performance of our tenants, and the ability of our tenants to satisfy their obligations under their leases;
- vacancies and inability to lease or sublease space;
- potential major repairs which are not presently contemplated or other contingent liabilities associated with the assets;
- competition; and
- changes in tax, real estate, environmental and zoning laws.

If our liquidation costs or unpaid liabilities are greater than we expect, our liquidating distributions may be reduced or delayed.

Before making the final liquidating distribution, we will need to pay or arrange for the payment of all of our transaction costs in the liquidation, all other costs and all valid claims of our creditors. Our board of directors may also decide to acquire one or more insurance policies covering unknown or contingent claims against us, for which we would pay a premium which has not yet been determined. Our board of directors may also decide to establish a reserve fund to pay these contingent claims. To the extent that we have underestimated these costs, our actual liquidating distributions may be reduced. In addition, if the claims of our creditors are greater than we have anticipated or we decide to acquire one or more insurance policies covering unknown or contingent claims against us, our liquidating distributions may be reduced or delayed. Further, if a reserve fund is established, payment of liquidating distributions to our stockholders may be reduced or delayed.

Our entity value may be adversely affected by the implementation of the Plan of Liquidation.

The implementation of the Plan of Liquidation and our engaging in the process of winding-up our operations may dissuade parties that might have an interest in acquiring our Company from pursuing such an acquisition and may, especially as the liquidation process progresses and draws closer to completion, also preclude other possible courses of action not yet identified by our board of directors. Our sale of assets may have reduced the likelihood of a party making an offer to acquire us at an entity-level for a value that exceeds what we could realize from individual asset sales.

Stockholders could be liable to creditors to the extent of liquidating distributions received if contingent reserves are insufficient to satisfy our liabilities.

If a court holds at any time that we have failed to make adequate provision for our expenses and liabilities or if the amount ultimately required to be paid in respect of these liabilities exceeds the amount available from the contingency reserve and the assets of the liquidating trust, our creditors could seek an injunction to prevent us from making distributions under the Plan of Liquidation on the grounds that the amounts to be distributed are needed to provide for the payment of our expenses and liabilities. Any such action could delay or substantially diminish the cash distributions to be made to stockholders or holders of beneficial interests of the liquidating trust under the Plan of Liquidation.

We will continue to incur the expenses of complying with public company reporting requirements.

Through the implementation of the Plan of Liquidation, we will have an obligation to continue to comply with the applicable reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), even if compliance with these reporting requirements is economically burdensome. In order to curtail expenses, we may, after filing our articles of dissolution, seek relief from the SEC from the reporting requirements under the Exchange Act. We anticipate that, if relief is granted, we would continue to file current reports on Form 8-K to disclose material events relating to our liquidation and dissolution, along with any other reports that the SEC might require, but would discontinue filing Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

Our board of directors may terminate or delay implementation of the Plan of Liquidation.

Our board of directors has adopted and approved the Plan of Liquidation, and the Plan of Liquidation has become effective, but our board of directors may terminate the Plan of Liquidation without stockholder approval only (1) if the board of directors approves the Company entering into an agreement involving the sale or other disposition of all or substantially all of the assets of the Company or its common stock by merger, consolidation, share exchange, business combination, sale or other transaction involving the Company or (2) if the board of directors determines, in exercise of its duties under Maryland law, after consultation with the Business Manager, Real Estate Manager and its financial advisor (if applicable) or other third party experts familiar with the multi-family property market, that there is an adverse change in the multi-family property market that reasonably would be expected to adversely affect proceeding with the Plan of Liquidation. This power of termination may be exercised up to the time that the articles of dissolution have been accepted for record by the State Department of Assessments and Taxation of Maryland. In addition, our board of directors may modify or amend the Plan of Liquidation without further action by our stockholders to the extent permitted under then current law. Subject to the conditions described above, our board of directors may conclude either that its duties under applicable law require it to pursue business opportunities that present themselves or that abandoning the Plan of Liquidation is otherwise in the best interests of the Company. If our board of directors elects to pursue any alternative to the Plan of Liquidation, our stockholders may not receive any liquidating distributions.

If we are unable to maintain the occupancy rates of currently leased units or spaces or if tenants default under their leases or other obligations to us during the liquidation process, our cash flow and the sales price of the impacted assets will be reduced and our liquidating distributions may be reduced.

We depend on tenants for revenue, and, accordingly, our revenue is dependent upon the success and economic viability of our tenants. Negative trends in occupancy rates or tenant default rates during the liquidation process may adversely affect the sales price of the impacted assets, which would reduce our liquidating distributions. Moreover, to the extent that we receive less rental income than we expect during the liquidation process, our liquidating distributions will be reduced. Any reduction in our operating cash flow could cause the payment of liquidating distributions to our stockholders to be reduced or delayed.

Our failure to remain qualified as a REIT would reduce the amount of our liquidating distributions.

Although our board of directors does not presently intend to terminate our REIT status prior to the final distribution of our assets and our dissolution, our board of directors may take actions pursuant to the Plan of Liquidation which would result in a loss of REIT status. Upon the final distribution of our assets and our dissolution, our existence and our REIT status will terminate. However, there is a risk that our actions in pursuit of the Plan of Liquidation may cause us to fail to meet one or more of the requirements that must be met in order to qualify as a REIT prior to completion of the Plan of Liquidation. For example, to qualify as a REIT, at least 75% of our gross income must come from real estate sources and 95% of our gross income must come from real estate sources and certain other sources that are itemized in the REIT provisions in the Internal Revenue Code, mainly interest and dividends. We may encounter difficulties satisfying these requirements as part of the liquidation process. In addition, in selling our assets, we may recognize ordinary income in excess of the cash received. The REIT provisions in the Internal Revenue Code require us to pay out a large portion of our ordinary income in the form of a dividend to stockholders. However, to the extent that we recognize ordinary income without any cash available for distribution, and if we are unable to meet the REIT distribution requirements, we may cease to qualify as a REIT. While we expect to comply with the requirements necessary to qualify as a REIT in any taxable year, if we are unable to do so, we will, among other things (unless entitled to relief under certain statutory provisions):

- not be allowed a deduction for dividends paid to stockholders in computing our taxable income;
- be subject to U.S. federal income tax on our taxable income at the corporate rate;
- be subject to increased state and local taxes; and
- be disqualified from treatment as a REIT for the taxable year in which we lose our qualification and for the four following taxable years.

As a result of these consequences, our failure to qualify as a REIT could cause the amount of the liquidating distributions to our stockholders to be reduced.

Pursuing the Plan of Liquidation may increase the risk that we will become liable for U.S. federal income and excise taxes.

We generally are not subject to U.S. federal income tax to the extent that we distribute to our stockholders during each taxable year (or, under certain circumstances, during the subsequent taxable year) dividends equal to our taxable income for the year (determined without regard to the deduction for dividends paid and by excluding any net capital gain). However, we are subject to U.S. federal income tax to the extent that our taxable income exceeds the amount of dividends distributed to our stockholders for the taxable year. In addition, we are subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by us with respect to any calendar year are less than the sum of 85% of our ordinary income for that year, plus 95% of our capital gain net income for that year, plus 100% of our undistributed taxable income from prior years. While we intend to make distributions to our stockholders sufficient to avoid the imposition of any U.S. federal income tax on our taxable income and the imposition of the excise tax, differences in timing between our actual cash flow and the recognition of our taxable income could cause us to have to either borrow funds on a short-term basis to meet the REIT distribution requirements, find another alternative for meeting the REIT distribution requirements, or pay U.S. federal income and excise taxes. In addition (and as discussed in more detail below), net income from the sale of properties that are "dealer" properties (a "prohibited transaction" under the Internal Revenue Code) would be subject to a 100% excise tax. The cost of borrowing or the payment of U.S. federal income and excise taxes would reduce the amount of liquidating distributions to our stockholders.

The sale of our assets may cause us to be subject to a 100% excise tax on the net income from "prohibited transactions," which would reduce the amount of our liquidating distributions.

Assuming we remain qualified as a REIT, we will be subject to a 100% excise tax on any net income and gain derived from our sale or other dispositions of property that we are treated as holding primarily for sale to customers in the ordinary course of our trade or business ("prohibited transactions"), except as discussed herein. The Internal Revenue Code provides a "safe harbor" which, if all its conditions are met, would protect a REIT's property sales from being considered prohibited transactions. Regardless of whether a transaction qualifies for the safe harbor, we believe, but cannot assure stockholders, that all of our properties are held for investment and that none of the property sales that we intend to make pursuant to the Plan of Liquidation should be subject to this tax. If the Internal Revenue Service ("IRS") were to successfully treat some or all of the property sales as prohibited transactions resulting in the payment of taxes by us, the amount of liquidating distributions to our stockholders could be significantly reduced.

Distributing interests in a liquidating trust may cause stockholders to recognize taxable gain prior to the receipt of cash.

The REIT provisions of the Internal Revenue Code generally require that each year we distribute as a dividend to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain). Liquidating distributions we make pursuant to a plan of liquidation generally will, subject to the discussion below regarding the abandonment of the Plan of Liquidation, to the extent of our current earnings and profits for the year of the liquidating distribution, qualify for the dividends paid deduction, provided that they are made within twenty-four months of December 18, 2018, the date our stockholders approved the Plan of Liquidation. Conditions may arise which cause us not to be able to liquidate within the twenty-four-month period. For instance, it may not be possible to sell our assets at acceptable prices during this period. In this event, rather than retaining our assets and risk losing our status as a REIT, we intend, for tax purposes, to transfer our remaining assets and liabilities to a liquidating trust in order to meet the twenty-four-month requirement. We may also elect to transfer our remaining assets and liabilities to a liquidating trust within the twenty-four-month period to avoid the costs of operating as a public company. This contribution would be treated for U.S. federal income tax purposes as a distribution of our remaining assets to our stockholders, followed by a contribution of the assets to the liquidating trust. As a result, stockholders would recognize gain to the extent their share of the cash and the fair market value of any assets received by the liquidating trust was greater than their tax basis in their stock (reduced by the amount of all prior liquidating distributions made to stockholders during the liquidation period) prior to the subsequent sale of the assets by the liquidating trust and the distribution to stockholders of the net cash proceeds, if any. Pursuant to IRS guidance, the liquidating trust generally could have up to three years (subject to extension in certain cases) to distribute its assets to stockholders. This transfer also may have adverse tax consequences for tax-exempt and non-U.S. stockholders, including with respect to the on-going activity of the liquidating trust.

In addition, the fair market value of the assets received by the liquidating trust, as estimated for purposes of determining the extent of a stockholder's gain at the time interests in the liquidating trust are distributed to our stockholders, may exceed the cash or fair market value of property received by the liquidating trust on a sale of the assets. In this case, a stockholder would recognize a loss in a taxable year subsequent to the taxable year in which the gain was recognized, which loss may be limited under the Internal Revenue Code.

Because liquidating distributions may be made in multiple tax years, if we were to abandon the Plan of Liquidation in a tax year subsequent to one in which we already made liquidating distributions, the timing and character of stockholders' taxation with respect to liquidating distributions made to them in the prior tax year could change, which may subject the stockholder to tax liability.

The U.S. federal income tax consequences of abandoning a Plan of Liquidation are not entirely clear once we have begun making liquidating distributions, in particular because liquidating distributions could be made in multiple tax years during the twenty-four months we have for U.S. federal income tax purposes to complete our liquidation after the Plan of Liquidation has been approved by our stockholders. In general, distributions to "U.S. stockholders" under the Plan of Liquidation, including their pro rata share of the fair market value of any assets that are transferred to a liquidating trust, should not be taxable to them for U.S. federal income tax purposes until the aggregate amount of liquidating distributions to them exceeds their respective adjusted tax basis in their shares of common stock, and then should be taxable to them as capital gain (assuming they hold their shares as a capital asset). However, if we abandon the Plan of Liquidation, the U.S. federal income tax treatment of any liquidating distributions already made pursuant to the Plan of Liquidation would change because they would no longer be treated as having been made as part of our complete liquidation. Instead, any distributions could be treated as either a distribution made with respect to the shares "U.S. stockholders" hold, subject to the normal rules of U.S. federal income tax the distributions they currently receive are subject to, or as payment to them for the sale or exchange of their shares in partial redemption of them. Treatment as a sale or distribution would depend on their particular circumstances and we cannot predict which would apply; however, regardless of which treatment would apply, each distribution likely would be at least partially taxable to them, and potentially at rates applicable to ordinary income rather than to capital gains.

Accordingly, if we had made liquidating distributions in the tax year we adopted the Plan of Liquidation which did not exceed a "U.S. stockholder's" tax basis in the "U.S. stockholder's" shares (and therefore were not taxable to them), and we abandoned the Plan of Liquidation in the subsequent tax year, they may now have a tax liability with respect to the distributions made to them in the prior tax year, and, if they are treated as distributions rather than as payments in partial redemption of their shares, whether they are taxed at ordinary income or capital gains rates may depend on whether we had declared any portion of the distributions as capital gain dividends. In addition, liquidating distributions we make pursuant to a Plan of Liquidation qualify for the dividends paid deduction to the extent of our current earnings and profits for the year of the liquidating distribution (which helps us ensure we meet our annual distribution requirement during our liquidation process), provided that they are made within twenty-four months of the adoption of the plan; however, if such distributions were no longer made pursuant to our complete liquidation within twenty-four months of the adoption of our Plan of Liquidation, whether any part of the distributions qualify for the dividends paid deduction will depend on different criteria. If we had made some liquidating distributions in one tax year and we abandoned the Plan of Liquidation in the subsequent tax year, it is possible that we may not have made sufficient distributions in that first tax year to satisfy our annual distribution requirement for that tax year which, if we are unable to cure such failure, could result in the loss of our REIT status effective as of the beginning of that first tax year. Furthermore, we could be treated as having failed to withhold the correct amount with respect to distributions to "non-U.S. stockholders," which could subject us to penalties, thereby reducing the amount available for distribution to our stockholders.

The Plan of Liquidation may lead to stockholder litigation, which could result in substantial costs and distract our management.

Historically, extraordinary corporate actions by a company, such as the Plan of Liquidation, often lead to securities class action lawsuits being filed against that company. We may become involved in this type of litigation in connection with the Plan of Liquidation. As of the date of this Annual Report on Form 10-K, no lawsuits relative to the Plan of Liquidation were pending or, to our knowledge, threatened. However, if a lawsuit is filed against us, the litigation may be costly and, even if we ultimately prevail, the process of defending against the lawsuit will divert management's attention from implementing the Plan of Liquidation and otherwise operating our business. If we do not prevail, we may be liable for damages. We cannot predict the amount of any damages, however, liquidating distributions to our stockholders could be delayed by requiring us to pay damages.

Our ability to operate our business and implement the Plan of Liquidation depends to a significant degree upon the contributions of our executive officers and other key personnel of our Business Manager and its affiliates.

We are externally managed by the Business Manager and have no employees of our own. Personnel and services that we require are provided to us under contracts with our Business Manager and its affiliates. We depend on our Business Manager and Real Estate Manager to manage our operations and manage our real estate assets, including sale of our real estate assets. Accordingly, our ability to implement the Plan of Liquidation depends to a significant degree upon the contributions of our executive officers and other key personnel of our Business Manager. Neither we nor our Business Manager or Real Estate Manager has employment agreements with these persons, and we cannot guarantee that all, or any particular one, will continue to be available to provide services to us. We cannot guarantee that all, or any, of these key personnel will continue to provide services to us or our Business Manager, particularly in light of the liquidation of our business and potential termination of the business management agreement with our Business Manager, and the loss of any of these key personnel could cause our ability to successfully operate our business and implement the Plan of Liquidation to suffer.

Both the Estimated Per Share NAV and net assets in liquidation value per Class A Share are based on certain assumptions and estimates and may not reflect the amount that our stockholders will receive.

The net assets in liquidation value as of December 31, 2018 of $20.59 and the Estimated Per Share NAV as of February 1, 2019 of $16.06 per Class A Share which excludes the Initial Liquidating Distribution of $4.53 per Class A Share paid on January 25, 2019, are based on certain assumptions and estimates. There can be no guarantee as to the exact amount of net liquidation proceeds that ultimately will be available for distribution to our stockholders pursuant to the Plan of Liquidation. This amount may vary from the Estimated Per Share NAV and the net assets in liquidation as of December 31, 2018 included in the accompanying consolidated financial statements. Moreover, neither the Estimated Per Share NAV nor the net assets in liquidation value per Class A Share represents: (i) the price at which our shares would trade on a national securities exchange, (ii) the amount per share a stockholder would obtain if he, she or it tried to sell his, her or its shares, (iii) the amount per share stockholders would receive if we liquidated our assets and distributed the proceeds after paying all our expenses and liabilities or (iv) the price a third party would pay to acquire our Company. There is also no assurance that the methodology used to estimate our value per share will be acceptable to broker dealers for customer account purposes or to the Financial Industry Regulatory Authority, Inc. ("FINRA") or that it will satisfy the applicable annual valuation requirements under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code with respect to employee benefit plans subject to ERISA and other retirement plans or accounts subject to Section 4975 of the Internal Revenue Code.

These estimates of what a stockholder may ultimately receive in total from our liquidation are based on assumptions that may not be accurate or complete and include, among other things, estimates and assumptions as to the actual amount of time it will take to complete the implementation of the Plan of Liquidation and whether we will be required to provide for any unknown and outstanding liabilities or expenses, which may include the establishment of a reserve fund or transferring assets to a liquidating trust to pay contingent liabilities and ongoing expenses in an amount to be determined as information concerning such contingencies and expenses becomes available. We will continue to incur liabilities and expenses from operations prior to the dissolution of the Company. Our estimates regarding our expense levels may be inaccurate. Any unexpected claims, liabilities or expenses that arise, or any claims, liabilities or expenses that exceed our estimates, will reduce the amount of cash available for distribution to stockholders.

Risks Related to Our Business

Our fixed operating expenses constitute a greater percentage of our gross income due to the size of our portfolio and, as a result, may make it more difficult to generate sufficient income to provide for a full return of invested capital to stockholders.

Our fixed operating expenses, including property operating expenses and expenses related to operating as a public reporting company, relative to our gross income is disproportionately large due to the size of our portfolio. As a result, the Company historically has been unable to cover its distribution payments to stockholders from operating cash flows. A smaller portfolio increases the likelihood that any single property's poor performance would materially affect our overall investment performance and the value of our stockholders' investment.

We have incurred net losses on a U.S. GAAP basis for the period from January 1, 2018 through December 18, 2018 and for the years ended December 31, 2017 and 2016.

We have incurred net losses on a U.S. GAAP basis for the period from January 1, 2018 through December 18, 2018 and for the years ended December 31, 2017 and 2016 of $2.4 million, $3.1 million and $2.3 million, respectively. Our losses can be attributed, in part, to property operating, interest, general and administrative expenses, and non-cash charges for depreciation and amortization. We may incur net losses in the future, which could have a material adverse impact on our financial condition, operations, cash flow, and our ability to service our indebtedness and pay distributions to our stockholders. We are subject to all of the business risks and uncertainties associated with any business. We cannot assure our stockholders that, in the future, we will be profitable or that we will realize growth in the value of our assets.

Because no established public trading market for our shares exists and because we have terminated our SRP, our stockholders may not realize the cash value of their shares until we complete our liquidation pursuant to the Plan of Liquidation.

There is no established public trading market for our shares and no assurance that one may develop. This may inhibit the transferability of our shares. In addition, our charter limits any person or group from owning or controlling more than 9.8% in value of our outstanding stock, or 9.8% in value or in number (whichever is more restrictive) of our aggregate outstanding shares of common stock, without the prior approval of our board. Moreover, we have terminated our SRP.

Therefore, it will be difficult for our stockholders to sell their shares promptly or at all. If our stockholders are able to sell their shares, they would likely have to sell them at a substantial discount to the price for which they acquired the shares.

Disruptions in the financial markets and uncertain economic conditions could adversely affect the values of our remaining real estate properties and the amount of any additional liquidating distributions we pay to our stockholders.

A volatile and challenging global macro-economic environment may interfere with the implementation of the Plan of Liquidation and reduce the amount of net proceeds from liquidation and therefore, reduce the amount of any additional liquidating distributions we pay to our stockholders. Disruptions in the financial markets and uncertain economic conditions could adversely affect the values of our remaining real estate properties. Furthermore, a decline in economic conditions could negatively impact real estate fundamentals and result in lower occupancy, lower rental rates and declining real estate values.

These factors could decrease the overall value of our stockholders' investment and the amount of any additional liquidating distributions we pay to our stockholders.

The failure of any bank in which we deposit our funds would reduce the amount of cash we have available to fund operations, pay distributions or invest in real estate assets.

The Federal Deposit Insurance Corporation, or "FDIC," generally only insures limited amounts per depositor per insured bank. The FDIC insures up to $250,000 per depositor per insured bank for interest-bearing accounts. At December 31, 2018, we had cash and cash equivalents exceeding these federally insured levels. If any of the banking institutions in which we have deposited our funds ultimately fails, we may lose our deposits over the federally insured levels. The loss of our deposits would reduce the amount of cash we have available to distribute to our stockholders.

We rely on IREIC and its affiliates and subsidiaries to operate our business and implement the Plan of Liquidation. Any material adverse change in IREIC's financial condition or our relationship with IREIC could have a material adverse effect on our ability to manage our operations and implement the Plan of Liquidation.

We depend on IREIC and its affiliates and subsidiaries to operate our business and implement the Plan of Liquidation. IREIC owns and controls our Business Manager and Real Estate Manager through subsidiaries. IREIC has sponsored numerous public and private programs and through its affiliates or subsidiaries has provided offering, asset, property and other management and ancillary services to these entities. From time to time, IREIC or the applicable affiliate or subsidiary has waived fees or made capital contributions to support these public or private programs. IREIC or its applicable affiliates or subsidiaries may waive fees or make capital contributions in the future. Further, IREIC and its affiliates or subsidiaries may from time to time be parties to litigation or other claims arising from sponsoring these entities or providing these services. As such, IREIC and these other entities may incur costs, liabilities or other expenses arising from litigation or claims that are either not reimbursable or not covered by insurance. Future waivers of fees, additional capital contributions or costs, liabilities or other expenses arising from litigation or claims could have a material adverse effect on IREIC's financial condition and ability to fund our Business Manager or Real Estate Manager to the extent necessary.

As an "emerging growth company," we are permitted to rely on exemptions from certain reporting and disclosure requirements, which may make our future public filings different than that of other public companies.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and we are eligible to take advantage of certain exemptions from various reporting and disclosure requirements that are applicable to public companies that are not emerging growth companies. We will remain an emerging growth company until the earliest of: (1) December 31, 2020; (2) the last date of the fiscal year during which we had total annual gross revenues of $1 billion or more; (3) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt; or (4) the date on which we are deemed to be a "large accelerated filer" as defined under Rule 12b-2 under the Exchange Act. For so long as we remain an emerging growth company, we will not be required to:

- have an auditor attestation report on our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- submit certain executive compensation matters to stockholder advisory votes pursuant to the "say on frequency" and "say on pay" provisions (requiring a non-binding stockholder vote to approve compensation of certain executive officers) and the "say on golden parachute" provisions (requiring a non-binding stockholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; or
- disclose certain executive compensation related items, such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

If we choose to take advantage of any or all of these provisions, the information that we provide our stockholders in our future public filings may be different than that of other public companies. The exact implications of the JOBS Act for us are still subject to interpretations and guidance by the SEC and other regulatory agencies. In addition, as our business grows, we may no longer satisfy

the conditions of an emerging growth company. We continue to evaluate and monitor developments with respect to these rules and we cannot assure our stockholders that we will be able to take advantage of all of the benefits of the JOBS Act.

In addition, the JOBS Act provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies. This means that an emerging growth company can delay adopting certain accounting standards until such standards are otherwise applicable to private companies. We have elected to opt out of this transition period, and will therefore comply with new or revised accounting standards on the applicable dates on which the adoption of these standards is required for non-emerging growth companies. This election is irrevocable.

The occurrence of cyber incidents, or a deficiency in our cybersecurity, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. Our three primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our relationship with our tenants, and private data exposure. We have implemented processes, procedures and controls to help mitigate these risks, but these measures, as well as our increased awareness of a risk of a cyber incident, do not guarantee that our financial results will not be negatively impacted by such an incident.

A failure of our information technology (IT) infrastructure could adversely impact our business and operations.

We rely upon the capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure in response to the changing needs of our business. If there are technological impediments, unforeseen complications, errors or breakdowns in implementing necessary upgrades to our IT infrastructure, the disruptions could have an adverse effect on our business and financial condition.

Risks Related to Investments in Real Estate

There are inherent risks with real estate investments.

Investments in real estate assets are subject to varying degrees of risk. For example, an investment in real estate cannot generally be quickly sold. Investments in real estate assets also are subject to adverse changes in general economic conditions which, for example, reduce the demand for rental of multi-family units.

Among the factors that could impact the performance of our remaining real estate assets are:

- local conditions such as an oversupply of multi-family units or reduced demand for properties of the type that we acquire;
- inability to collect rent from tenants;
- vacancies or inability to rent units on favorable terms;
- inflation and other increases in operating costs, including insurance premiums, utilities and real estate taxes;
- deflation which could reduce the value of our remaining assets;
- adverse changes in the federal, state or local laws and regulations applicable to us;
- the relative illiquidity of real estate investments;
- changing market demographics;
- an inability to acquire and finance real estate assets on favorable terms, if at all;
- acts of God, such as earthquakes, floods or other uninsured losses; and
- changes or increases in interest rates and availability of financing.

In addition, periods of economic slowdown or recession, or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or increased defaults under existing leases. Any of the above factors, or a

combination thereof, could result in a decrease in the value of our remaining real estate properties, which would have an adverse effect on our operations and reduce the amount of any additional liquidating distributions we pay to our stockholders.

We may be unable to renew leases as leases expire.

We may not be able to lease multi-family units which are vacant or become vacant because a tenant decides not to renew its lease. Even if a tenant renews its lease or we enter into a lease with a new tenant, the terms of the new lease may be less favorable than the terms of the old lease. If we are unable to promptly renew or enter into new leases, or if the rental rates are lower than expected, our results of operations and net assets in liquidation will be adversely affected. Our occupancy levels and lease terms may be adversely affected by national and local economic and market conditions including, without limitation, new construction and excess inventory of multi-family and single family housing, rental housing subsidized by the government, other government programs that favor single family rental housing or owner occupied housing over multi-family rental housing, governmental regulations, slow or negative employment growth and household formation, the availability of low interest mortgages for single family home buyers, changes in social preferences and the potential for geopolitical instability, all of which are beyond our control. In addition, various state and local municipalities are considering and may continue to consider rent control legislation or take other actions which could limit our ability to raise rents. Finally, the federal government's policies, many of which may encourage home ownership, can increase competition and possibly limit our ability to raise rents.

Increased competition and increased affordability of residential homes could limit our ability to retain tenants, lease multi-family homes or increase or maintain rents.

The multi-family sector is highly competitive. This competition could reduce occupancy levels and revenues at our remaining multi-family communities, which would adversely affect our operations and our net assets in liquidation. We face competition from many sources. We face competition from other multi-family communities both in the immediate vicinity and in the larger geographic market where our multi-family communities are located. These competitors may have greater experience and financial resources than us giving them an advantage in attracting tenants to their properties. For example, our competitors may be willing to offer multi-family homes at rental rates below our rates, causing us to lose existing or potential tenants and pressuring us to reduce our rental rates to retain existing tenants or convince new tenants to lease space at our property. Overbuilding of multi-family communities may also occur. If so, this will increase the number of multi-family homes available and may decrease occupancy and multi-family rental rates. In addition, increases in operating costs due to inflation may not be offset by increased multi-family rental rates. Furthermore, multi-family communities we acquire most likely compete, or will compete, with numerous housing alternatives in attracting tenants, including owner occupied single- and multi-family homes available to rent or purchase. Competitive housing in a particular area and the increasing affordability of owner occupied single and multi-family homes available to rent or buy caused by low mortgage interest rates and government programs to promote home ownership could adversely affect our ability to retain our tenants, lease multi-family homes and increase or maintain rental rates.

Our remaining multi-family assets may not achieve anticipated results.

Our remaining multi-family properties may not achieve anticipated results because:

- We fail to achieve expected occupancy and rental rates; and
- We are unable to successfully integrate acquired properties and operations.

We may experience increased costs to own and maintain our properties.

We may experience increased costs associated with capital improvements and routine property maintenance, such as repairs to the foundation, exterior walls, and rooftops of our properties. Any increases in the expenses we incur to own and maintain our properties would reduce our cash flow and ability to pay additional liquidating distributions.

We depend on tenants for our revenue, and therefore, our revenue and our ability to make additional liquidating distributions to our stockholders is partially dependent upon the ability of the tenants of our properties to generate enough income to pay their rents in a timely manner. A substantial number of non-renewals, terminations or lease defaults could reduce our net income and limit our ability to make any additional liquidating distributions to our stockholders.

The underlying value of our remaining properties and the amount of any additional liquidating distributions we pay to our stockholders depend upon the ability of the tenants of our remaining properties to generate enough income to pay their rents in a timely manner, and the success of our remaining real estate properties depends upon the occupancy levels, rental income and operating expenses of those properties and our Company. Tenants' inability to timely pay their rents may be impacted by employment and other constraints on their personal finances, including debts, purchases and other factors. These and other changes beyond our control may adversely affect our tenants' ability to make rental payments. In the event of a resident default or bankruptcy, we may experience delays in enforcing our rights as landlord and may incur costs in protecting our investment and re-leasing the affected units. We may be unable to re-lease the affected units for the rent previously received. We may be unable to sell a property with low occupancy without incurring a loss. These events and others could cause us to reduce the amount of any additional liquidating distributions we make to stockholders and the value of our stockholders' investment to decline.

Operating expenses may increase in the future and to the extent these increases cannot be passed on to our tenants in the form of rent increases, our cash flow and our operating results would decrease.

Operating expenses, such as expenses for fuel, utilities, labor, building materials and insurance, are not fixed and may increase in the future. Any increases would cause our cash flow and our operating results to decrease, which could have a material adverse effect on our ability to pay any additional liquidating distributions.

Uninsured losses or premiums for insurance coverage may adversely affect the amount of any additional liquidating distributions we pay to our stockholders.

The nature of the activities at certain properties may expose us and our tenants or operators to potential liability for personal injuries and, in certain instances, property damage claims. In addition, there are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters that are uninsurable or not economically insurable, or that may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with potential terrorist acts could sharply increase the premiums we pay for coverage against property and casualty claims. These policies may or may not be available at a reasonable cost, if at all, which could inhibit our ability to refinance our remaining properties. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We cannot provide any assurance that we will have adequate coverage for these losses. In the event that any of our remaining properties incurs a casualty loss that is not fully covered by insurance, the value of the particular asset will likely be reduced by the uninsured loss. In addition, other than any working capital reserve or other reserves we may establish, we have very limited sources of funding to repair or reconstruct any uninsured property. Also, to the extent we must pay unexpectedly large amounts for insurance, we could suffer reduced earnings that would reduce the amount of any additional liquidating distributions we pay to our stockholders

The costs of complying with environmental laws and other governmental laws and regulations may adversely affect us.

All real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, and the remediation of contamination associated with disposals. We also are required to comply with various local, state and federal fire, health, life-safety and similar regulations. Some of these laws and regulations may impose joint and several liability on owners or operators for the costs of investigating or remediating contaminated properties. These laws and regulations often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the hazardous or toxic substances. The cost of removing or remediating could be substantial. In addition, the presence of these substances, or the failure to properly remediate these substances, may adversely affect our ability to sell or rent a property.

Environmental laws and regulations also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures by us. Environmental laws and regulations provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Third parties may seek recovery from owners or operators of real properties for personal injury or property damage associated with exposure to released hazardous substances. Compliance with new or more stringent laws or regulations or stricter interpretations of existing laws may require material expenditures by us. For example, various federal, regional and state laws and regulations have been implemented or are under consideration to mitigate the effects of climate change caused by greenhouse gas emissions. Among other things, "green" building codes may seek to reduce emissions through the imposition of standards for design, construction materials, water and energy usage and efficiency, and waste management. These requirements could increase the costs of maintaining or improving our remaining properties.

We may incur significant costs to comply with the Americans With Disabilities Act or similar laws.

Our remaining properties are subject to the Americans With Disabilities Act of 1990, as amended, which we refer to as the Disabilities Act. Under the Disabilities Act, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The Disabilities Act has separate compliance requirements for "public accommodations" and "commercial facilities" that generally require that buildings and services be made accessible and available to people with disabilities.

The requirements of the Disabilities Act or the Fair Housing Amendments Act, or FHAA, could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties or, in some cases, an award of damages. We may incur significant costs to comply with these laws.

Risks Associated with Debt Financing

We incurred mortgage indebtedness which reduces the funds available for any additional liquidating distributions and increases the risk of loss since defaults may cause us to lose the properties securing the loans.

We acquired our properties by financing a portion of the price of the properties and mortgaging the properties purchased as security for that debt. We may also borrow money for other purposes to, among other things, satisfy the requirement that we make aggregate annual distributions (other than capital gain dividends) to our stockholders of at least 90% of our annual REIT taxable income (which does not equal net income as calculated in accordance with U.S. GAAP), determined without regard to the deduction for dividends paid and excluding any net capital gain. We also may borrow if we otherwise deem it necessary or advisable to assure that we continue to qualify as a REIT. We, however, can give our stockholders no assurance that we will be able to obtain these borrowings on satisfactory terms. Payments required on any amounts we borrow reduce the funds available for any additional distributions to our stockholders because cash is used to pay principal and interest on this debt.

If there is a shortfall between the cash flow from a property and the cash flow needed to service mortgage debt secured by a property, then the amount of any additional liquidating distributions we pay to our stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In such a case, we could lose the property securing the loan that is in default, thus reducing the value of our stockholders' investment. For U.S. federal income tax purposes, a foreclosure is treated as a sale of the property or properties for a purchase price equal to the outstanding balance of the debt secured by the property or properties. If the outstanding balance of the debt exceeds our tax basis in the property or properties, we would recognize taxable gain on the foreclosure but would not receive any cash proceeds. We have given and may fully or partially guarantee any monies that subsidiaries borrow to purchase or operate properties. In these cases, we will likely be responsible to the lender for repaying the loans if the subsidiary is unable to do so.

High mortgage rates may make it difficult for us to refinance our remaining real estate properties.

If we are unable to borrow money at favorable rates, we may be unable to refinance existing loans at maturity. Further, we may enter into loan agreements or other credit arrangements that require us to pay interest on amounts we borrow at variable or "adjustable" rates. Increases in interest rates will increase our interest costs. If interest rates are higher when we refinance our loans, our expenses will increase and we may not be able to pass on this added cost in the form of increased rents, thereby reducing our cash flow and the amount available for any additional liquidating distributions to our stockholders.

Interest-only indebtedness may increase our risk of default and ultimately may reduce our funds available for any additional liquidating distributions to our stockholders.

We have obtained, and may continue to enter into, mortgage indebtedness that does not require us to pay principal for all or a portion of the life of the debt instrument. During the period when no principal payments are required, the amount of each scheduled payment is less than that of a traditional amortizing mortgage loan. The principal balance of the mortgage loan is not reduced (except in the case of prepayments) because there are no scheduled monthly payments of principal required during this period. After the interest-only period, we may be required either to make scheduled payments of principal and interest or to make a lump-sum or "balloon" payment at or prior to maturity. These required principal or balloon payments will increase the amount of our scheduled payments and may increase our risk of default under the related mortgage loan if we do not have funds available or are unable to refinance the obligation.

The total amount we may borrow is limited by our charter.

Our charter generally limits the total amount we may borrow to 300% of our net assets, equivalent to 75% of the cost of our assets, unless our board of directors (including a majority of our independent directors) determines that a higher level is appropriate and the

excess in borrowing is disclosed to stockholders in our next quarterly report along with the justification for the excess. This limit could adversely affect our business, including:

- causing us to lose our REIT status if we cannot borrow to fund the monies needed to satisfy the REIT distribution requirements;
- causing operational problems if there are cash flow shortfalls for working capital purposes; and
- causing the loss of a property if, for example, financing is necessary to cure a default on a mortgage.

Risks Related to Conflicts of Interest

IREIC may face a conflict of interest in allocating personnel and resources among its affiliates, our Business Manager and our Real Estate Manager.

We do not have any employees and rely on persons performing services for our Business Manager and Real Estate Manager and their affiliates to manage our day-to-day operations. Some of these persons also provide services to one or more investment programs currently sponsored by IREIC. These individuals face competing demands for their time and service, and are required to allocate their time among our business and assets and the business and assets of IREIC, its affiliates and the other programs formed and organized by IREIC. Certain of these individuals have fiduciary duties to both us and our stockholders. If these persons are unable to devote sufficient time or resources to our business due to the competing demands of the other programs, they may violate their fiduciary duties to us and our stockholders, which could harm the implementation of the Plan of Liquidation.

IREIC and its affiliates, including the Business Manager and the Real Estate Manager, and our directors and executive officers face conflicts of interest caused by their compensation or other arrangements with us, which could result in actions that are not in the long-term best interests of our stockholders.

IREIC and its affiliates, including the Business Manager and the Real Estate Manager, and our directors and executive officers, including all of our executive officers and two of our directors in their capacities as executives of the Business Manager and certain of its affiliates, face conflicts of interest caused by their compensation or other arrangements with us, including the following existing relationships:

- The Business Manager is entitled to receive business management fees based on the aggregate book value, including acquired intangibles, of our invested assets, and may receive reimbursement of expenses in connection with the implementation of the Plan of Liquidation;
- The Real Estate Manager is entitled to receive fees, based on gross income from properties under management, and reimbursements under a property management agreement;
- The special limited partner, a wholly owned subsidiary of IREIC, is entitled to receive subordinated incentive distributions equal to 15% of the amount remaining after our stockholders receive a return of their capital contributions plus an annual 6% cumulative, pre-tax, non-compounded return on the capital contributions;
- Affiliates of the Business Manager and Real Estate Manager, including the service providers, are also entitled to reimbursements for any expenses that they pay or incur on our behalf in providing services to us;
- IREIC and its affiliates are entitled to repayment of amounts owed to these parties, including non-interest bearing advances and unpaid offering costs and business management fees, advanced property operating expenses and acquisition and mortgage financing fees incurred prior to August 8, 2016 that remain unpaid; and
- All unvested restricted shares of common stock issued under the Company's employee and director incentive restricted share plan, including 1,791 unvested restricted shares held by our independent directors in the aggregate, vested upon the approval of the Plan of Liquidation.

These compensation or other arrangements may cause these entities to take or not take certain actions. Among other matters, these compensation arrangements could affect their judgment with respect to: (1) the continuation, renewal or enforcement of agreements with the Business Manager and its affiliates, including the business management agreement and (2) sales of our remaining real estate properties.

We do not have arm's-length agreements with our Business Manager, our Real Estate Manager or any other affiliates of IREIC.

The agreements and arrangements with our Business Manager, our Real Estate Manager and any other affiliates of IREIC were not negotiated at arm's-length. These agreements may contain terms and conditions that are not in our best interest or would not be present if we entered into arm's-length agreements with third parties.

Risks Related to Our Corporate Structure

Because we conduct all of our operations through the operating partnership, we depend on it and its subsidiaries for cash flow and we are structurally subordinated in right of payment to the obligations of the operating partnership and its subsidiaries.

Because we conduct all of our operations through the operating partnership, we derive cash to pay distributions from the operating partnership and its subsidiaries. We cannot assure our stockholders that the operating partnership or its subsidiaries will be able to, or be permitted to, make distributions to us that will enable us to make any additional liquidating distributions to our stockholders. Each of the operating partnership's subsidiaries is and will be a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from such entities. Any claim our stockholders may have against us is structurally subordinated to all existing and future liabilities and obligations of the operating partnership and its subsidiaries. Therefore, in connection with implementing the Plan of Liquidation or in the event of our bankruptcy, liquidation or reorganization, our assets and those of the operating partnership and its subsidiaries will be able to satisfy our stockholders' claims only after all of our and the operating partnership's and its subsidiaries' liabilities and obligations have been paid in full.

Our rights, and the rights of our stockholders, to recover claims against our officers, directors, Business Manager and Real Estate Manager are limited.

Under our charter, no director or officer will be liable to us or to any stockholder for money damages to the extent that Maryland law and our charter permits the limitation of the liability of directors and officers of a corporation, and we must generally indemnify and advance expenses to our directors, officers, and employees, the Business Manager, the Real Estate Manager and their respective affiliates. However, we may not indemnify any of them for any losses or liabilities suffered by any of them or hold any of them harmless for any losses or liabilities suffered by us unless: (1) these persons or entities have determined in good faith that the course of conduct that caused the loss or liability was in our best interest; (2) these persons or entities were acting on our behalf or performing services for us; (3) the loss or liability was not the result of the negligence or misconduct of the directors (gross negligence or willful misconduct of the independent directors), officers, employees, Business Manager or Real Estate Manager or their respective affiliates; and (4) the indemnity or agreement to hold harmless is recoverable only out of our net assets and not from our stockholders. As a result, we and our stockholders may have more limited rights against our directors, officers and employees, our Business Manager, the Real Estate Manager and their respective affiliates, than might otherwise exist under common law. In addition, we may be obligated to fund the defense costs incurred by our directors, officers and employees or our Business Manager and the Real Estate Manager and their respective affiliates in some cases.

Our board of directors may, in the future, adopt certain measures under Maryland law without stockholder approval that may have the effect of making it less likely that a stockholder would receive a "control premium" for his or her shares.

Corporations organized under Maryland law with a class of registered securities and at least three independent directors are permitted to protect themselves from unsolicited proposals or offers to acquire the company by electing to be subject, by a charter or bylaw provision or a board of directors resolution and notwithstanding any contrary charter or bylaw provision, to any or all of five provisions:

- staggering the board of directors into three classes;
- requiring a two-thirds vote of stockholders to remove directors;
- providing that only the board can fix the size of the board;
- providing that all vacancies on the board, regardless of how the vacancy was created, may be filled only by the affirmative vote of a majority of the remaining directors in office and for the remainder of the full term of the class of directors in which the vacancy occurred; and
- requiring that special stockholders meetings be called only by holders of shares entitled to cast a majority of the votes entitled to be cast at the meeting.

These provisions may discourage an extraordinary transaction, such as a merger, tender offer or sale of all or substantially all of our assets, all of which might provide a premium price for stockholders' shares. Our charter does not prohibit our board from opting into any of the above provisions.

Further, under the Maryland Business Combination Act, we may not engage in any merger or other business combination with an "interested stockholder" or any affiliate of that interested stockholder for a period of five years after the most recent date on which the interested stockholder became an interested stockholder. After the five-year period ends, any merger or other business combination with the interested stockholder or any affiliate of the interested stockholder must be recommended by our board of directors and approved by the affirmative vote of at least:

- 80% of all votes entitled to be cast by holders of outstanding shares of our voting stock; and
- two-thirds of all of the votes entitled to be cast by holders of outstanding shares of our voting stock other than those shares owned or held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder unless, among other things, our stockholders receive a minimum payment for their common stock equal to the highest price paid by the interested stockholder for its common stock.

Our directors have adopted a resolution exempting any business combination involving us and The Inland Group or any affiliate of The Inland Group, including our Business Manager and Real Estate Manager, from the provisions of this law.

Our charter places limits on the amount of common stock that any person may own without the prior approval of our board of directors.

No more than 50% of the outstanding shares of our common stock may be beneficially owned, directly or indirectly, by five or fewer individuals at any time during the last half of each taxable year (other than the first taxable year for which an election to be taxed as a REIT has been made). Our charter prohibits any persons or groups from owning or controlling more than 9.8% in value of our outstanding stock, or 9.8% in value or in number (whichever is more restrictive) of our aggregate outstanding shares of common stock, without the prior approval of our board of directors. These provisions may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction such as a merger, tender offer or sale of all or substantially all of our assets that might involve a premium price for holders of our common stock. Further, any person or group attempting to purchase shares exceeding these limits could be compelled to sell the additional shares and, as a result, to forfeit the benefits of owning the additional shares.

Maryland law limits, in some cases, the ability of a third party to vote shares acquired in a "control share acquisition."

The Maryland Control Share Acquisition Act provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by stockholders by a vote of two-thirds of the votes entitled to be cast on the matter. Shares of stock owned by the acquirer, by officers or by employees who are directors of the corporation, are excluded from shares entitled to vote on the matter. "Control shares" are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer can exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within specified ranges of voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of issued and outstanding control shares. The control share acquisition statute does not apply: (1) to shares acquired in a merger, consolidation or share exchange if the Maryland corporation is a party to the transaction; or (2) to acquisitions approved or exempted by the charter or bylaws of the Maryland corporation. Our bylaws contain a provision exempting from the Control Share Acquisition Act any and all acquisitions of our stock by any person. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

U.S. Federal Income Tax Risks

Our failure to remain qualified as a REIT would subject us to U.S. federal income tax and state and local income tax, and would adversely affect our operations and the value of our common stock.

We elected to be taxed as a REIT commencing with our taxable year ending December 31, 2015 and intend to continue to operate in a manner that would allow us to remain qualified as a REIT. However, we may terminate our REIT qualification, if our board of directors determines that not qualifying as a REIT is in our best interests. Our qualification as a REIT depends upon our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. The REIT qualification requirements are extremely complex and interpretation of the U.S. federal income tax laws governing qualification as a REIT is limited. Furthermore, any opinion of our counsel, including tax counsel, as to our eligibility to remain qualified as a REIT is not binding on the IRS and is not a guarantee that we will continue to qualify as a REIT. Accordingly, we cannot be certain that we will be successful in operating so we can remain qualified as a REIT. Our ability to satisfy the asset tests depends on our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income or quarterly asset requirements also depends on our ability to successfully manage the composition of our income and assets on an ongoing basis. Accordingly, if certain of our operations

were to be recharacterized by the IRS, such recharacterization would jeopardize our ability to satisfy all requirements for qualification as a REIT. Furthermore, future legislative, judicial or administrative changes to the U.S. federal income tax laws could be applied retroactively, which could result in our disqualification as a REIT.

If we fail to qualify as a REIT for any taxable year, and we do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax on our taxable income at the corporate rate. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT qualification. Losing our REIT qualification would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends paid deduction, and we would no longer be required to make distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

Even if we maintain our status for tax purposes as a REIT, in certain circumstances, we may incur tax liabilities that would reduce our cash available for distribution to our stockholders.

Even if we maintain our status as a REIT, we may be subject to U.S. federal, state and local income taxes. For example, net income from the sale of properties that are "dealer" properties sold by a REIT and that do not meet a safe harbor available under the Internal Revenue Code (a "prohibited transaction" under the Internal Revenue Code) will be subject to a 100% tax. We may not make sufficient distributions to avoid excise taxes applicable to REITs. We also may decide to retain net capital gain we earn from the sale or other disposition of our property and pay U.S. federal income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability unless they file U.S. federal income tax returns and thereon seek a refund of such tax. We also will be subject to corporate tax on any undistributed taxable income. We also may be subject to state and local taxes on our income, property or net worth, including franchise, payroll and transfer taxes, either directly or at the level of the operating partnership or at the level of the other companies through which we may indirectly own assets, such as taxable REIT subsidiaries, which are subject to full U.S. federal, state, local and foreign corporate-level income taxes. Any taxes we pay directly or indirectly will reduce our cash available for distribution to our stockholders.

To qualify as a REIT we must meet annual distribution requirements, which may force us to forgo otherwise attractive opportunities or borrow funds during unfavorable market conditions. This could delay or hinder our ability to meet our investment objectives and reduce our stockholders' overall return.

In order to qualify as a REIT, we must make aggregate annual distributions (other than capital gain dividends) to our stockholders of at least 90% of our annual REIT taxable income (which does not equal net income as calculated in accordance with U.S. GAAP), determined without regard to the deduction for dividends paid and excluding any net capital gain. We will be subject to U.S. federal income tax on our undistributed taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of (a) 85% of our ordinary income, (b) 95% of our capital gain net income and (c) 100% of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be spent on investments in real estate assets and it is possible that we might be required to borrow funds, possibly at unfavorable rates, or sell assets to fund these distributions. It is possible that we might not always be able to make distributions sufficient to meet the annual distribution requirements and to avoid U.S. federal income and excise taxes on our earnings while we qualify as a REIT.

Our taxable REIT subsidiaries are subject to corporate-level taxes and our dealings with our taxable REIT subsidiaries may be subject to a 100% excise tax.

A REIT may own up to 100% of the stock of one or more taxable REIT subsidiaries. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a taxable REIT subsidiary. A corporation of which a taxable REIT subsidiary directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a taxable REIT subsidiary. Overall, no more than 20% (25% for our taxable years beginning prior to January 1, 2018) of the gross value of a REIT's assets may consist of stock or securities of one or more taxable REIT subsidiaries. A taxable REIT subsidiary may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT, including gross income from operations pursuant to management contracts. Accordingly, we may use taxable REIT subsidiaries generally to hold properties for sale in the ordinary course of a trade or business or to hold assets or conduct activities that we cannot conduct directly as a REIT. A taxable REIT subsidiary will be subject to applicable U.S. federal, state, local and foreign income tax on its taxable income. In addition, the taxable REIT subsidiary rules limit the deductibility of interest paid or accrued by a taxable REIT subsidiary to its parent REIT to assure that the taxable REIT subsidiary is subject to an appropriate level of corporate taxation. In addition, the Internal Revenue Code imposes a 100% excise tax on certain transactions between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm's-length basis.

Certain fees paid to us may affect our REIT status.

Income received in the nature of rental subsidies or rent guarantees, in some cases, may not qualify as rental income from real estate and could be characterized by the IRS as non-qualifying income for purposes of satisfying the 75% and 95% gross income tests required for REIT qualification. If the aggregate of non-qualifying income under the 95% gross income test in any taxable year ever exceeded 5% of our gross revenues for the taxable year or non-qualifying income under the 75% gross income test in any taxable year ever exceeded 25% of our gross revenues for the taxable year, we could lose our REIT status for that taxable year and the four taxable years following the year of losing our REIT status unless we are entitled to a relief provision under the Internal Revenue Code.

If the operating partnership failed to qualify as a partnership or is not otherwise disregarded for U.S. federal income tax purposes, we would cease to qualify as a REIT.

If the IRS were to successfully challenge the status of the operating partnership as a partnership or disregarded entity for such purposes, it would be taxable as a corporation. In the event that this occurs, it would reduce the amount of distributions that the operating partnership could make to us. This also would result in our failing to qualify as a REIT, and becoming subject to a corporate level tax on our income. This substantially would reduce our cash available to pay distributions and the yield on our stockholders' investment. In addition, if any of the partnerships or limited liability companies through which the operating partnership owns its properties, in whole or in part, loses its characterization as a partnership and is otherwise not disregarded for U.S. federal income tax purposes, such partnership or limited liability company would be subject to taxation as a corporation, thereby reducing distributions to the operating partnership. Such a recharacterization of an underlying property owner could also threaten our ability to maintain our REIT qualification.

Complying with REIT requirements may limit our ability to hedge our liabilities effectively and may cause us to incur tax liabilities.

The REIT provisions of the Internal Revenue Code may limit our ability to hedge our liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate changes, price changes or currency fluctuations with respect to borrowings made or to be made to acquire or carry real estate assets or in certain cases to hedge previously acquired hedges entered into to manage risks associated with property that has been disposed of or liabilities that have been extinguished, if properly identified under applicable Treasury Regulations, does not constitute "gross income" for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions will likely be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a taxable REIT subsidiary. This could increase the cost of our hedging activities because a taxable REIT subsidiary would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in a taxable REIT subsidiary generally will not provide any tax benefit, except for being carried forward against future taxable income of such taxable REIT subsidiary.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may subject us to U.S. federal income tax and reduce distributions to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. While we elected and intend to continue to qualify to be taxed as a REIT, we may terminate our REIT election if we determine that qualifying as a REIT is no longer in our best interests. If we cease to be a REIT, we would become subject to corporate-level U.S. federal income tax (as well as any applicable state and local corporate tax) on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders and on the market price of our common stock.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility and reduce the market price of our common stock.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of U.S. federal income tax laws applicable to investments similar to an investment in shares of our common stock. Additional changes to the tax laws are likely to continue to occur, and we cannot assure our stockholders that any such changes will not adversely affect their taxation. Any such changes could have an adverse effect on an investment in our shares or on the market value or the resale potential of our assets. Stockholders are urged to consult with their tax advisor with respect to the impact of recent legislation on their investment in our shares and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our shares.

Although REITs generally receive better tax treatment than entities taxed as regular corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U.S. federal income tax purposes as a corporation. As a result, our charter provides our board of directors with

the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a regular corporation, without the vote of our stockholders. Our board of directors has fiduciary duties to us and our stockholders and could only cause such changes in our tax treatment if it determines in good faith that such changes are in the best interest of our stockholders.

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

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

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT while we so qualify. Unless exempted prospectively or retroactively by our board of directors, for so long as we qualify as a REIT, our charter prohibits, among other limitations on ownership and transfer of shares of our stock, any person from beneficially or constructively owning (applying certain attribution rules under the Internal Revenue Code) more than 9.8% in value of our outstanding stock, or 9.8% in value or in number (whichever is more restrictive) of our aggregate outstanding shares of common stock. Our board of directors may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of the 9.8% ownership limit would result in the termination of our qualification as a REIT. These restrictions on transferability and ownership will not apply, however, if our board of directors determines that it is no longer in our best interest to continue to qualify as a REIT or that compliance with the restrictions is no longer required in order for us to continue to so qualify as a REIT. These ownership limits could delay or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of the stockholders.

Non-U.S. stockholders will be subject to U.S. federal withholding tax and may be subject to U.S. federal income tax on distributions received from us and upon the disposition of our shares.

Subject to certain exceptions, distributions received from us will be treated as dividends of ordinary income to the extent of our current or accumulated earnings and profits. Such dividends ordinarily will be subject to U.S. withholding tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty, unless the distributions are treated as "effectively connected" with the conduct by the non-U.S. stockholder of a U.S. trade or business. Pursuant to the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, capital gain distributions attributable to sales or exchanges of "U.S. real property interests," or USRPIs, generally will be taxed to a non-U.S. stockholder (other than a qualified foreign pension plan, entities wholly owned by a qualified foreign pension plan and certain publicly traded foreign entities) as if such gain were effectively connected with a U.S. trade or business. However, a capital gain dividend will not be treated as effectively connected income if (a) the distribution is received with respect to a class of stock that is regularly traded on an established securities market located in the United States and (b) the non-U.S. stockholder does not own more than 10% of the class of our stock at any time during the one-year period ending on the date the distribution is received. We do not anticipate that our shares will be "regularly traded" on an established securities market for the foreseeable future, and therefore, this exception is not expected to apply.

Gain recognized by a non-U.S. stockholder upon the sale or exchange of our common stock generally will not be subject to U.S. federal income taxation unless such stock constitutes a USRPI under FIRPTA. Our common stock will not constitute a USRPI so long as we are a "domestically-controlled qualified investment entity." A domestically-controlled qualified investment entity includes a REIT if at all times during a specified testing period, less than 50% in value of such REIT's stock is held directly or indirectly by non-U.S. stockholders. We believe, but cannot assure you, that we will be a domestically-controlled qualified investment entity.

Even if we do not qualify as a domestically-controlled qualified investment entity at the time a non-U.S. stockholder sells or exchanges our common stock, gain arising from such a sale or exchange would not be subject to U.S. taxation under FIRPTA as a sale of a USRPI if: (a) our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and (b) such non-U.S. stockholder owned, actually and constructively, 10% or less of our common stock at any time during the five-year period ending on the date of the sale. However, it is not anticipated that our common stock will be "regularly traded" on an established market. We encourage our stockholders to consult their tax advisor to determine the tax consequences applicable to them if they are a non-U.S. stockholder.

Potential characterization of distributions or gain on sale may be treated as unrelated business taxable income to tax-exempt investors.

If (a) we are a "pension-held REIT," (b) a tax-exempt stockholder has incurred (or is deemed to have incurred) debt to purchase or hold our common stock, or (c) a holder of common stock is a certain type of tax-exempt stockholder, dividends on, and gains recognized on the sale of, common stock by such tax-exempt stockholder may be subject to U.S. federal income tax as unrelated business taxable income under the Internal Revenue Code.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our communities include garden-style apartments generally defined as properties with multiple one to three story buildings in landscaped settings.

The table below presents a summary of our multi-family communities at December 31, 2018.

Community	Location	Total Number of Residential Units	Average Rental Rate per Residential Unit (a)	2018 Residential Average Occupancy	Leased Residential Units	Purchase Price	Debt Balance	Interest Rate
The Retreat at Market Square	Frederick, MD	206	$ 1,577	94.3%	203	$45,727,557	$27,450,000	3.64%
Verandas at Mitylene	Montgomery, AL	332	916	93.2%	307	36,651,566	21,930,000	3.88%
	Total	538	$ 1,180	93.6%	510	$82,379,123	$49,380,000	3.75%

(a) Average rental rate per residential unit is for the last month of the period presented.

Item 3. Legal Proceedings

We are not a party to, and none of our properties are subject to, any material pending legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

There is no established public trading market for our shares of common stock, and we currently have no plans to list our shares on a national securities exchange.

On February 5, 2019, our board of directors approved the Estimated Per Share NAV as of February 1, 2019 equal to $16.06 per share based on 2,183,727 shares of Class A common stock outstanding on a fully diluted basis as of February 1, 2019. To assist our board of directors in establishing the Estimated Per Share NAV, the Business Manager conducted an analysis, under which the Business Manager prepared an estimate of the total cash that may be distributed to our stockholders as liquidating distributions (the "Liquidating Distributions Estimate"), taking into account both the Company's obligation to repay outstanding debt and the estimated costs of liquidating which includes transaction costs related to the sale of the real estate assets and the costs of continuing to operate the Company while it winds up operations (the "Valuation Analysis"). Based on the Valuation Analysis, the Business Manager estimated that the Liquidating Distributions Estimate is approximately $20.59 per Class A Share.

The Business Manager provided the Valuation Analysis to our board of directors. Our board reviewed the Valuation Analysis and considered the material assumptions relating thereto in order to determine the Estimated Per Share NAV. Our board determined the Estimated Per Share NAV by taking the Liquidating Distributions Estimate of $20.59 and reducing it by the Initial Liquidating Distribution of $4.53 per share.

Our net assets in liquidation value per Class A Share as of December 31, 2018 was $20.59. There can be no guarantee as to the exact amount of net liquidation proceeds that ultimately will be available for distribution to our stockholders pursuant to the Plan of Liquidation. This amount may vary from the Estimated Per Share NAV and the net assets in liquidation value per Class A Share. See "Item 1A. Risk Factors - Risks Related to the Plan of Liquidation - Both the Estimated Per Share NAV and net assets in liquidation value per Class A Share are based on certain assumptions and estimates and may not reflect the amount that our stockholders will receive." During the course of liquidating and dissolving, we may incur unanticipated expenses and liabilities all of which are likely to reduce the cash available for distribution to our stockholders.

Stockholders

All outstanding Class T Shares and Class T-3 Shares were converted to Class A Shares on January 23, 2019. On March 19, 2019, we had 1,168 stockholders of record for Class A Shares.

Distributions

Cash distributions

In contemplation of the Plan of Liquidation, our board of directors determined that we will cease declaring and paying regular distributions to our stockholders following the distributions to stockholders of record with respect to each day during the month of October 2018. During the year ended December 31, 2018, we paid cash distributions based on a daily record date, payable the following month. During the years ended December 31, 2018, 2017 and 2016, we declared cash distributions totaling $2,154,351, $2,137,475 and $1,008,178, respectively, and paid $2,368,208, $2,060,823 and $894,709, respectively. From January 1, 2018 through February 28, 2018, distributions were declared in a daily amount equal to $0.003424658 per Class A Share, $0.002768493 per Class T Share and $0.003306849 per Class T-3 Share, based on a 365-day period. From March 1 through March 31, 2018, distributions were declared in a daily amount equal to $0.003424658 per Class A Share, $0.002758488 per Class T Share and $0.003323017 per Class T-3 Share, based on a 365-day period. From April 1, 2018 through October 31, 2018, distributions were declared in a daily amount equal to $0.003424658 per Class A Share, $0.002758356 per Class T Share and $0.003306849 per Class T-3 Share, based on a 365-day period. Distributions declared for 2017 were in an amount equal to $0.003424658 per day per Class A Share and $0.002768493 per day per Class T Share, based on a 365-day period. Distributions on Class T-3 Shares were declared beginning March 2017 and were in an amount equal to $0.003306849 per day per Class T-3 Share, based on a 365-day period. Distributions declared for 2016 were in an amount equal to $0.003415301 per day per Class A Share and $0.002760929 per day per Class T Share, based on a 366-day period.

Stock dividends

We also paid monthly stock dividends equal to 0.000833333 Class A Shares per Class A Share owned and 0.000833333 Class T Shares per Class T Share owned as of the last day of each month from November 2015 through March 2017. In addition, we paid a special stock dividend equal to 0.01 Class A Share, 0.01 Class T Share and 0.01 Class T-3 Shares per Class A Share, Class T Share and Class T-3 Share owned, respectively, payable to stockholders of record on May 31, 2017. During the year ended December 31, 2017, we issued stock dividends equal to 17,120 Class A Shares, 4,826 Class T Shares and 438 Class T-3 Shares. For the year ended December 31, 2016, we issued stock dividends equal to 6,864 Class A Shares and 913 Class T Shares. In general, these stock dividends are non-taxable distributions to stockholders and are not considered dividends for purposes of meeting our annual distribution requirement.

The following table shows the sources for the payment of cash distributions to common stockholders for the period from January 1, 2018 through December 18, 2018 and the year ended December 31, 2017:

	For the period from January 1, 2018 through December 18, 2018		Year Ended December 31, 2017	
		% of Distributions		% of Distributions
Distributions:				
Distributions paid in cash	$ 1,398,093		$ 971,924	
Distributions reinvested through the DRP	$ 970,115		$ 1,088,899	
Total distributions	$ 2,368,208		$ 2,060,823	
Source of distribution coverage:				
Cash flows provided by operating activities	$ 2,368,208	100%	$ 590,810	29%
Proceeds from issuances of common stock	$ —	0%	$ 1,470,013	71%
Total source of distribution coverage	$ 2,368,208	100%	$ 2,060,823	100%
Cash flows provided by operating activities (U.S. GAAP basis)	$ 2,494,540		$ 590,810	
Net loss (in accordance with U.S. GAAP) (1)	$ (2,355,171)		$ (3,138,952)	

(1) For the year ended December 31, 2017, net loss includes acquisition related costs of $89,203.

The following table compares cumulative cash distributions paid to cumulative net loss (in accordance with U.S. GAAP) for the period from December 19, 2013 (date of inception) through December 18, 2018:

	For the Period from December 19, 2013 (Date of Inception) to December 18, 2018
Distributions paid:	
Common stockholders in cash	$ 2,838,489
Common stockholders reinvested through the DRP	2,498,934
Total distributions paid	$ 5,337,423
Reconciliation of net loss:	
Revenues	$ 22,326,146
Acquisition and transaction related	(1,366,432)
Depreciation and amortization	(9,691,923)
Other operating expenses	(15,534,976)
Other non-operating expenses	(6,211,980)
Net loss (in accordance with U.S. GAAP) (1)	$ (10,479,165)
Cash flows provided by operating activities	$ 1,787,012

(1) Net loss as defined by U.S. GAAP includes the non-cash impact of depreciation and amortization expense as well as costs incurred relating to acquisitions and related transactions.

Share Repurchase Program

In contemplation of the Plan of Liquidation, which was still pending at that time, on September 17, 2018, our board of directors determined to terminate the SRP. Therefore, we did not make any repurchases of common stock pursuant to our SRP or otherwise during the three months ended December 31, 2018.

The SRP was designed to provide eligible stockholders with limited, interim liquidity by enabling them to sell shares back to us. The terms under which we could have repurchased shares differed between repurchases upon the death or "qualifying disability" of a stockholder or "Exceptional Repurchases" and all other repurchases or "Ordinary Repurchases."

In the case of Ordinary Repurchases, we could have repurchased shares beneficially owned by a stockholder continuously for at least one year and who purchased their shares from us or received their shares through a non-cash transfer, if requested, if we chose to repurchase them. However, in the event a stockholder was having all of his or her shares repurchased, our board could have waived the one-year holding requirement for shares purchased under our DRP. We could have made Ordinary Repurchases only if we had sufficient funds available to complete the repurchase. In any given calendar month, we were authorized to use only the proceeds from our DRP during that month to make Ordinary Repurchases; provided that, if we had excess funds during any particular month, we could have, but were not obligated to, carry those excess funds to the subsequent calendar month for the purpose of making Ordinary Repurchases. Subject to funds being available, in the case of Ordinary Repurchases, we limited the number of shares repurchased during any calendar year to no more than 5% of the number of Class A Shares, Class T Shares and Class T-3 Shares outstanding on December 31st of the previous calendar year.

Prior to our initial valuation date, the repurchase price for Ordinary Repurchases was equal to $21.60 per Class A Share, $21.61 per Class T Share and $21.61 per Class T-3 Share. After the initial valuation date, the repurchase price was equal to 96.0% of the most recent applicable estimated value per share reported by us. Accordingly, the repurchase price for Ordinary Repurchases was $22.22 per Class A Share, $23.35 per Class T Share and $22.61 per Class T-3 Share, from the February 28, 2018 repurchase date through the August 31, 2018 repurchase date.

Prior to our initial valuation date, the repurchase price for Exceptional Repurchases was equal to $22.50 per Class A Share, $22.51 per Class T Share and $22.51 per Class T-3 Share. After the initial valuation date, the repurchase price was equal to 100.0% of the most recent applicable estimated value per share reported by us. Accordingly, the repurchase price for Exceptional Repurchases was $23.15 per Class A Share, $24.32 per Class T Share and $23.55 per Class T-3 Share, from the February 28, 2018 repurchase date through the August 31, 2018 repurchase date. Exceptional Repurchases were not subject to a one-year holding period, or the 5% repurchase limit discussed above, and could have been repurchased with funds from any source.

During the period from January 1, 2018 through December 18, 2018, we repurchased 20,928 Class A Shares, 4,533 Class T Shares and 829 Class T-3 Shares under the SRP. Beginning in July 2017, we repurchased 6,432 Class A Shares and 1,555 Class T Shares under the SRP for the year ended December 31, 2017. During the year ended December 31, 2016, there were no shares repurchased under the SRP. Our SRP was announced on February 17, 2015.

Period	Total Shares Requested to be Repurchased	Total Number of Shares Repurchased	Average Price Paid per Share	Amount of Shares Repurchased	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (1)
January 2018	—	—	$ —	$ —	—	106,328
February 2018	—	—	$ —	—	—	106,328
March 2018	220	220	$ 23.35	5,146	220	106,108
April 2018	11,552	11,552	$ 22.42	258,934	11,552	94,556
May 2018	4,263	4,263	$ 22.46	95,781	4,263	90,293
June 2018	—	—	$ —	—	—	90,293
July 2018	5,243	5,243	$ 23.01	120,633	5,243	85,050
August 2018	5,012	5,012	$ 22.44	112,439	5,012	80,038
September 2018	—	—	$ —	—	—	80,038
October 2018	—	—	$ —	—	—	80,038
November 2018	—	—	$ —	—	—	80,038
December 2018	—	—	$ —	—	—	80,038
Total	26,290	26,290	$ 22.55	$ 592,933	26,290	

(1) The SRP terminated on September 17, 2018.

Securities Authorized for Issuance under Equity Compensation Plans

For information regarding the securities authorized for issuance under our equity compensation plan, reference is made to Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" which is included in this Annual Report on Form 10-K.

Item 6. Selected Financial Data

The following table shows our selected financial data relating to our consolidated historical financial condition and results of operations. Balance sheet data as of December 31, 2018 is not presented as the Liquidation Basis of Accounting requires our assets to be stated at the amount of consideration the entity expects to collect, and all of our liabilities must be recorded at the estimated amounts at which the liabilities are expected to be settled. This information is presented in the consolidated statement of net assets presented in our consolidated financial statements in Item 8.

This selected data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes appearing elsewhere in this report.

	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Balance Sheet Data:				
Total assets	$ 107,984,288	$ 52,882,963	$ 50,887,071	$ 2,867,123
Mortgages and note payable, net	$ 66,396,156	$ 27,447,459	$ 45,646,954	$ —

	For the period from January 1, 2018 to December 18,	For the year ended December 31,			
	2018	2017	2016	2015	2014
Total income	$ 10,122,892	$ 7,310,410	$ 3,925,373	$ 967,471	$ —
Net loss	$ (2,355,171)	$ (3,138,952)	$ (2,307,419)	$ (2,492,602)	$ (154,710)
Net loss per common share, basic and diluted (a)	$ (1.09)	$ (1.76)	$ (2.80)	$ (48.07)	$ (19.34)
Distributions paid to common stockholders	$ 1,398,093	$ 971,924	$ 456,246	$ 12,226	$ —
Distributions declared to common stockholders (b)	$ 2,154,351	$ 2,137,475	$ 1,008,178	$ 37,421	$ —
Cash flows provided by (used in) operating activities	$ 2,494,540	$ 590,810	$ (90,341)	$ (1,205,484)	$ (2,513)
Cash flows used in investing activities	$ (236,807)	$ (59,459,599)	$ (85,091)	$ (45,901,562)	$ —
Cash flows (used in) provided by financing activities	$ (5,414,886)	$ 57,386,910	$ 3,932,902	$ 52,155,283	$ (264,852)

(a) The net loss per common share, basic and diluted is based upon the weighted average number of common shares outstanding for the period ended.

(b) Our board of directors declared annualized distributions through October 2018 of $1.25, $1.01 and $1.22 per Class A Share, Class T Share and Class T-3 Share (2017 and 2018 only), respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report on Form 10-K constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Exchange Act. Words such as "may," "could," "should," "expect," "intend," "plan," "goal," "seek," "anticipate," "believe," "estimate," "predict," "variables," "potential," "continue," "expand," "maintain," "create," "strategies," "likely," "will," "would" and variations of these terms and similar expressions, or the negative of these terms or similar expressions, are intended to identify forward-looking statements.

These forward-looking statements are not historical facts but reflect the intent, belief or current expectations of our management based on their knowledge and understanding of the business and industry, the economy and other future conditions. These statements are not guarantees of future performance, and we caution stockholders not to place undue reliance on forward-looking statements. Actual results may differ materially from those expressed or forecasted in the forward-looking statements due to a variety of risks, uncertainties and other factors, including but not limited to the factors listed and described under "Risk Factors" in this Annual Report on Form 10-K and the factors described below:

- *There is no established public trading market for our shares which are, and will continue to be, illiquid;*
- *Our board of directors may terminate or delay implementation of the Plan of Liquidation;*
- *Although we anticipate selling all of our assets and completing our liquidation within five months after the December 18, 2018 stockholder approval of the Plan of Liquidation, we cannot guarantee the amount or exact timing of any additional liquidating distributions to our stockholders;*
- *During September 2018, in contemplation of the Plan of Liquidation, which was still pending at that time, our board of directors determined that we will cease declaring and paying regular distributions to our stockholders after the previously-declared October distributions. There can be no assurance we will resume paying distributions, or at what rate;*
- *Because our portfolio only consists of two properties, our fixed operating expenses constitute a greater percentage of our gross income and, as a result, may make it more difficult to generate sufficient income to provide for a full return of invested capital to stockholders;*
- *We have incurred net losses on a U.S. GAAP basis for the period from January 1, 2018 through December 18, 2018 and for the years ended December 31, 2017 and 2016;*
- *Our charter generally limits the total amount we may borrow to 300% of our net assets, equivalent to 75% of the costs of our assets;*
- *Disruptions in the financial markets and uncertain economic conditions could adversely affect the values of our remaining real estate properties and the amount of any additional liquidating distributions we pay to our stockholders;*
- *We do not have employees and instead rely on our Business Manager and Real Estate Manager to manage our business and assets;*
- *Persons performing services for our Business Manager and our Real Estate Manager are employed by our Sponsor or its affiliates and face competing demands for their time and service;*
- *We do not have arm's-length agreements with our Business Manager, Real Estate Manager or other affiliates of our Sponsor;*
- *Our Sponsor may face a conflict of interest in allocating personnel and resources between its affiliates, our Business Manager and our Real Estate Manager;*
- *We pay fees, which may be significant, to our Business Manager, Real Estate Manager and other affiliates of our Sponsor;*
- *There are limits on the ownership and transferability of our shares; and*
- *If we fail to continue to qualify as a real estate investment trust, our operations and distributions to stockholders will be adversely affected.*

Forward-looking statements in this Annual Report on Form 10-K reflect our management's view only as of the date of this Report, and may ultimately prove to be incorrect or false. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results except as required by applicable law. We intend for these forward-looking statements to be covered by the applicable safe harbor provisions created by Section 27A of the Securities Act and Section 21E of the Exchange Act.

The following discussion and analysis relates to the period from January 1, 2018 through December 18, 2018 and for the years ended December 31, 2017 and 2016. Our stockholders should read the following discussion and analysis along with our consolidated financial statements and the related notes included in this report.

Overview

We are an externally managed Maryland corporation formed in December 2013 to primarily acquire and manage a portfolio of multi-family properties located primarily in the top 100 United States metropolitan statistical areas, which generally contain populations greater than 500,000 people. Our real estate portfolio consists of "stabilized" Class A multi-family properties. We are managed by our Business Manager. Substantially all of our business is conducted through our operating partnership, of which we are the sole general partner. We elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code, beginning with our taxable year ended December 31, 2015.

We commenced our Offering of Class A Shares and Class T Shares on February 17, 2015 and, effective February 2, 2017, we reallocated certain of the remaining shares offered in the Offering to offer Class T-3 Shares. We ceased accepting subscription agreements dated after December 31, 2017 and terminated the Offering on January 3, 2018. Excluding the DRP, the Company issued 1,401,711 Class A Shares, 390,230 Class T Shares and 255,666 Class T-3 Shares generating gross proceeds of approximately $49.6 million from the Offering.

Plan of Liquidation

On September 17, 2018, our board of directors approved the Plan of Liquidation, subject to the approval of our stockholders. On December 18, 2018, our stockholders approved the Plan of Liquidation. As a result of our stockholders' approval of the Plan of Liquidation, we adopted the Liquidation Basis of Accounting as of December 18, 2018.

Pursuant to the plan, we expect to, among other things:

- sell or otherwise dispose of all or substantially all of our assets (including, without limitation, any assets held by the operating partnership and its and our subsidiaries) in exchange for cash or other assets that may be conveniently liquidated or distributed;
- pay or provide for our liabilities and expenses, which may include establishing a reserve fund to pay contingent or unknown liabilities;
- distribute our current cash and the remaining proceeds of the liquidation to stockholders after paying or providing for our liabilities and expenses, and take all necessary or advisable actions to wind up our affairs; and
- wind up our operations and dissolve the Company, all in accordance with the Plan of Liquidation.

We anticipate selling all of our assets and completing our liquidation within five months after the December 18, 2018 stockholder approval of the Plan of Liquidation. While pursuing our liquidation pursuant to the Plan of Liquidation, we intend to continue to manage our remaining real estate properties. We expect to pay multiple liquidating distributions, including the Initial Liquidating Distribution, to our stockholders during the liquidation process and to pay the final liquidating distribution after we sell our remaining real estate properties, pay all of our known liabilities and provide for unknown or contingent liabilities.

However, we can give no assurance regarding the timing of the sale of our remaining real estate properties in connection with the implementation of the Plan of Liquidation, the sale prices we will receive for the properties, and the amount or timing of any additional liquidating distributions we pay to our stockholders. If we cannot sell our remaining real estate properties and pay our debts within twenty-four months from December 18, 2018, we intend to transfer and assign our remaining assets and liabilities to a liquidating trust and distribute beneficial interests in the liquidating trust to our stockholders equivalent to each stockholder's ownership interests in the Company at that time.

In light of the Plan of Liquidation, our board of directors ceased declaring and paying regular distributions to our stockholders following the distributions to stockholders of record with respect to each day during the month of October 2018. On January 23, 2019, pursuant to the provisions of our charter, all of our outstanding Class T Shares and Class T-3 Shares automatically converted to Class A Shares. On January 25, 2019, we paid an Initial Liquidating Distribution of $4.53 per Class A Share to our stockholders of record as of the close of business on January 25, 2019.

On February 5, 2019, our board of directors unanimously approved an Estimated Per Share NAV as of February 1, 2019 equal to $16.06 per Class A Share. The Estimated Per Share NAV represents an estimate, prepared by the Business Manager, of the total cash that may be available to distribute to our stockholders in one or more liquidating distributions pursuant to the Plan of Liquidation

equal to approximately $20.59 per Class A Share, reduced by the Initial Liquidating Distribution. Our net assets in liquidation value per Class A Share as of December 31, 2018 was $20.59. There can be no guarantee as to the exact amount of net liquidation proceeds that ultimately will be available for distribution to our stockholders pursuant to the Plan of Liquidation. This amount may vary from the Estimated Per Share NAV and the net assets in liquidation value per Class A Share. See "Item 1A. Risk Factors - Risks Related to the Plan of Liquidation - Both the Estimated Per Share NAV and net assets in liquidation value per Class A Share are based on certain assumptions and estimates and may not reflect the amount that our stockholders will receive." During the course of liquidating and dissolving, we may incur unanticipated expenses and liabilities all of which are likely to reduce the cash available for distribution to our stockholders.

LIQUIDITY AND CAPITAL RESOURCES

General

Our primary uses and sources of cash are as follows:

Uses	Sources
Short-term liquidity and capital needs such as: • Interest & principal payments on mortgage loans • Property operating expenses for our remaining properties • General and administrative expenses, including expenses in connection with the Plan of Liquidation • Liquidating distributions to stockholders • Non-transaction based fees payable to our Business Manager and Real Estate Manager • Capital expenditures • Liquidation costs • Payment to Sponsor and its affiliates of deferred advances and fees	• Cash receipts from our remaining properties • Proceeds from the sale of our remaining properties

We intend to use our cash on hand, proceeds from the sale of our remaining real estate properties and cash flow from operations generated by our remaining real estate properties as our primary sources of liquidity during liquidation. Cash flows from operations from our remaining real estate properties is primarily dependent upon the occupancy level of the properties, the rental rates on our leases, the collectability of rent and how well we manage our expenditures. As of March 1, 2019, we owned two real estate properties, which were 94.7% occupied in the aggregate and each of which was under contract to sell. We anticipate completing the sale of these properties during the first or second quarter of 2019. However, we can give no assurance regarding the timing of the sale of our remaining real estate properties in connection with the implementation of the Plan of Liquidation, the sale prices we will receive for the properties, and the amount or timing of any additional liquidating distributions we pay to our stockholders. We believe that potential net proceeds from the sale of our remaining real estate properties, cash flow from operations and cash on hand will be sufficient to meet our liquidity needs during our liquidation. Following the completion of the sale or transfer of all of our assets in accordance with the Plan of Liquidation, we will pay or provide for our liabilities and expenses, distribute the remaining proceeds of the liquidation of our assets to our stockholders, wind up our operations and dissolve.

As of December 31, 2018 and 2017, we had total debt outstanding excluding unamortized debt issuance costs of approximately $49.4 million and $66.7 million, respectively, which bore interest at a weighted average interest rate of 3.75% and 3.82% per annum, respectively. As of December 31, 2018 and 2017, our borrowings were 60% and 63%, respectively, of the purchase price of our investment properties.

The remaining outstanding balance of the note payable on December 31, 2017 of $3.5 million, was paid in January 2018. On December 20, 2018, at the closing of The Commons at Town Center, we received net proceeds of approximately $9.9 million representing the sale price of $24.6 million, net of closing costs, commissions, and certain prorations and adjustments, and the full repayment of $13.8 million in mortgage debt that encumbered the property. For information related to the maturities of our remaining debt, reference is made to Note 7 – "Mortgages and Note Payable, Net" which is included in our December 31, 2018 Notes to Consolidated Financial Statements in Item 8.

On September 17, 2018, our board of directors determined to terminate the Company's DRP and SRP in contemplation of the Plan of Liquidation, which was still pending at that time.

Cash Flow Analysis

	For the period from January 1, 2018 through December 18, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	Change 2018 vs. 2017	Change 2017 vs. 2016
Net cash flows provided by (used in) operating activities	$ 2,494,540	$ 590,810	$ (90,341)	$ 1,903,730	$ 681,151
Net cash flows used in investing activities	$ (236,807)	$(59,459,599)	$ (85,091)	$ 59,222,792	$(59,374,508)
Net cash flows (used in) provided by financing activities	$ (5,414,886)	$ 57,386,910	$ 3,932,902	$(62,801,796)	$ 53,454,008

Operating activities

Cash provided by operating activities increased $1.9 million during 2018 compared to 2017 due to having a full year of operations for two residential properties in 2018. Cash provided by operating activities increased $0.7 million during 2017 compared to 2016 primarily due to payments made in 2016 related to our 2015 acquisition and cash generated from property operations from our 2015 acquisition.

Investing activities

	For the period from January 1, 2018 through December 18, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	Change 2017 vs. 2016	Change 2016 vs. 2015
Purchases of real estate	$ —	$ (59,309,923)	$ —	$59,309,923	$(59,309,923)
Capital expenditures	$ (236,807)	$ (149,676)	$ (85,091)	$ (87,131)	$ (64,585)
Net cash flows used in investing activities	$ (236,807)	$ (59,459,599)	$ (85,091)	$59,222,792	$(59,374,508)

We used less cash in our investing activities during 2018 and 2016 compared to 2017 primarily due to the acquisition of Commons at Town Center and Verandas at Mitylene in 2017.

Financing activities

	For the period from January 1, 2018 through December 18, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	Change 2018 vs. 2017	Change 2017 vs. 2016
Proceeds from offering net of offering costs	76,140	14,117,484	22,691,439	$(14,041,344)	$ (8,573,955)
Reimbursement of offering costs	—	6,500,000	—	$ (6,500,000)	$ 6,500,000
Distributions paid	(1,398,093)	(971,924)	(456,246)	$ (426,169)	$ (515,678)
Advances from (payments to) sponsor	—	(1,000,000)	—	$ 1,000,000	$ (1,000,000)
Shares repurchased	(592,933)	(173,558)	—	$ (419,375)	$ (173,558)
Total changes related to debt	(3,500,000)	39,230,000	(18,300,000)	$(42,730,000)	$57,530,000
Other	—	(315,092)	(2,291)	$ 315,092	$ (312,801)
Net cash (used in) provided by financing activities	$ (5,414,886)	$ 57,386,910	$ 3,932,902	$(62,801,796)	$53,454,008

Cash provided by financing activities decreased in 2018 primarily due to the conclusion of our Offering on January 3, 2018 and no acquisitions in 2018 that would have necessitated new funding.

Sales Pursuant to the Plan of Liquidation

On December 20, 2018, we sold "The Commons at Town Center" for a sale price of $24.6 million. At the closing, we received net proceeds of approximately $9.9 million representing the sale price of $24.6 million, net of closing costs, commissions, and certain prorations and adjustments, and the full repayment of $13.8 million in mortgage debt that encumbered the property.

On December 21, 2018 we entered into a contract to sell "The Verandas at Mitylene" for a sale price of approximately $40.5 million minus the principal amount outstanding on an approximately $21.9 million mortgage loan to be assumed by the buyer, closing costs, commissions, and certain prorations and adjustments. Sale of the property is subject to certain conditions, including the lender's approval of the buyer's assumption of the mortgage loan.

On February 12, 2019, we entered into a contract to sell "The Retreat at Market Square" for a sale price of approximately $47.0 million excluding closing costs, commissions, and certain prorations and adjustments. Sale of the property is subject to certain conditions.

Distributions

Subsequent to our payment of the October 2018 monthly distribution, we ceased paying regular monthly distributions. We do not expect to pay regular distributions during the liquidation process. On January 25, 2019, we paid an Initial Liquidating Distribution of $4.53 per Class A Share to our stockholders of record as of the close of business on January 25, 2019. The Initial Liquidating Distribution was funded from the net proceeds of the sale of "The Commons at Town Center."

A summary of the cash distributions declared and paid, and cash flows provided by operations for the period from January 1, 2018 through December 18, 2018 and the years ended December 31, 2017 and 2016 is as follows:

	For the period from January 1, 2018 through December 18, 2018	December 31, 2017	December 31, 2016
Total cash distributions declared (a)	$ 2,154,351	$ 2,137,475	$ 1,008,178
Total cash distributions paid (b)	$ 2,368,208	$ 2,060,823	$ 894,709
Cash distributions paid	1,398,093	971,924	456,246
Distributions reinvested via DRP	970,115	1,088,899	438,463
Cash flow provided by (used in) operations	$ 2,494,540	$ 590,810	$ (90,341)
Net offering proceeds (c)	$ 76,140	$ 14,117,484	$ 22,691,439

(a) Our board of directors declared annualized distributions through October 2018 of $1.25, $1.01 and $1.21 per share for Class A Shares, Class T Shares and Class T-3 Shares (2017 and 2018 only), respectively. For the period from January 1, 2018 through December 18, 2018 and the years ended December 31, 2017 and 2016, the distributions declared per Class T Share are less than the distributions declared per Class A Share by an amount equal to the distribution and stockholder servicing fee paid per Class T Share of $0.24. For the period from January 1, 2018 through December 18, 2018 and the year ended December 31, 2017, the distributions declared per Class T-3 Share are less than the distributions declared per Class A Share by an amount equal to 0.04, which represents a portion of the distribution and stockholder servicing fee. The remaining distribution and stockholder servicing fee per Class T-3 Share of approximately $0.20 impacted the estimated value per share of the Class T-3 Shares.

(b) 100% of total cash distributions paid for the period from January 1, 2018 through December 18, 2018 were paid from cash flow provided by operations. Approximately 71.0% and 90.5% of total cash distributions paid for the years ended December 31, 2017 and 2016, respectively, were paid from the net proceeds of our Offering and DRP.

(c) The Offering commenced on February 17, 2015 and terminated on January 3, 2018.

Results of Operations

These sections describe and compare our results of operations for the period from January 1, 2018 through December 18, 2018 and the years ended December 31, 2017 and 2016.

Comparison of the period from January 1, 2018 through December 18, 2018 and the year ended December 31, 2017

	For the period from January 1, 2018 through December 18, 2018	For the year ended December 31, 2017	Change
Rental income	$ 9,006,061	$ 6,557,908	$ 2,448,153
Other property income	1,116,831	752,502	364,329
Total income	$ 10,122,892	$ 7,310,410	$ 2,812,482
Property operating expenses	$ 3,161,594	$ 2,248,704	$ 912,890
Real estate tax expense	1,126,152	764,884	361,268
Total property operating expenses	$ 4,287,746	$ 3,013,588	$ 1,274,158
Property net operating income	$ 5,835,146	$ 4,296,822	$ 1,538,324
General and administrative expenses	(1,473,512)	(1,397,780)	(75,732)
Acquisition related costs	—	(89,203)	89,203
Business management fee	(605,378)	(476,842)	(128,536)
Depreciation and amortization	(3,785,879)	(3,461,439)	(324,440)
Interest expense	(2,352,385)	(2,045,389)	(306,996)
Interest and other income	26,837	34,879	(8,042)
Net loss	$ (2,355,171)	$ (3,138,952)	$ 783,781

Net loss. Net loss was $2,355,171 and $3,138,952 for the period from January 1, 2018 through December 18, 2018 and the year ended December 31, 2017, respectively.

Total property net operating income. Total property net operating income increased $1,538,324 in 2018 compared to 2017. The increase is due to two properties purchased in 2017.

General and administrative expenses. General and administrative expenses increased $75,732 in 2018 compared to 2017 primarily due to the growth in our portfolio.

Acquisition related costs. Acquisition related expenses decreased $89,203 in 2018 compared to 2017. The decrease is attributed to the fact that we had no acquisitions in 2018.

Business management fee. Business management fees increased $128,536 in 2018 compared to 2017 primarily due to the acquisition of two properties which increased assets under management.

Depreciation and amortization. Depreciation and amortization increased $324,440 in 2018 as compared to 2017. This increase is due to acquisitions during 2017.

Interest expense. Interest expense increased $306,996 in 2018 compared to 2017. The increase is due to borrowings to fund acquisitions in 2017.

Interest and other income. Interest and other income decreased $8,042 primarily due to lower cash balances in 2018 compared to 2017.

Comparison of the year ended December 31, 2017 and 2016

	Total		
	For the year ended December 31,		
	2017	2016	Change
Rental income	$ 6,557,908	$ 3,570,084	$ 2,987,824
Other property income	752,502	355,289	397,213
Total income	$ 7,310,410	$ 3,925,373	$ 3,385,037
Property operating expenses	$ 2,248,704	$ 1,181,819	$ 1,066,885
Real estate tax expense	764,884	353,212	411,672
Total property operating expenses	$ 3,013,588	$ 1,535,031	$ 1,478,557
Property net operating income	$ 4,296,822	$ 2,390,342	$ 1,906,480
General and administrative expenses	(1,397,780)	(1,196,519)	(201,261)
Acquisition related costs	(89,203)	(29,607)	(59,596)
Business management fee	(476,842)	(274,540)	(202,302)
Depreciation and amortization	(3,461,439)	(1,822,246)	(1,639,193)
Interest expense	(2,045,389)	(1,379,761)	(665,628)
Interest and other income	34,879	4,912	29,967
Net loss	$ (3,138,952)	$ (2,307,419)	$ (831,533)

Net loss. Net loss was $3,138,952 and $2,307,419 for the year ended December 31, 2017 and 2016, respectively.

Total property net operating income. Total property net operating income increased $1,906,480. The increase is due to increased property income due to increased occupancy and market rents.

General and administrative expenses. General and administrative expenses increased $201,261 in 2017 compared to 2016 primarily due to the growth in our portfolio.

Acquisition related costs. Acquisition related expenses increased $59,596 in 2017 compared to 2016. The increase is attributed to our acquisition related activity.

Business management fee. Business management fees increased $202,302 in 2017 compared to 2016 primarily due to the acquisition of two properties which increased assets under management.

Depreciation and amortization. Depreciation and amortization increased $1,639,193 in 2017 as compared to 2016. This increase is due to acquisitions during 2017.

Interest expense. Interest expense increased $665,628 in 2017 compared to 2016. The increase is due to borrowings to fund acquisitions in 2017.

Interest and other income. Interest and other income increased $29,967 primarily due to higher interest earned as a result of higher cash balances in 2017 compared to 2016.

Critical Accounting Policies

Our accounting policies have been established to conform to U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. Our significant accounting policies are described in Note 2 – "Summary of Significant Accounting Policies" which is included in our December 31, 2018 Notes to Consolidated Financial Statements in Item 8. We have identified *Impairment of Investment Properties*, *Distribution and Stockholder Servicing Fee* and *Revenue Recognition* as critical accounting policies.

We consider these policies to be critical because they require our management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. If management's judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied, thus resulting in a

different presentation of the financial statements. Additionally, other companies may utilize different estimates that may impact comparability of our results of operations to those of companies in similar businesses.

Subsequent to the adoption of the Liquidation Basis of Accounting, we are required to estimate all costs and income we expect to incur and earn through the end of liquidation including the estimated amount of cash we expect to collect on the disposal of our assets and the estimated costs to dispose of our assets.

Impairment of Investment Properties

Prior to the transition to Liquidation Basis of Accounting, we assessed the carrying values of the respective long-lived assets, whenever events or changes in circumstances indicated that the carrying amounts of these assets may not have been fully recoverable. If it was determined that the carrying value was not recoverable because the undiscounted cash flows did not exceed the carrying value, we would have been required to record an impairment loss to the extent that the carrying value exceeded fair value. The valuation and possible subsequent impairment of investment properties would have been a significant estimate that can change based on our continuous process of analyzing each property and reviewing assumptions about uncertain factors, as well as the economic condition of the property at a particular point in time.

Distribution and Stockholder Servicing Fee

Prior to November 1, 2018, the Company paid a distribution and stockholder servicing fee equal to 1.0% per annum of the purchase price per share (or, once reported, the amount of its estimated value per share) for each Class T Share and Class T-3 Share sold in its Offering. The aggregate amount of underwriting compensation for Class T Shares and Class T-3 Shares including the distribution and stockholder servicing fee could not exceed FINRA's 10% cap on underwriting compensation. The fee was on-going and was not paid at the time of purchase and was paid monthly in arrears. Beginning in 2016, the Company accounted for the fee as a charge to equity at the time each Class T Share and Class T-3 Share was sold in the Offering and recorded a corresponding payable in due to related parties. Prior to January 1, 2016, the Company adopted original industry accounting guidance which accounted for this fee as a charge to equity on a periodic basis as it became contractually due and payable, in the application of accounting for the distribution and stockholder servicing fee.

Revenue Recognition

Residential properties are leased under operating leases with terms of generally one year or less. Prior to the transition to Liquidation Basis of Accounting, rental revenues from residential leases were recognized on the straight-line method over the approximate life of the leases, which was generally one year. The recognition of rental revenues from residential leases when earned has historically not been materially different from rental revenues recognized on a straight-line basis.

Recent Accounting Pronouncements

For information related to recently issued accounting pronouncements, reference is made to Note 2 – "Summary of Significant Accounting Policies" which is included in our December 31, 2018 Notes to Consolidated Financial Statements in Item 8.

Contractual Obligations

Our mortgages payable are generally non-recourse to us. We have, however, guaranteed the full amount of the mortgages payable by our subsidiaries in the event that the applicable subsidiary fails to pay all real estate taxes which accrue or become due, provide access or information to the property or obtain the lender's prior written consent to any liens on or transfers of the property, and in the event of any losses, costs or damages incurred by the lender as a result of fraud or intentional misrepresentation of the subsidiary borrower, gross negligence or willful misconduct, material waste of the property and the breach of any representation or warranty concerning environmental laws, among other things.

The table below presents, on a consolidated basis, our obligations and commitments to make future payments under debt obligations (including interest) as of December 31, 2018. We present our current obligations below, but we expect all of our debt will be assumed or repaid by April 30, 2019 once we sell our remaining properties.

	Payments due by period						
	2019	2020	2021	2022	2023	Thereafter	Total
Principal payments on debt	$ —	$ —	$ 124,063	$ 505,081	$ 26,820,856	$ 21,930,000	$ 49,380,000
Interest payments on debt	1,875,759	1,880,898	1,875,380	1,862,636	1,600,898	3,164,816	12,260,387
Total	$ 1,875,759	$ 1,880,898	$ 1,999,443	$ 2,367,717	$ 28,421,754	$ 25,094,816	$ 61,640,387

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements that are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Subsequent Events

For information related to subsequent events, reference is made to Note 15 – "Subsequent Events" which is included in our December 31, 2018 Notes to Consolidated Financial Statements in Item 8.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are exposed to interest rate changes primarily as a result of long-term debt used to purchase properties or other real estate assets, maintain liquidity and fund capital expenditures or operations. We seek to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. As of December 31, 2018, we had outstanding debt of $49.4 million, bearing interest rates ranging from 3.64% to 3.88% per annum. The weighted average interest rate was 3.75%. As of December 31, 2018, the weighted average years to maturity for our mortgages was approximately 6.7 years.

As of December 31, 2018 and 2017, we do not have any variable rate debt. As of December 31, 2018, our fixed-rate debt consisted of secured mortgage financings with a carrying value of $49.4 million and a fair value of $49.4 million. As of December 31, 2017, our fixed-rate debt consisted of secured mortgage financing with a carrying value of $66.7 million and a fair value of $65.3 million. Changes in interest rates do not affect interest expense incurred on our fixed-rate debt until their maturity or earlier repayment, but interest rates do affect the fair value of our fixed rate debt obligations. With regard to any variable rate financing, our Business Manager will assess our interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. Our Business Manager will maintain risk management control systems to monitor interest rate cash flow risk attributable to both of our outstanding or forecasted debt obligations as well as our potential offsetting hedge positions. While this hedging strategy will be designed to minimize the impact on our net income and funds from operations from changes in interest rates, the overall returns on stockholder investments may be reduced.

We may use derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our assets. Derivative instruments may include interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts, options or repurchase agreements. Our actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from our currently anticipated hedging strategy. If we use derivative financial instruments to hedge against interest rate fluctuations, we will be exposed to both credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. If the fair value of a derivative contract is positive, the counterparty will owe us, which creates credit risk for us because the counterparty may not perform. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. We will seek to manage the market risk associated with interest-rate contracts by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. There is no assurance we will be successful. Presently, we do not have any derivative financial instruments.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.

INDEX

Item 8. Financial Statements and Supplementary Data

Schedules not filed:

All schedules other than the one listed in the Index have been omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

Inland Residential Properties Trust, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of net assets in liquidation of Inland Residential Properties Trust, Inc. and subsidiaries (the Company) as of December 31, 2018, the related consolidated statement of changes in net assets for the period December 18, 2018 to December 31, 2018, the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of operations, equity (deficit), and cash flows for the period January 1, 2018 through December 18, 2018 and each of the years in the two year period ended December 31, 2017, and the related notes and financial statement schedule III (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2017, the results of its operations and its cash flows for the period from January 1, 2018 to December 18, 2018, its net assets in liquidation as of December 31, 2018, and the changes in its net assets in liquidation for the period from December 18, 2018 to December 31, 2018, in conformity with U.S. generally accepted accounting principles applied on the bases described below.

Liquidation Basis of Accounting

As described in note 1 to the financial statements, the stockholders of the Company approved a plan of liquidation on December 18, 2018, and the Company commenced liquidation shortly thereafter. As a result, the Company has changed its basis of accounting for periods subsequent to December 18, 2018 from the going-concern basis to a liquidation basis.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2013.

Chicago, Illinois
March 29, 2019

INLAND RESIDENTIAL PROPERTIES TRUST, INC.
CONSOLIDATED STATEMENT OF NET ASSETS
(Liquidation Basis)

	December 31, 2018
ASSETS	
Real estate investments at fair value	$ 87,000,000
Cash	14,226,863
Total assets	101,226,863
LIABILITIES	
Mortgages payable	$ 49,380,000
Due to related parties	5,256,839
Transaction costs payable	1,245,970
Liabilities for estimated costs in excess of estimated receipts during liquidation	373,261
Total liabilities	56,256,070
Commitments and contingencies	
Net assets in liquidation	$ 44,970,793

See accompanying notes to consolidated financial statements.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.
CONSOLIDATED BALANCE SHEET
(Going Concern Basis)

	December 31, 2017
ASSETS	
Real estate:	
Land	$ 9,845,410
Building and other improvements	93,980,734
Total real estate	103,826,144
Less accumulated depreciation	(4,391,774)
Net real estate	99,434,370
Cash and cash equivalents	7,556,763
Accounts and rents receivable, net	72,576
Acquired-in place lease intangibles, net	335,674
Other assets	584,905
Total assets	$ 107,984,288
LIABILITIES AND EQUITY	
Liabilities:	
Mortgages and note payable, net	$ 66,396,156
Accounts payable and accrued expenses	895,189
Distributions payable	213,859
Due to related parties	5,273,153
Other liabilities	212,105
Total liabilities	72,990,462
Commitments and contingencies	
Stockholders' equity:	
Preferred stock, $.001 par value, 50,000,000 shares authorized, none outstanding	—
Class A common stock, $.001 par value, 320,000,000 shares authorized, 1,488,912 shares and 1,479,155 shares issued and outstanding as of December 31, 2018 and 2017, respectively	1,479
Class T common stock, $.001 par value, 40,000,000 authorized, 409,687 shares and 404,069 shares issued and outstanding as of December 31, 2018 and 2017, respectively	404
Class T-3 common stock, $.001 par value, 40,000,000 shares authorized, 261,680 shares and 243,346 issued and outstanding as of December 31, 2018 and 2017, respectively	243
Additional paid in capital (net of offering costs of $4,867,250 and $8,268,768 as of December 31, 2018 and 2017, respectively)	47,049,832
Distributions and accumulated losses	(12,058,132)
Total stockholders' equity	34,993,826
Total liabilities and stockholders' equity	$ 107,984,288

See accompanying notes to consolidated financial statements.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(Liquidation Basis)

	Period from December 18, 2018 through December 31, 2018
Net Assets in Liquidation at beginning of period	$ 44,970,793
Changes in net assets in liquidation	—
Net Assets in Liquidation at end of period	$ 44,970,793

See accompanying notes to consolidated financial statements.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Going Concern Basis)

	Period from January 1, 2018 through December 18, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Income:			
Rental income	$ 9,006,061	$ 6,557,908	$ 3,570,084
Other property income	1,116,831	752,502	355,289
Total income	10,122,892	7,310,410	3,925,373
Expenses:			
Property operating expenses	3,161,594	2,248,704	1,181,819
Real estate tax expense	1,126,152	764,884	353,212
General and administrative expenses	1,473,512	1,397,780	1,196,519
Acquisition related costs	-	89,203	29,607
Business management fee	605,378	476,842	274,540
Depreciation and amortization	3,785,879	3,461,439	1,822,246
Total expenses	10,152,515	8,438,852	4,857,943
Operating loss	(29,623)	(1,128,442)	(932,570)
Interest expense	(2,352,385)	(2,045,389)	(1,379,761)
Interest and other income	26,837	34,879	4,912
Net loss	$ (2,355,171)	$ (3,138,952)	$ (2,307,419)
Net loss per common share, basic and diluted	$ (1.09)	$ (1.76)	$ (2.80)
Weighted average number of common shares outstanding, basic and diluted	2,156,831	1,783,029	824,457

See accompanying notes to consolidated financial statements.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.
CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(Going Concern Basis)

	Class A		Class T		Class T-3		Additional Paid-In	Distributions and Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Losses	Total
Balance at December 31, 2015	274,481	274	15,157	15	—	—	2,398,277	(2,718,480)	(319,914)
Proceeds from the offering	800,942	801	266,034	266	—	—	26,151,925	—	26,152,992
Offering costs	—	—	—	—	—	—	(3,671,003)	—	(3,671,003)
Discount on shares to related parties	—	—	—	—	—	—	19,356	—	19,356
Issuance of shares from distribution reinvestment plan	16,370	17	2,179	2	—	—	438,444	—	438,463
Distributions declared	—	—	—	—	—	—	—	(1,008,178)	(1,008,178)
Stock dividends issued	6,864	7	913	1	—	—	193,747	(193,755)	—
Net loss	—	—	—	—	—	—	—	(2,307,419)	(2,307,419)
Equity based compensation	201	—	—	—	—	—	9,224	—	9,224
Balance at December 31, 2016	1,098,858	1,099	284,283	284	—	—	25,539,970	(6,227,832)	19,313,521
Proceeds from the offering	334,486	334	106,744	106	241,167	241	16,602,300	—	16,602,981
Offering costs, net	—	—	—	—	—	—	3,401,518	—	3,401,518
Discount on shares to related parties	—	—	—	—	—	—	24,530	—	24,530
Issuance of shares from distribution reinvestment plan	34,794	35	9,772	10	1,741	2	1,088,852	—	1,088,899
Shares repurchased	(6,432)	(6)	(1,556)	(1)	—	—	(173,551)	—	(173,558)
Distributions declared	—	—	—	—	—	—	—	(2,137,475)	(2,137,475)
Stock dividends issued	17,120	17	4,826	5	438	—	553,851	(553,873)	—
Net loss	—	—	—	—	—	—	—	(3,138,952)	(3,138,952)
Equity based compensation	329	—	—	—	—	—	12,362	—	12,362
Balance at December 31, 2017	1,479,155	$1,479	404,069	$ 404	243,346	$ 243	$47,049,832	$(12,058,132)	$34,993,826
Proceeds from the offering	—	—	2,296	2	14,499	15	404,983	—	405,000
Offering costs, net	—	—	—	—	—	—	(34,754)	—	(34,754)
Issuance of shares from distribution reinvestment plan	28,894	29	7,855	7	4,664	5	970,074	—	970,115
Shares repurchased	(20,928)	(21)	(4,533)	(3)	(829)	(1)	(592,908)	—	(592,933)
Distributions declared	—	—	—	—	—	—	—	(2,154,351)	(2,154,351)
Net loss	—	—	—	—	—	—	—	(2,355,171)	(2,355,171)
Equity based compensation	1,791	—	—	—	—	—	27,894	—	27,894
Balance at December 18, 2018	1,488,912	$1,487	409,687	$ 410	261,680	$ 262	$47,825,121	$(16,567,654)	$31,259,626

See accompanying notes to consolidated financial statements.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Going Concern Basis)

	Period from January 1, 2018 through December 18, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Cash flows from operating activities:			
Net loss	$ (2,355,171)	$ (3,138,952)	$ (2,307,419)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,785,879	3,461,439	1,822,246
Amortization of debt issuance costs	32,762	33,789	102,796
Amortization of equity based compensation	27,894	12,361	9,224
Discount on shares issued to related parties	—	24,530	19,356
Changes in assets and liabilities:			
Accounts payable and accrued expenses	3,373	293,914	(45,053)
Accounts and rents receivable	25,314	(74,024)	17,802
Due to related parties	542,613	27,652	266,454
Other liabilities	338,665	76,879	17,632
Other assets	93,211	(126,778)	6,621
Net cash flows provided by (used in) operating activities	2,494,540	590,810	(90,341)
Cash flows from investing activities:			
Purchase of real estate	—	(59,309,923)	—
Capital expenditures	(236,807)	(149,676)	(85,091)
Net cash flows used in investing activities	(236,807)	(59,459,599)	(85,091)
Cash flows from financing activities:			
Payment of mortgages and note payable	(3,500,000)	(5,700,000)	(18,300,000)
Proceeds from mortgages and note payable	—	44,930,000	—
Proceeds from offering	405,000	16,602,981	26,152,992
Payment of offering costs	(328,860)	(2,485,497)	(3,461,553)
Reimbursement of offering costs	—	6,500,000	—
Distributions paid	(1,398,093)	(971,924)	(456,246)
Shares repurchased	(592,933)	(173,558)	—
(Payments to) advances from sponsor	—	(1,000,000)	—
Payment of debt issuance costs	—	(315,092)	(2,291)
Net cash flows (used in) provided by financing activities	(5,414,886)	57,386,910	3,932,902
Net (decrease) increase in cash and cash equivalents	$ (3,157,153)	$ (1,481,879)	$ 3,757,470
Cash and cash equivalents at beginning of the period	7,556,763	9,038,642	5,281,172
Cash and cash equivalents at end of the period	$ 4,399,610	$ 7,556,763	$ 9,038,642

See accompanying notes to consolidated financial statements.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Going Concern Basis)

	Period from January 1, 2018 through December 18, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Supplemental disclosure of cash flow information:			
In conjunction with the purchase of real estate, the Company acquired assets and assumed liabilities as follows:			
Land	$ —	$ 3,543,573	$ —
Building and other improvements	—	49,994,877	—
Site improvements	—	3,214,178	—
Furniture, fixtures and equipment	—	1,767,003	—
Acquired in-place lease intangibles	—	1,194,134	—
Assumed assets and liabilities, net	—	(403,842)	—
Purchase of real estate	$ —	$ 59,309,923	$ —
Supplemental schedule of non-cash investing and financing activities:			
Cash paid for interest	$ 2,297,563	$ 1,917,723	$ 1,281,454
Distributions payable	$ —	$ 213,859	$ 137,207
Accrued offering costs payable	$ 428,373	$ 725,430	$ 541,723
Stock dividends issued	$ —	$ 553,873	$ 193,755
Common stock issued through distribution reinvestment plan	$ 970,115	$ 1,088,899	$ 438,463

See accompanying notes to consolidated financial statements.

NOTE 1 - ORGANIZATION

Inland Residential Properties Trust, Inc. (the "Company") was formed on December 19, 2013 to primarily acquire and manage a portfolio of multi-family properties located primarily in the top 100 United States metropolitan statistical areas, which generally contain populations greater than 500,000 people. The Company entered into a business management agreement (as amended, the "Business Management Agreement") with Inland Residential Business Manager & Advisor, Inc. (the "Business Manager"), an indirect wholly owned subsidiary of Inland Real Estate Investment Corporation (the "Sponsor"), to be the Business Manager to the Company. Substantially all of the Company's business is conducted through Inland Residential Operating Partnership, L.P. (the "operating partnership"), of which the Company is the sole general partner. The Company elected to be taxed as a real estate investment trust for U.S. federal income tax purposes ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), beginning with the tax year ended December 31, 2015.

On September 17, 2018, the Company's board of directors approved the sale of all or substantially all of the Company's assets, the Company's liquidation and the Company's dissolution pursuant to a plan of liquidation (the "Plan of Liquidation"), subject to the approval of the Company's stockholders.

The 2018 annual meeting of stockholders of the Company was originally convened on November 27, 2018. The annual meeting was adjourned to solicit additional proxies in favor of Proposal No. 3, approval of the Plan of Liquidation. The annual meeting was reconvened on December 18, 2018. At the reconvened annual meeting, the Company's stockholders approved Proposal No. 3, the Plan of Liquidation.

On December 20, 2018, the Company completed the sale of "The Commons at Town Center," a 105,442 square foot, 85-unit apartment community with a 10,609 square foot extended first floor for retail space. At the closing, the Company received net proceeds of approximately $9.9 million representing the purchase price of $24.6 million, net of closing costs, commissions, and certain prorations and adjustments, and the full repayment of $13.8 million in mortgage debt that encumbered the property. On January 25, 2019, the Company paid an initial liquidating distribution of $4.53 per Class A Share to its stockholders of record as of the close of business on January 25, 2019 (the "Initial Liquidating Distribution"). The Initial Liquidating Distribution was funded from the net proceeds of the sale of "The Commons at Town Center."

At December 31, 2018, the Company owned real estate consisting of two multi-family communities totaling 538 units. The properties consisted of 571,700 square feet of residential gross leasable area. During 2018, the properties' weighted average daily occupancy was 93.6% and at December 31, 2018, 510 units, or 94.8% of the total residential units were leased. At December 31, 2017 and prior to the sale of "The Commons at Town Center," the Company owned real estate consisting of three multi-family communities totaling 623 units. The properties consisted of 677,142 square feet of residential and 10,609 square feet of retail gross leasable area. During the year ended December 31, 2017, the properties' weighted average daily occupancy for residential was 94.7%, and at December 31, 2017, 599 units or 96.1% of the residential units were leased. At December 31, 2017, 100% of the retail units were occupied.

The Plan of Liquidation

Pursuant to the plan, we expect to sell or otherwise dispose of all or substantially all of our properties and assets (including any assets held by the operating partnership and its and our subsidiaries).

Following the completion of the sale or transfer of all of our assets in accordance with the Plan of Liquidation, we will pay or provide for our liabilities and expenses, distribute the remaining proceeds of the liquidation of our assets to our stockholders, wind up our operations and dissolve.

Our common stock is currently registered under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). We may, after filing our articles of dissolution, seek relief from the SEC from the reporting requirements under the Exchange Act. We anticipate that, if relief is granted, we would continue to file current reports on Form 8-K to disclose material events relating to our liquidation and dissolution, along with any other reports that the SEC might require, but would discontinue filing Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. In the opinion of management, all adjustments necessary for a fair statement, in all material respects, of the financial position and results of operations for the periods presented. Actual results could differ from those estimates.

Consolidation

The accompanying consolidated financial statements include the accounts of the Company, as well as the operating partnership and the accounts of the Company's indirect wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The fiscal year-end of the Company is December 31.

Information with respect to square footage and occupancy is unaudited.

Liquidation Basis of Accounting

The approval of the Plan of Liquidation by the Company's stockholders caused the Company's basis of accounting to change from the going-concern basis ("Going-Concern Basis") to the liquidation basis of accounting ("Liquidation Basis of Accounting"), which requires the Company's assets to be measured at the estimated amounts of consideration the Company expects to collect in settling and disposing of its assets and liabilities are to be measured at the estimated amounts at which the liabilities are expected to be settled. All financial results and disclosures up through December 18, 2018, prior to adopting the Liquidation Basis of Accounting, are presented based on a Going-Concern Basis, which presents assets and liabilities in the normal course of business. As a result, the balance sheet as of December 31, 2017, and the statements of operations and the statements of cash flows for the period January 1, 2018 through December 18, 2018 and the years ended December 31, 2017 and 2016 are presented on a Going-Concern Basis, consistent with the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Acquisitions

In January 2017, the Financial Accounting Standards Board the ("FASB") issued guidance that clarifies the definition of a business and assists in the evaluation of whether a transaction will be accounted for as an acquisition of an asset or as a business combination. Under the updated guidance, an acquisition of a property is likely to be treated as an asset acquisition as opposed to a business combination. The Company early adopted the new guidance and modified its accounting policy effective October 1, 2016, to record the entirety of the asset acquisitions of real property and related intangible assets and liabilities at their relative fair values. Additionally, the Company capitalizes the associated transaction costs.

Prior to the transition to Liquidation Basis of Accounting, the Company allocated the total purchase price of properties (see Note 5 – "Acquisitions") based on the fair value of the tangible and intangible assets acquired and liabilities assumed based on Level 3 inputs, such as comparable sales values, discount rates, capitalization rates, revenue and expense growth rates and lease-up assumptions, from a third-party appraisal or other market sources. Such tangible assets included land, building improvements, furniture, fixtures and equipment and intangible assets included in-place lease value. Acquired in-place lease costs and other leasing costs were amortized on a straight-line basis over the weighted-average remaining lease term as a component of amortization expense.

Prior to October 1, 2016, the Company expensed acquisition expenses as incurred and assets acquired and liabilities assumed were measured at their fair values rather than their relative fair values. As of December 18, 2018, the operating properties were adjusted to fair value, less estimated costs to sell, through the adjustments to reflect the change to the Liquidation Basis of Accounting. Subsequent to December 18, 2018, all changes in the estimated fair value of the operating properties, less estimated costs to sell, are adjusted to fair value with a corresponding change to our net assets in liquidation.

Impairment of Investment Properties

Prior to the transition to Liquidation Basis of Accounting, the Company assessed the carrying values of the respective long-lived assets, whenever events or changes in circumstances indicated that the carrying amounts of these assets may not have been fully recoverable. If it was determined that the carrying value was not recoverable because the undiscounted cash flows did not exceed the carrying value, the Company would have been required to record an impairment loss to the extent that the carrying value exceeded fair value. The valuation and possible subsequent impairment of investment properties would have been a significant estimate that can change based on the Company's continuous process of analyzing each property and reviewing assumptions about uncertain factors, as well as the economic condition of the property at a particular point in time.

REIT Status

The Company elected to be taxed as a REIT beginning with the tax year ended December 31, 2015. In order to qualify as a REIT, the Company is required to distribute annually at least 90% of its taxable income, subject to certain adjustments, to its stockholders. The Company must also meet certain asset and income tests, as well as other requirements. The Company monitors the business and transactions that may potentially impact its REIT status. If it fails to qualify as a REIT in any taxable year, without the benefit of certain relief provisions, it will be subject to U.S. federal and state income tax on its taxable income at regular corporate rates.

Cash and Cash Equivalents

The Company considers all demand deposits, money market accounts and all short term investments with a maturity of three months or less, at the date of purchase, to be cash equivalents. The Company maintains its cash and cash equivalents at financial institutions. The account balance may periodically exceed the Federal Deposit Insurance Corporation ("FDIC") insurance coverage and, as a result, there could be a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. The Company believes that the risk will not be significant, as the Company does not anticipate the financial institutions' non-performance.

Valuation of Accounts and Rents Receivable

The Company takes into consideration certain factors that require judgments to be made as to the collectability of receivables. Collectability factors taken into consideration are the amounts outstanding and payment history of the tenant, which taken as a whole determines the valuation.

Capitalization and Depreciation Policies

Prior to the transition to Liquidation Basis of Accounting, real estate acquisitions were recorded at cost less accumulated depreciation. Improvements and betterment costs were capitalized and ordinary repairs and maintenance were expensed as incurred.

Expenditures over $2,500, which improve or extend the life of an asset and have a useful life of greater than one year, are capitalized. The threshold for capitalization does not apply to appliances as all appliances are capitalized. Depreciation expense is computed using the straight-line method. Cost capitalization and the estimate of useful lives require judgment and include significant estimates that can and do change. Prior to the transition to Liquidation Basis of Accounting, the Company anticipated the estimated useful lives of its assets by class to be generally:

Building and other improvements	30 years
Site improvements	5-15 years
Furniture, fixtures and equipment	3-15 years

Debt Issuance Costs

Prior to the transition to Liquidation Basis of Accounting, debt issuance costs were amortized on a straight-line basis, which approximated the effective interest method, over the term of the related agreement as a component of interest expense. These costs were reported as a direct deduction to the Company's outstanding mortgages payable. In accordance with the adoption of the Plan of Liquidation, debt issuance costs were adjusted to their net realizable value as of December 18, 2018, which was $0.

Fair Value Measurements

The Company estimates fair value using available market information and valuation methodologies it believes to be appropriate for these purposes. Considerable judgment and a high degree of subjectivity are involved in developing these estimates and, accordingly, they will not necessarily be indicative of amounts that would be realized upon disposition.

The Company defines fair value based on the price that would be received upon sale of an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value. The fair value hierarchy will consist of three broad levels, which are described below:

- Level 1 − Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 − Observable inputs, other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 − Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Distribution and Stockholder Servicing Fee

Prior to November 1, 2018, the Company paid a distribution and stockholder servicing fee equal to 1.0% per annum of the purchase price per share (or, once reported, the amount of its estimated value per share) for each Class T Share and Class T-3 Share sold in its Offering. The aggregate amount of underwriting compensation for Class T Shares and Class T-3 Shares including the distribution and stockholder servicing fee could not exceed the Financial Industry Regulatory Authority's 10% cap on underwriting compensation. The fee was on-going and was not paid at the time of purchase and was paid monthly in arrears. Beginning in 2016, the Company accounted for the fee as a charge to equity at the time each Class T Share and Class T-3 Share was sold in the Offering and recorded a corresponding payable in due to related parties. In accordance with the adoption of the Plan of Liquidation, the Company ceased accruing for the distribution and stockholder servicing fee as all outstanding Class T Shares and Class T-3 Shares were converted to Class A Shares on January 23, 2019.

Revenue Recognition

Residential properties are leased under operating leases with terms of generally one year or less. Prior to the transition to Liquidation Basis of Accounting, rental revenues from residential leases were recognized on the straight-line method over the approximate life of the leases, which was generally one year. The recognition of rental revenues from residential leases when earned has historically not been materially different from rental revenues recognized on a straight-line basis. Upon adoption of Liquidation Basis of Accounting, the Company estimated all receipts related to future operations.

Under the terms of residential leases, the residents of the Company's residential communities are obligated to reimburse the Company for certain utility usage, water and electricity, where the Company is the primary obligor to the public utility entity. These utility reimbursements from residents are reflected as other property income in the accompanying consolidated statements of operations.

Equity Based Compensation

Prior to the transition to Liquidation Basis of Accounting, the Company had restricted shares outstanding at December 18, 2018. The Company recognized expense related to the fair value of equity based compensation awards as general and administrative expense in the accompanying consolidated statements of operations. The Company recognized expense based on the fair value at the grant date on a straight-line basis over the vesting period representing the requisite service period. See Note 8 - "Equity Based Compensation" for further information.

Recently Adopted Accounting Pronouncements

In November 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* The new update requires that amounts described as restricted cash and

restricted cash equivalents be included in the beginning and ending-of-period reconciliation of cash shown on the consolidated statement of cash flows. The amendment was effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. At December 18, 2018, the Company does not have restricted cash in its consolidated balance sheet and therefore, the new guidance has had no impact to its consolidated financial statements or related disclosures.

On January 1, 2018, the Company adopted Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The Company selected the modified retrospective transition method which would include a cumulative effect of applying the standard on January 1, 2018. As the Company has reviewed its revenue streams and has concluded its previous recognition of revenue is in compliance with the new standard, no cumulative effect adjustment was required.

NOTE 3 – EQUITY

The Company commenced an offering of shares of Class A common stock, $.001 par value per share ("Class A Shares") and shares of Class T common stock, $.001 par value per share ("Class T Shares") on February 17, 2015 (the "Offering") and, effective February 2, 2017, the Company reallocated certain of the remaining shares offered in the Offering to offer shares of Class T-3 common stock, $.001 par value per share ("Class T-3 Shares"). The Company ceased accepting subscription agreements dated after December 31, 2017 and terminated the Offering on January 3, 2018.

Excluding proceeds from the Company's distribution reinvestment plan (as amended, the "DRP"), the Company generated gross proceeds of $0, $55,000 and $350,000 from sales of its Class A Shares, Class T Shares and Class T-3 Shares, respectively, during the period from January 1, 2018 through December 18, 2018. As of December 18, 2018, the Company had 1,488,912 Class A Shares, 409,687 Class T Shares and 261,680 Class T-3 Shares outstanding, respectively. All outstanding shares of the Company's Class T and Class T-3 common stock were converted to shares of the Company's Class A common stock on January 23, 2019.

For the period from January 1, 2018 through December 18, 2018, the Company declared cash distributions of $2,154,351 and paid total distributions of $2,368,208. For the year ended December 31, 2017, the Company declared cash distributions of $2,137,455, paid total distributions of $2,060,823 and issued stock dividends of 22,384 shares to stockholders.

Historically, the Company provided the following programs to facilitate additional investment in the Company's shares and to provide limited liquidity for stockholders. On September 17, 2018, in contemplation of the Plan of Liquidation, which was still pending at that time, the Company's board of directors determined to terminate the DRP and the Company's share repurchase program (as amended, the "SRP").

Distribution Reinvestment Plan

Prior to September 17, 2018, which was prior to the transition to the Liquidation Basis of Accounting, the Company provided stockholders with the option to purchase additional shares from the Company by automatically reinvesting cash distributions through the DRP, subject to certain share ownership restrictions. For participants in the DRP, cash distributions paid on Class A Shares, Class T Shares and Class T-3 Shares, as applicable, were used to purchase Class A Shares, Class T Shares and Class T-3 Shares, respectively. Such purchases under the DRP were not subject to selling commissions, dealer manager fees, distribution and stockholder servicing fees or reimbursement of issuer costs in connection with shares of common stock issued through the DRP. The price per share for shares of common stock purchased under the DRP were made initially at a price of $23.75, $22.81 and $22.81 per Class A Share, Class T Share and Class T-3 Share, respectively, until February 5, 2018 when the Company reported estimated per share net asset values of its common stock. Beginning with the February 2018 distribution payments made to stockholders in March 2018 until the Company terminated the DRP in September 2018, shares of common stock purchased under the DRP were at a price equal to $23.15 per Class A Share, $24.32 per Class T Share and $23.55 per Class T-3 Share.

Distributions reinvested through the DRP were $970,115, $1,088,899 and $438,463 for the period January 1, 2018 through December 18, 2018 and for the years ended December 31, 2017 and 2016, respectively.

Share Repurchase Program

Prior to September 17, 2018, which was prior to the transition to the Liquidation Basis of Accounting, under the SRP, the Company was authorized, in its discretion, to purchase shares from stockholders who purchased their shares from the Company or received their shares through a non-cash transfer and who have held their shares for at least one year, if requested. Subject to funds being available, the Company limited the number of shares repurchased during any calendar year to 5% of the number of shares of common stock outstanding on December 31st of the previous calendar year. Funding for the SRP was limited to the proceeds that the Company received from the DRP during the same period. In the case of repurchases made upon the death of a stockholder or qualifying disability, as defined in the SRP, neither the one year holding period, the limit regarding funds available from the DRP nor the 5% limit applied.

Repurchases through the SRP were $592,933 and $173,558 during the period from January 1, 2018 through December 18, 2018 and for the year ended December 31, 2017, respectively. There were no repurchases through the SRP for the year ended December 31, 2016.

NOTE 4 – NET ASSETS IN LIQUIDATION

The following is a reconciliation of Shareholder's Equity under the going concern basis of accounting to net assets in liquidation under the Liquidation Basis of Accounting as of December 18, 2018.

	Amount
Total equity as of December 18, 2018 (going concern basis)	$ 31,259,626
Balance sheet adjustments:	
Deferred financing costs (a)	(251,082)
Distribution and stockholder servicing fee (b)	428,373
Increase due to net realizable value of real estate (c)	15,329,030
Transaction costs (d)	(1,544,240)
Receipts in excess of liabilities during liquidation (d)	370,913
Interest expense (d)	(621,827)
Total adjustments	$ 13,711,167
Net assets in liquidation December 18, 2018	$ 44,970,793

(a) In contemplation of payment of the Company’s mortgage loans, the balance of deferred financing costs will be written off.

(b) The Company ceased paying distribution and stockholder servicing fees on November 1, 2018, and all outstanding shares of the Company’s Class T and Class T-3 common stock were converted to shares of the Company’s Class A common stock on January 23, 2019.

(c) The Company estimates an increase in net realizable value of its remaining properties calculated as follows:

Contract sales price of real estate	$ 112,050,000
Less: Real estate carrying value	$ (96,220,970)
Less: Allowance for potential contract adjustments	(500,000)
Increase due to net realizable value of real estate	$ 15,329,030

(d) Property operations are on-going until final sale of the Company’s properties. Includes estimated costs associated with selling the Company’s remaining real estate assets, including but not limited to, transfer taxes, title fees, legal fees, debt fees, sales commissions paid to unrelated third party real estate brokers and prorations of operating expenses.

This estimate contains expected future cash outflows related to the Plan of Liquidation. The Liquidation Basis of Accounting requires the Company to estimate net cash flows from operations and to accrue all costs associated with implementing and completing the Plan of Liquidation. The Company currently estimates that it will have estimated costs in excess of estimated receipts during liquidation. These amounts can vary significantly due to, among other things, the timing and amounts associated with discharging known and contingent liabilities and the costs associated with the winding up of operations. These costs are estimated and are anticipated to be paid out over the liquidation period.

NOTE 5 – ACQUISITIONS

2018 Acquisitions

During the year ended December 31, 2018, the Company did not acquire any real estate properties.

2017 Acquisitions

Date Acquired	Property Name	Location	Total Number of Residential Units	Square Footage		Purchase Price (b)
2nd Quarter						
5/3/2017	Commons at Town Center	Vernon Hills, IL	85	105,442	(a)	$ 23,000,000
3rd Quarter						
7/27/2017	Verandas at Mitylene	Montgomery, AL	332	376,968		$ 36,457,616
			417	482,410		$ 59,457,616

(a) Total does not include five units comprising 10,609 square feet of extended first floor retail space.
(b) Contractual purchase price excluding closing credits.

During the year ended December 31, 2017, the Company, through its wholly owned subsidiaries, acquired the real estate properties listed above from unaffiliated third parties. The Commons at Town Center was financed by entering into a seven-year mortgage loan for $13,800,000 and an eight-month note payable for $9,200,000. Verandas at Mitylene was funded with the proceeds of a ten-year mortgage loan for approximately $21,930,000 and offering proceeds of approximately $14,700,000. The acquisitions were accounted for as asset acquisitions. For the year ended December 31, 2017, the Company incurred $338,818 of total acquisition costs, $249,615 of which were capitalized as the acquisition of net real estate in the accompanying consolidated balance sheets and $89,203 of acquisition, dead deal and transaction related costs that are recorded in acquisition related costs in the accompanying consolidated statements of operations.

For properties acquired during the year ended December 31, 2017, the Company recorded total net loss of $1,162,843 and property net loss of $133,262.

The following table presents certain additional information regarding the Company's acquisitions during the year ended December 31, 2017. The amounts recognized for major assets acquired and liabilities assumed as of the acquisition date are as follows:

Land	$	3,543,573
Building and other improvements	$	49,994,877
Site improvements	$	3,214,178
Furniture, fixtures and equipment	$	1,767,003
Acquired in-place lease intangibles	$	1,194,134
Assumed assets and liabilities, net	$	(403,842)
Total	$	59,309,923

NOTE 6 – ACQUIRED INTANGIBLE ASSETS

The following table summarizes the Company's identified intangible assets:

	December 31, 2017	
Intangible assets:		
Acquired in-place lease value	$	592,511
Accumulated amortization		(256,837)
Acquired lease intangibles, net	$	335,674

Prior to the transition to Liquidation Basis of Accounting, the portion of the purchase price allocated to acquired in-place lease value was amortized on a straight-line basis over the acquired leases' weighted average remaining term.

Amortization pertaining to acquired in- place lease value is summarized below:

	Period from January 1, 2018 through December 18, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Amortization recorded as amortization expense:			
Acquired in-place lease value	$ 176,875	$ 256,837	$ —

NOTE 7 – MORTGAGES AND NOTE PAYABLE, NET

As of December 31, 2018 and 2017, the Company had the following mortgages payable:

			December 31, 2018		December 31, 2017	
Type of Debt	Maturity Date	Interest Rate per Annum	Principal Amount	Weighted Average Interest Rate	Principal Amount	Weighted Average Interest Rate
Mortgages Payable:						
The Retreat at Market Square	September 30, 2023	3.64%	$ 27,450,000		$ 27,450,000	
Commons at Town Center (1)	May 3, 2024	3.69%	—		13,800,000	
Verandas at Mitylene	August 1, 2027	3.88%	21,930,000		21,930,000	
Total Mortgages			$ 49,380,000	3.75%	$ 63,180,000	3.73%
Note Payable:						
Commons at Town Center (2)	January 3, 2019	5.40%	—		$ 3,500,000	
Total debt before debt issuance costs			$ 49,380,000	3.75%	$ 66,680,000	3.82%
Unamortized debt issuance costs			—		(283,844)	
Total debt			$ 49,380,000		$ 66,396,156	

(1) The mortgage was paid in full in connection with the sale of the property on December 20, 2018.
(2) The Company paid in full the outstanding balance of its note payable in January 2018.

The Company estimates the fair value of its total debt by discounting the future cash flows of each instrument at rates currently offered for similar debt instruments of comparable maturities by the Company's lenders using Level 3 inputs. The carrying value of the Company's debt excluding unamortized debt issuance costs was $49,380,000 and $66,680,000 as of December 31, 2018 and December 31, 2017, respectively, and its estimated fair value was $49,380,000 and $65,281,610 as of December 31, 2018 and December 31, 2017, respectively. Both mortgages have fixed interest rates. At December 31, 2018, the mortgages payable are included in mortgages payable on the Company's consolidated statement of net assets.

Mortgages

The mortgage loans require compliance with certain covenants such as debt service ratios, investment restrictions and distribution limitations. As of December 31, 2018, the Company is in compliance with all financial covenants related to its mortgage loans.

NOTE 8 – EQUITY BASED COMPENSATION

In accordance with the Company's Employee and Director Incentive Restricted Share Plan (the "RSP"), restricted shares are issued to non-employee directors as compensation.

Under the RSP, restricted shares generally vested over a one to three year vesting period from the date of the grant based on the specific terms of the grant. Prior to the transition to Liquidation Basis of Accounting, the grant-date value of the restricted shares was amortized over the vesting period representing the requisite service period. At vesting, any restrictions on the shares lapse. The

number of shares that may be issued under the RSP was limited to 5% of outstanding shares. Compensation expense associated with the director restricted shares was included in general and administrative expenses in the accompanying consolidated financial statements. Compensation expense under the RSP was $27,894, $12,362 and $9,224 for the period from January 1, 2018 to December 18, 2018 and the years ended December 31, 2017 and 2016, respectively. Upon the approval of the Plan of Liquidation by the Company's stockholders on December 18, 2018, all outstanding restricted shares vested immediately and the unamortized balance was expensed. A summary of the restricted shares is presented below:

	Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding at December 31, 2016	804	$ 18,334	$ 18,334
Granted	658	15,000	15,000
Vested	(329)	(7,500)	(7,500)
Forfeited	—	—	—
Outstanding at December 31, 2017	1,133	$ 25,834	$ 25,834
Granted	658	15,000	15,000
Vested	(1,791)	(40,834)	(40,834)
Forfeited	—	—	—
Outstanding at December 18, 2018	—	—	—

NOTE 9 – INCOME TAX AND DISTRIBUTIONS

The Company elected to be taxed as a REIT under the Internal Revenue Code for U.S. federal income tax purposes commencing with the tax year ending December 31, 2015. As a result, the Company generally will not be subject to U.S. federal income tax on taxable income that is distributed to stockholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it annually distributes at least 90% of its REIT taxable income, subject to certain adjustments and excluding any net capital gain, to its stockholders. Subsequently, if the Company fails to qualify as a REIT in any taxable year, without the benefit of certain relief provisions, the Company will be subject to U.S. federal income tax on its taxable income at the corporate tax rate. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income, property or net worth and U.S. federal income and excise taxes on its undistributed income. The Company had no uncertain tax positions as of December 31, 2018, 2017 and 2016. The Company expects no significant increases in uncertain tax positions due to changes in tax positions within one year of December 31, 2018. The Company has no interest or penalties relating to income taxes recognized in the consolidated statements of operations for the years ended December 31, 2018, 2017 and 2016. As of December 31, 2018, the tax returns for the calendar years 2018 through 2014 remain subject to examination by U.S. and various state and local tax jurisdictions.

Generally, as a REIT, the Company will not pay U.S. federal income tax at the REIT level (including its qualified REIT subsidiaries), but instead a dividends paid deduction will generally offset its taxable income. As a result, while the Company will still be permitted to use net operating losses, subject to certain limitations, to offset its REIT taxable income, the Company does not expect to pay income taxes on its REIT taxable income, and therefore does not expect to be able to realize such deferred tax assets and liabilities.

For the period from January 1, 2018 through December 31, 2018 and for the years ended December 31, 2017 and 2016, the Company paid and declared the following cash distributions and issued the following stock dividends:

	Class A		Class T		Class T-3		
	Distributions Declared	Distributions Paid	Distributions Declared	Distributions Paid	Distributions Declared	Distributions Paid	Stock Dividends (Shares)
2018	$ 1,549,364	$ 1,705,487	$ 343,098	$ 377,749	$ 261,889	$ 284,972	—
2017	$ 1,663,489	$ 1,621,172	$ 375,516	$ 364,264	$ 98,470	$ 75,387	22,384
2016	$ 903,035	$ 812,121	$ 105,143	$ 82,588	$ —	$ —	7,777

For the year ended December 31, 2018, the Company paid cash dividends of approximately $1,705,487 to stockholders of Class A common stock, approximately $377,749 to stockholders of Class T common stock and approximately $284,972 to stockholders of Class T-3 common stock. For income tax purposes only, 24.9% were treated as capital gains (of which 100% should be treated as

unrecaptured Section 1250 gain) and 75.1% were treated as nondividend distributions (which are treated for income tax purposes as a return of capital to the extent of a stockholder's basis in its shares and thereafter as capital gain). For the years ended December 31, 2017 and 2016, 100% of the cash distributions to the Class A stockholders, Class T stockholders and Class T-3 stockholders will be treated as nondividend distributions (which are treated for income tax purposes as a return of capital to the extent of a stockholder's basis in its shares and thereafter as capital gain) and none will be treated as ordinary dividends or capital gain. All stock dividends issued will be treated as non-taxable distributions to the recipient stockholder.

NOTE 10 – EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share ("EPS") are computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period (the "common shares"). Diluted EPS is computed by dividing net income (loss) by the common shares plus common share equivalents. The Company excludes antidilutive restricted shares from the calculation of weighted-average shares for diluted EPS. There were no common share equivalents outstanding at December 18, 2018, as they were fully vested. As a result of a net loss for the period January 1, 2018 through December 18, 2018 and the years ended December 31, 2017 and 2016, 0, 919 and 419 shares were excluded from the computation of diluted EPS, respectively, because they would have been antidilutive. The Company does not apply the two-class method for calculating EPS as its share classes only differ on the timing of its payment of selling commissions, dealer manager fees and distribution and stockholder servicing fees.

NOTE 11 – SEGMENT REPORTING

Prior to the transition to Liquidation Basis of Accounting, the Company had one reportable segment, multi-family real estate, as defined by U.S. GAAP for the period from January 1, 2018 through December 18, 2018 and the years ended December 31, 2017 and 2016.

NOTE 12 – TRANSACTIONS WITH RELATED PARTIES

The Sponsor and its affiliates will not require repayment of acquisition related costs (fee), certain offering costs, mortgage financing fee and Sponsor non-interest bearing advances until subsequent to 12 months from the issuance of this report or upon liquidation if earlier.

The following table summarizes the Company's related party transactions for the period from January 1, 2018 through December 18, 2018 and the years ended December 31, 2017 and 2016.

		Period from January 1, 2018 through December 18, 2018	Year ended December 31,		Unpaid Amounts As of December 31,	
			2017	2016	2018	2017
General and administrative reimbursements	(a)	$ 579,045	$ 421,349	$ 421,673	$ 97,041	$ 98,863
Affiliate share purchase discounts	(b)	—	24,530	19,356	—	—
Total general and administrative costs		$ 579,045	$ 445,879	$ 441,029	$ 97,041	$ 98,863
Acquisition related costs	(c)	$ —	$ 218,858	$ 11,402	$ 686,250	$ 686,250
Offering costs	(d)	$ 20,151	$ 1,701,166	$ 2,588,020	$ 1,011,419	$ 1,609,242
Reimbursement of offering costs	(e)	$ 3,976	$ 6,071,748	$ —	$ 432,228	$ 428,252
Business management fee	(f)	$ 605,378	$ 476,842	$ 274,520	$ 965,526	$ 342,837
Mortgage financing fee	(g)	$ —	$ —	$ —	$ 114,375	$ 114,375
Sponsor non-interest bearing advances	(h)	$ —	$ —	$ —	$ 1,950,000	$ 1,950,000
Property management fee		$ 402,201	$ 286,357	$ 157,757	$ —	$ —
Property operating expenses		933,790	690,526	350,960	—	43,334
Total property operating expenses	(i)	$ 1,335,991	$ 976,883	$ 508,717	$ —	$ 43,334

(a) The Business Manager and its affiliates are entitled to reimbursement for certain general and administrative expenses incurred relating to the Company's administration. Such costs are included in general and administrative expenses in the accompanying

consolidated statements of operations. Unpaid amounts are included in due to related parties in the accompanying consolidated statement of net assets as of December 31, 2018 and the consolidated balance sheet as of December 31, 2017.

(b) The Company established a discount stock purchase policy for affiliates and affiliates of the Business Manager that enabled them to purchase Class A Shares at $22.81 per share. The Company sold 0, 11,201 and 8,838 shares to affiliates for the period from January 1, 2018 through December 18, 2018 and the years ended December 31, 2017 and 2016, respectively.

(c) Prior to August 8, 2016 under the Business Management Agreement, the Company was required to pay the Business Manager or its affiliates an acquisition fee equal to 1.5% of the "contract purchase price," as defined in that agreement, of each property and real estate-related asset acquired. The Business Management Agreement was amended to, among other things, delete the obligation to pay acquisition fees, real estate sales commissions and mortgage financing fees payable to the Business Manager by the Company with respect to transactions occurring on or after August 8, 2016. The Business Manager and its affiliates continue to be reimbursed for acquisition related costs of the Business Manager and its affiliates relating to the Company's acquisition of properties and real estate assets, regardless of whether the Company acquires the properties or real estate assets, subject to the limits provided in the amended agreement. There were no related party acquisition costs incurred during the period from January 1, 2018 through December 18, 2018. For the year ended December 31, 2017, of the $218,858 in related party acquisition costs and fees, $164,067 were capitalized in the accompanying consolidated balance sheets and $54,791 of such costs are included in acquisition related costs in the accompanying consolidated statements of operations. Acquisition fees earned prior to August 8, 2016, which have been previously accrued for and are owed to the Business Manager, are expected to be paid in the future and are included in due to related parties in the accompanying consolidated statement of net assets as of December 31, 2018 and the consolidated balance sheet as of December 31, 2017. The Business Manager will not require the repayment of $686,250 until at least one-year after the filing date of this report or upon liquidation, if earlier.

(d) The Company reimbursed the Sponsor and its affiliates for costs and other expenses of the Offering. Offering costs are offset against the stockholders' equity accounts. As of December 31, 2018, unpaid amounts are included in due to related parties in the consolidated statement of net assets, and as of December 31, 2017, unpaid amounts are included in the consolidated balance sheet. An affiliate of the Business Manager also received selling commissions equal to 6.0% of the sale price for each Class A Share sold, 2.0% of the sale price for each Class T Share sold and 3.0% of the sale price for each Class T-3 Share sold and a dealer manager fee equal to 2.75% of the sale price for each Class A and Class T Share sold and 2.5% of the sale price for each Class T-3 Share sold, the majority of which was re-allowed (paid) to third party soliciting dealers. The Company did not pay selling commissions or the dealer manager fee in connection with shares issued through the DRP and paid no or reduced selling commissions and dealer manager fees in connection with certain special sales. Prior to November 1, 2018, the Company paid a distribution and stockholder servicing fee equal to 1.0% per annum of the purchase price per share (or, once reported, the amount of the Company's estimated value per share) for each Class T Share and Class T-3 Share sold in the Offering. The fee was not paid at the time of the purchase. The Company accounted for the total fee as a charge to equity at the time each Class T Share or Class T-3 Share was sold in the Offering and recorded a corresponding payable in due to related parties. The distribution and stockholder servicing fee was payable monthly in arrears as it became contractually due. At December 31, 2018, there was no unpaid distribution and stockholder servicing fee. At December 31, 2017, the unpaid fee was equal to $551,298 and was recorded in due to related parties in the accompanying consolidated balance sheet. The Sponsor will not require the repayment of $1,011,419 until at least one-year after the filing date of this report or upon liquidation, if earlier.

(e) Organization and offering expenses, excluding selling commissions and dealer manager fees ("other organization and offering expenses"), could not exceed 2.0% of the gross Offering proceeds (the "maximum expense cap"). To the extent that other organization and offering expenses exceeded the maximum expense cap, the excess expenses were required to be paid by the Business Manager with no recourse to the Company. Other organization and offering expenses exceeded the maximum expense cap. Total offering costs were $10,972,727, of which $7,070,590 were other organization and offering expenses subject to the maximum expense cap. These expenses include registration and filing fees, legal and accounting fees, printing and mailing expenses, bank fees and other administrative expenses. Total proceeds raised in the Offering were $50,140,908, resulting in cap excess of $6,067,772. The Business Manager reimbursed the Company an estimated amount of $6,500,000 during the year ended December 31, 2017. This amount includes an overpayment of $432,228 which is included in due to related parties in the accompanying consolidated statement of net assets at December 31, 2018.

(f) The Company pays the Business Manager an annual business management fee equal to 0.6% of its "average invested assets," payable quarterly in an amount equal to 0.15% of the Company's average invested assets as of the last day of the immediately preceding quarter. "Average invested assets" means, for any period, the average of the aggregate book value of the Company's assets, including all intangibles and goodwill, invested, directly or indirectly, in equity interests in, and loans secured by, properties, as well as amounts invested in securities or consolidated and unconsolidated joint ventures or other partnerships, before reserves for amortization and depreciation or bad debts, impairments or other similar non-cash reserves, computed by taking the average of these values at the end of each month during the relevant calendar quarter. As of December 31, 2018,

unpaid amounts are included in due to related parties in the accompanying consolidated statement of net assets and in the consolidated balance sheet as of December 31, 2017.

(g) Prior to August 8, 2016 under the Business Management Agreement, the Company was required to pay the Business Manager, or its affiliates, a mortgage financing fee equal to 0.25% of the amount available or borrowed under the financing or the assumed debt if the Business Manager or its affiliates provided services in connection with the origination or refinancing of any debt that the Company obtained and used to finance properties or other assets, or that was assumed, directly or indirectly, in connection with the acquisition of properties or other assets. Pursuant to the amended Business Management Agreement, mortgage financing fees were eliminated with respect to transactions occurring on or after August 8, 2016. Mortgage financing fees earned prior to August 8, 2016, which have been previously accrued for and are owed to the Business Manager, are expected to be paid in the future and are included in due to related parties in the accompanying consolidated statement of net assets as of December 31, 2018, and as of December 31, 2017 in the consolidated balance sheet. The Business Manager will not require the repayment of $114,375 until at least one-year after the filing date of this report or upon liquidation, if earlier.

(h) This amount represents non-interest bearing advances made by the Sponsor which the Company intends to repay. Unpaid amounts are included in due to related parties in the accompanying consolidated statement of net assets as of December 31, 2018 and in the consolidated balance sheet as of December 31, 2017. The Sponsor will not require the repayment of $1,950,000 until at least one-year after the filing date of this report, or upon liquidation, if earlier.

(i) The Company pays Inland Residential Real Estate Services LLC (the "Real Estate Manager") a monthly property management fee of up to 4% of the gross income from any property managed directly by the Real Estate Manager or its affiliates. The Real Estate Manager may reduce, in its sole discretion, the amount of the management fee payable in connection with a particular property, subject to these limits. The Company also reimburses the Real Estate Manager and its affiliates for property-level expenses that they pay or incur on the Company's behalf, including the salaries, bonuses, benefits and severance payments for persons performing services, including without limitation acquisition due diligence services, for the Real Estate Manager and its affiliates (excluding the executive officers of the Real Estate Manager and the Company's executive officers).

NOTE 13 – OPERATING LEASES

On December 20, 2018, the Company completed the sale of "The Commons at Town Center," which included the Company's only retail square footage. The Company's residential lease terms are generally for twelve months or less.

NOTE 14 – QUARTERLY SUPPLEMENTAL FINANCIAL INFORMATION (UNAUDITED)

The following represents the results of operations, for each quarterly period, during 2018 and 2017.

	2018			
	For the period from October 1, 2018 through December 18, 2018	Sept 30	Jun 30	Mar 31
Total income	$ 2,220,670	$ 2,688,222	$ 2,614,125	$ 2,599,875
Net loss	$ (522,111)	$ (493,128)	$ (533,942)	$ (805,990)
Net loss per common share, basic and diluted (1)	$ (0.24)	$ (0.23)	$ (0.25)	$ (0.37)
Weighted average number of common shares outstanding, basic and diluted (1)	2,158,909	2,158,972	2,156,997	2,152,649

	2017			
	Dec 31	Sept 30	Jun 30	Mar 31
Total income	$ 2,581,944	$ 2,285,507	$ 1,423,204	$ 1,019,755
Net loss	$ (1,042,955)	$ (1,032,097)	$ (704,794)	$ (359,106)
Net loss per common share, basic and diluted (1)	$ (0.51)	$ (0.55)	$ (0.42)	$ (0.24)
Weighted average number of common shares outstanding, basic and diluted (1)	2,050,260	1,885,318	1,696,801	1,492,485

(1) Quarterly net loss per common share amounts may not total the annual amounts due to rounding and the changes in the number of weighted common shares outstanding.

NOTE 15 – SUBSEQUENT EVENTS

Payment of Initial Liquidating Distribution

Pursuant to the provisions of the Company's charter, all outstanding shares of the Company's Class T and Class T-3 common stock were converted to shares of the Company's Class A common stock on January 23, 2019. On January 25, 2019, the Company paid an initial liquidating distribution of $4.53 per share to the record holders of the Company's Class A common stock as of the close of business on January 25, 2019. Pursuant to the Plan of Liquidation, the Initial Liquidating Distribution was unanimously approved by the Company's board of directors in connection with the previously disclosed sale of "The Commons at Town Center" property (the "Property Sale"), the closing of which occurred on December 20, 2018. The Initial Liquidating Distribution was funded from the net proceeds of the Property Sale.

Sale of Properties

The Verandas at Mitylene – contract for sale – On December 21, 2018, the Company entered into a contract to sell to an unaffiliated third party "The Verandas at Mitylene," located in Montgomery, Alabama, for a sale price of approximately $40.5 million minus the principal amount outstanding on an approximately $21.9 million mortgage loan to be assumed by the buyer, closing costs, commissions, and certain prorations and adjustments. Sale of the property is subject to conditions contained in the agreement, as amended on January 23, 2019 and February 19, 2019, including the lender's approval of the buyer's assumption of the mortgage loan.

The Retreat at Market Square – contract for sale – On February 12, 2019, the Company entered into a contract to sell to an unaffiliated third party "The Retreat at Market Square," located in Frederick, Maryland, for a sale price of approximately $47.0 million excluding closing costs, commissions, and certain prorations and adjustments. Sale of the property is subject to conditions contained in the agreement.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.

Schedule III

Real Estate and Accumulated Depreciation
December 31, 2018
(Liquidation Basis)

Property Name	Encum-brance	Initial cost (A)		Cost Capitalized Subsequent to Acquisitions	Gross amount carried at end of period (B)				Accumulated Depreciation (2) (D)	Date Con-structed	Date Acquired	Depreciable Lives
		Land	Buildings and Improvements		Land(C)	Buildings and Improve-ments (C)	Liquidation Adjustment (1)	Total (C)				
The Retreat at Market Square *Frederick, MD*	$27,450,000	$6,301,838	$ 38,824,096	$ 130,242	$6,301,838	$ 38,954,338	$ —	$45,256,176	$ (4,773,635)	2014	2015	3-30
Verandas at Mitylene *Montgomery, AL*	21,930,000	2,051,190	33,965,426	149,180	2,051,190	34,114,606	—	36,165,796	(2,033,728)	2007	2017	3-30
Liquidation adjustment (1)	—	—	—	—	—	—	12,385,391	12,385,391	—			
Total	$49,380,000	$8,353,028	$ 72,789,522	$ 279,422	$8,353,028	$ 73,068,944	$ 12,385,391	$93,807,363	$ (6,807,363)			

(1) Under liquidation basis of accounting, real estate is carried at its estimated fair value, as a result the liquidation adjustment is the adjustment made to the carrying value of real estate to reflect its fair value.

(2) Depreciation expense will not be recorded subsequent to December 18, 2018 as a result of the adoption of our plan of liquidation.

Notes:

(A) The initial cost to the Company represents the original purchase price of the property.

(B) The aggregate cost of real estate owned at December 31, 2018 for U.S. federal income tax purposes was $83,678,185 (unaudited).

(C) Reconciliation of real estate owned:

	2018	2017	2016
Balance at January 1,	$103,826,144	$ 45,191,015	$ 45,125,934
Acquisitions	—	58,519,630	—
Sale of real estate property	(22,555,168)	—	—
Improvements	150,996	115,499	65,081
Liquidation adjustment	12,385,391	—	—
Balance at December 31,	$ 93,807,363	$103,826,144	$45,191,015

(D) Reconciliation of accumulated depreciation:

Balance at January 1,	$ 4,391,774	$ 1,822,971	$ 364,520
Depreciation expense	3,609,004	2,568,803	1,458,451
Sale of real estate property	(1,193,415)	—	—
Balance at December 31,	$ 6,807,363	$ 4,391,774	$ 1,822,971

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management has evaluated, with the participation of the Company's principal executive and principal financial officers, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the principal executive and principal financial officers have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in Internal Control - Integrated Framework 2013 issued by the COSO, our management concluded that our internal control over financial reporting was effective as of December 31, 2018.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to permanent rules adopted by the SEC, permitting the Company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting that occurred during the Company's fiscal quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

The following table sets forth the ages and positions of our directors and executive officers.

Name	Age*	Position
Daniel L. Goodwin	75	Director and Chairman of the Board
Adrian B. Corbiere	74	Independent Director
Meredith W. Mendes	60	Independent Director
Michael W. Reid	65	Independent Director
Mitchell A. Sabshon	66	Director, President and Chief Executive Officer
Catherine L. Lynch	60	Chief Financial Officer and Treasurer
Roderick S. Curtis	51	Vice President
Cathleen M. Hrtanek	42	Secretary

* As of January 1, 2019

Set forth below is certain biographical information regarding each of our directors and executive officers. As used herein, "Inland" refers to some or all of the entities that are a part of The Inland Real Estate Group of Companies, Inc., which is comprised of independent legal entities, some of which may be affiliates, share some common ownership or have been sponsored and managed by such entities or subsidiaries thereof.

Daniel L. Goodwin has served as one of our directors and as chairman of our board since December 2013. Mr. Goodwin has also served as a director and the chairman of the board of the Business Manager, since December 2013. Mr. Goodwin is the Chairman and CEO of Inland, headquartered in Oak Brook, Illinois. Inland is comprised of separate real estate investment and financial companies with managed assets with a value of $10.5 billion, doing business nationwide with a presence in 44 states, as of December 31, 2018. Inland owns and manages properties in all real estate sectors, including retail, office, industrial and apartments. Mr. Goodwin also serves as a director or officer of entities wholly owned or controlled by The Inland Group LLC. In addition, Mr. Goodwin has served as the chairman of the board of Inland Mortgage Investment Corporation since March 1990, chairman, director and chief executive officer of Inland Bancorp, Inc., a bank holding company, since January 2001 and chairman of the board of IREIC, since January 2017. Mr. Goodwin also served as a director of IRC Retail Centers LLC (f/k/a Inland Real Estate Corporation) ("IRC") from 2001 until its merger in March 2016, and served as its chairman of the board from 2004 to April 2008. Mr. Goodwin has served as a director and the chairman of the board of Inland Real Estate Income Trust, Inc. ("IREIT") since July 2012 and a director of its business manager since August 2011. Mr. Goodwin has served as chairman of Inland InPoint Advisor, LLC since October 2016. He also served as the chairman of the National Association of Real Estate Investment Trusts Public Non-Listed REIT Council from January 2010 through December 2017, and as a past Vice Chairman of the Chicago Better Government Association.

Housing. Mr. Goodwin is a member of the National Association of Realtors President's Circle, the National Association of Realtors Hall of Fame, the Illinois Association of Realtors Hall of Fame and the Chicago Association of Realtors Hall of Fame. He is also the author of a nationally recognized real estate reference book for the management of residential properties. Mr. Goodwin served on the Board of the Illinois State Affordable Housing Trust Fund. He served as an advisor for the Office of Housing Coordination Services of the State of Illinois, and as a member of the Seniors Housing Committee of the National Multifamily Housing Council. He has served as Chairman of the DuPage County Affordable Housing Task Force. Mr. Goodwin also founded New Directions Housing Corporation, a not-for-profit entity that develops affordable housing for low income individuals.

Education. Mr. Goodwin obtained his bachelor's degree and his master's degree from Illinois State universities. Following graduation, he taught for five years in the Chicago Public Schools. Over the past twenty years, Mr. Goodwin served as a member of the Board of Governors of Illinois State Colleges and Universities, vice chairman of the Board of Trustees of Benedictine University, vice chairman of the Board of Trustees of Springfield College, and chairman of the Board of Trustees of Northeastern Illinois University.

Adrian B. Corbiere has been an independent director of the Company since September 2014. Mr. Corbiere is currently serving as a consultant and advisor to the senior management committee for Bellwether Enterprise, a commercial real estate mortgage banking firm in Cleveland, Ohio. From 2007 until his retirement in 2013 he served as executive vice president and partner in Cohen Financial in Chicago, Illinois responsible for the capital markets group which included overseeing the origination activities of the firm's debt and equity placement platforms, investment sales and advisory services as well as all of the company's origination offices and

mortgage banking associates. Prior to joining Cohen Financial, Mr. Corbiere was employed by the Federal Home Loan Mortgage Corporation ("Freddie Mac"), located in McLean, Virginia, from 1999 to 2007 as a Senior Vice President of the multi-family division responsible for conventional and structured mortgages, commercial mortgage-backed securities ("CMBS") and tax credit equity portfolios of approximately $110 billion. Before joining Freddie Mac, he was a Managing Director at Allstate Insurance Corp. ("Allstate"), located in Northbrook, Illinois, from 1996 to 1999, responsible for Allstate's public and private real estate equity, commercial mortgage and CMBS investments. Prior to his position at Allstate, from 1986 to 1996 he was a senior vice president of fixed income investments including commercial mortgages and private bonds at New England Mutual Life Insurance Company, Boston, Massachusetts (now a subsidiary of MetLife).

Mr. Corbiere obtained his Bachelor of Science degree from Lehigh University and his Master's Degree from University of Hartford. Mr. Corbiere has been affiliated with the Mortgage Bankers Association, National Multifamily Housing Council as a member of the Board of Governors, Urban Land Institute as a member of the Multifamily Council, National Association of Home Builders as a member of the Multifamily Leaders Board, the Commercial Mortgage Securities Association as a member of the Board of Governors, National Equity Fund as a board director, Pembrook Capital Advisors as a member of the Advisory Board, and Ohio Wesleyan University as a former Board Trustee.

Meredith W. Mendes has been an independent director of the Company since November 2016. Ms. Mendes served as an independent director of IRC from August 2014 to March 2016, a member of the audit and nominating and corporate governance committees from August 2014 to March 2016 and a member of the compensation committee from June 2015 to March 2016. Since March 2018, Ms. Mendes has served as a director and audit committee member of Kronos Worldwide, Inc. (NYSE: KRO), a global producer and marketer of value-added titanium pigments, and NL Industries, Inc. (NYSE: NL), which through its subsidiary, CompX International, Inc., manufactures security products and recreational marine components. Since October 2005 she has served as executive director and chief operating officer of Jenner & Block LLP, a law firm with approximately 500 attorneys, where she is responsible for firm-wide operations relating to real estate, finance, planning, tax and accounting, technology and human resources. Ms. Mendes has been in management of commercial real estate for over 25 years. While at Jenner & Block, she has overseen office moves, leasing and subleasing, construction and design of offices in Chicago, London, Los Angeles, New York and Washington, D.C. Prior to joining Jenner & Block, Ms. Mendes served as executive vice president and worldwide chief financial officer of Daniel J. Edelman, Inc. (from June 1999 to October 2005), where she managed a 43 office lease portfolio spanning five continents. Ms. Mendes also served as chief financial officer of Medline Industries, Inc., and previously was an investment banker financing traded and non-traded bonds used to finance construction of manufacturing facilities. She is managing member of entities owning commercial retail properties in New York and Illinois. She is an Illinois licensed certified public accountant, earned an MBA with a finance concentration from The University of Chicago Booth (formerly Graduate) School of Business and a law degree from Harvard Law School. She is a Magna Cum Laude graduate of Brown University where she was elected to Phi Beta Kappa and received history department honors. She is a National Association of Corporate Directors Board Leadership Fellow and attended the Kellogg School of Management Women's Director Development Program. Ms. Mendes is a member of The University of Chicago Women's Board, a trustee, chair of the compensation committee and a member of the audit committee of The Chicago Academy of Sciences and its Peggy Notebaert Nature Museum. She is also a member of the AICPA, The Economic Club of Chicago, Hyde Park Angels, Latino Corporate Directors Association and Women Corporate Directors.

Michael W. Reid has been an independent director of the Company since September 2014. Since 2009, Mr. Reid has served as a managing partner at HSP Real Estate Group ("HSP"), a real estate investment and management and leasing company that manages office buildings totaling over four million square feet in Midtown Manhattan. HSP recently purchased and upgraded 251 West 30th Street with AIG. Previously, HSP purchased and sold two office buildings in Times Square South with the Davis Companies and 1372 Broadway with Starwood Capital Group. Mr. Reid has nearly 35 years of investment banking and real estate experience, including heading Lehman Brothers REIT equity practice for nine years (1992-2001) as managing director in the Global Real Estate Department. In that capacity, he was responsible for developing and implementing the business strategy for Lehman's REIT equity underwriting business. Mr. Reid also served as chief operating officer of SL Green Realty Corp. from 2001-2004, where some of his responsibilities included strategic planning, finance and reporting, capital markets, operations and budgeting for a $4 billion publicly-traded REIT. From 2004-2006, he served as president of Ophir Energy Corp., a company that invested in oil and gas production in Oklahoma. From 2006-2008, he served as chief operating officer of Twining Properties, a real estate company specializing in high rise development in Cambridge, Massachusetts. Since 2009, Mr. Reid has served as a director of Capital Senior Living Corporation, a New York Stock Exchange traded REIT, and became a member of the compensation committee in 2012 and chairman of the board of directors in 2016. Mr. Reid holds a Bachelor of Arts and Master of Divinity, both from Yale University.

Mitchell A. Sabshon has been a director and our president and chief executive officer since December 2013. Mr. Sabshon has also served as a director and president and chief executive officer of the Business Manager since December 2013. Mr. Sabshon is also currently the chief executive officer, president and a director of IREIC, positions he has held since August 2013, January 2014 and September 2013, respectively. He is a director, chief executive officer and president of IREIT, positions he has held since September and April, 2014 and December 2016, respectively. He is also a director and president of IREIT's business manager, positions he has

held since October 2013 and December 2016, respectively. Mr. Sabshon also serves as the chairman of the board of directors and chief executive officer of InPoint Commercial Real Estate Income, Inc. ("InPoint"), positions he has held since September 2016 and October 2016, respectively, and as the chief executive officer of the InPoint advisor since August 2016. Mr. Sabshon has also served as a director and chairman of the board of Inland Private Capital Corporation ("IPCC") since September 2013 and January 2015, respectively, and a director of Inland Securities Corporation ("Inland Securities") since January 2014. Mr. Sabshon has served as chief executive officer of Inland Venture Partners, a subsidiary of IREIC formed in December 2018, since its inception.

Prior to joining Inland, Mr. Sabshon served as Executive Vice President and Chief Operating Officer of Cole Real Estate Investments. As Chief Operating Officer, Mr. Sabshon oversaw the company's finance, property management, asset management and leasing operations. Prior to joining Cole, Mr. Sabshon held several senior executive positions at leading financial services firms. He spent almost 10 years at Goldman, Sachs & Co. in various leadership positions including President and CEO of Goldman Sachs Commercial Mortgage Capital. He also served as a Senior Vice President in Lehman Brothers' real estate investment banking group. Prior to joining Lehman Brothers, Mr. Sabshon was an attorney in the corporate and real estate structured finance practice groups at Skadden, Arps, Slate, Meagher and Flom in New York. Mr. Sabshon was the Chairman Emeritus of the Institute for Portfolio Alternatives for 2018. He is also a member of the International Council of Shopping Centers, the Urban Land Institute, the National Association of Corporate Directors, and a member of the Board of Trustees of the American Friends of Hebrew University - Midwest Region. Mr. Sabshon is a member of the New York State Bar. He also holds a real estate broker license in New York. He received his undergraduate degree from George Washington University and his law degree at Hofstra University School of Law.

Catherine L. Lynch has served as our chief financial officer since December 2013 and as our treasurer since April 2018. She serves in the same roles for the Business Manager. Ms. Lynch joined Inland in 1989 and has been a director of The Inland Group LLC since June 2012. She serves as the treasurer and secretary (since January 1995), the chief financial officer (since January 2011) and a director (since April 2011) of IREIC and as a director (since July 2000) and chief financial officer and secretary (since June 1995) of Inland Securities. She has served as the chief financial officer (since April 2014) and the treasurer (since April 2018) of IREIT and as a director (since August 2011) and the treasurer (since April 2018) of IREIT's business manager. Ms. Lynch also serves as the chief financial officer and treasurer (since October 2016) of InPoint and as the chief financial officer and treasurer of the InPoint advisor (since August 2016). Ms. Lynch also has served as a director of IPCC since May 2012. Ms. Lynch served as the treasurer of Inland Capital Markets Group, Inc. from January 2008 until October 2010, as the treasurer of the Business Manager from December 2013 to October 2014, as a director and treasurer of Inland Investment Advisors, LLC from June 1995 to December 2014 and as a director and treasurer of Inland Institutional Capital, LLC from May 2006 to December 2014. Ms. Lynch worked for KPMG Peat Marwick LLP from 1980 to 1989. Ms. Lynch received her bachelor degree in accounting from Illinois State University in Normal. Ms. Lynch is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Illinois CPA Society. Ms. Lynch also is registered with the Financial Industry Regulatory Authority, Inc. as a financial operations principal.

Roderick S. Curtis has served as our vice president, and the vice president of the Business Manager, since May 2016. Mr. Curtis joined IREIC in 2011 and currently serves as senior vice president, investment funds for IREIC. Mr. Curtis has also served as a vice president and secretary of InPoint and as president of the InPoint advisor since October 2016 and August 2016, respectively. Mr. Curtis also serves as president of Inland Venture Partners, a subsidiary of IREIC formed in December 2018. Prior to joining IREIC, Mr. Curtis held positions with Pacific Office Properties/Priority Capital Group, AmREIT and DWS Scudder Investments. Mr. Curtis received his bachelor degree in economics from the University of Wisconsin.

Cathleen M. Hrtanek has been our corporate secretary, and the secretary of the Business Manager, since December 2013. Ms. Hrtanek joined Inland in 2005 and is an assistant general counsel and vice president of The Inland Real Estate Group, LLC. In her capacity as assistant general counsel, Ms. Hrtanek represents many of the entities that are part of The Inland Real Estate Group of Companies on a variety of legal matters. Ms. Hrtanek also has served as the secretary of the InPoint advisor since August 2016, as the secretary of IREIT and its business manager since August 2011, as the secretary of Inland Opportunity Business Manager & Advisor, Inc. since April 2009, as the secretary of Inland Diversified Real Estate Trust, Inc. from September 2008 through July 2014, and its business manager from September 2008 through March 2016, and as the secretary of IPCC from August 2009 through May 2017. Prior to joining Inland, Ms. Hrtanek had been employed by Wildman Harrold Allen & Dixon LLP in Chicago, Illinois from September 2001 until 2005. Ms. Hrtanek has been admitted to practice law in the State of Illinois. Ms. Hrtanek received her bachelor degree from the University of Notre Dame in South Bend, Indiana and her law degree from Loyola University Chicago School of Law.

Audit Committee

Our board has formed a separately-designated standing audit committee, comprised of Messrs. Corbiere and Reid and Ms. Mendes, each of whom is an independent director. Mr. Reid serves as the chairman of this committee, and our board has determined that Mr. Reid qualifies as an "audit committee financial expert" as defined by the SEC. The audit committee assists the board with the oversight of: (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) the

qualifications and independence of our independent registered public accounting firm; and (4) the performance of our independent registered public accounting firm.

Code of Ethics

Our board has adopted a code of ethics applicable to our directors, officers and employees which is available on our website free of charge at inland-investments.com/inland-residential-trust. In addition, printed copies of the code of ethics are available to any stockholder, without charge, by writing us at 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investor Services.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires each director, officer and individual beneficially owning more than 10% of our common stock to file initial statements of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5) of our common stock with the SEC. Directors, officers and greater than 10% beneficial owners are required by SEC rules to furnish us with copies of all forms they file. Based solely on a review of the copies of these forms furnished to us during, and with respect to, the fiscal year ended December 31, 2018, or written representations that no additional forms were required, we believe that all of our officers and directors and persons that beneficially owned more than 10% of the outstanding shares of our common stock complied with these filing requirements during the fiscal year ended December 31, 2018.

Item 11. Executive Compensation

Compensation of Executive Officers

All of our executive officers are officers of IREIC or one or more of its affiliates and are compensated by those entities, in part, for services rendered to us. We neither compensate our executive officers nor reimburse either the Business Manager or Real Estate Manager for any compensation paid to individuals who also serve as our executive officers, or the executive officers of the Business Manager, our Real Estate Manager or their respective affiliates; provided that, for these purposes, a corporate secretary is not considered an "executive officer." As a result, we do not have, and our board of directors has not considered, a compensation policy or program for our executive officers and has not included a "Compensation Discussion and Analysis," a report from our board of directors with respect to executive compensation. The fees we pay to the Business Manager and Real Estate Manager under the business management agreement or the real estate management agreement, respectively, are described in more detail under "Certain Relationships and Related Transactions" in Item 13 "Certain Relationships and Related Transactions, and Director Independence."

In the future, our board may decide to pay annual compensation or bonuses or long-term compensation awards to one or more persons for services as officers. We also may, from time to time, grant restricted shares of our common stock to one or more of our officers. If we decide to pay our named executive officers in the future, the board of directors will review all forms of compensation and approve all stock option grants, warrants, stock appreciation rights and other current or deferred compensation payable to the executive officers with respect to the current or future value of our shares.

Compensation of Directors

The following table summarizes compensation earned by the independent directors for the year ended December 31, 2018.

Name	Fees Earned in Cash ($)	Stock Awards ($)(1)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(2)	Total Compensation ($)
Adrian B. Corbiere	30,700	5,000	—	—	—	739	36,439
Meredith W. Mendes	30,500	5,000	—	—	—	227	35,727
Michael W. Reid	31,750	5,000	—	—	—	739	37,489

(1) Represents 219.20 Class A Shares granted on November 18, 2018, 2018 to each independent director.

(2) Represents the value of distributions received during the year ended December 31, 2018 on all stock awards received through December 31, 2018.

Cash Compensation

We pay to each of our independent directors a retainer of $20,000 per year plus $1,000 for each board meeting the director attends in person ($500 for each board committee meeting) and $500 for each board meeting the director attends by telephone ($350 for each board committee meeting). We also pay the chairperson of our audit committee an annual fee of $5,000 and the chairperson of our nominating and corporate governance committee an annual fee of $3,000. Our independent directors may elect to receive their annual

retainer in cash, unrestricted Class A Shares, or both. We reimburse all of our directors for any out-of-pocket expenses incurred by them in attending meetings. We do not compensate any director that also is an employee of the Business Manager or its affiliates.

Stock Compensation

We have an employee and director incentive restricted share plan (the "RSP"), which provides for the automatic grant of 219.20 restricted Class A Shares on the date of each annual stockholders' meeting to each of the independent directors, without any further action by our board of directors or the stockholders. The RSP provides us with the ability to grant awards of restricted shares to directors, officers and employees (if we ever have employees) of us, our affiliate or the Business Manager. The total number of common shares granted under the RSP may not exceed 5.0% of our outstanding Class A Shares on a fully diluted basis at any time and in any event will not exceed 438,404 Class A Shares (as such number may be adjusted to reflect any increase or decrease in the number of outstanding shares resulting from a share split, share dividend, reverse share split or similar change in our capitalization).

Restricted stock issued to independent directors pursuant to automatic grants vest over a three-year period following the date of grant in increments of 33-1/3% per annum, subject to their continued service as directors until each vesting date and becomes fully vested earlier upon a liquidity event. Upon the approval of the Plan of Liquidation by the Company's stockholders on December 18, 2018, all outstanding restricted shares vested immediately. Accordingly, as of December 31, 2018, there were no unvested restricted shares outstanding under the RSP.

Other restricted share awards entitle the recipient to receive shares of common stock from us under terms that provide for vesting over a specified period of time or upon attainment of pre-established performance objectives. Such awards would typically be forfeited with respect to the unvested shares upon the termination of the recipient's employment or service as a director or, if applicable, the termination of the business management agreement with the Business Manager. Restricted shares may not, in general, be sold or otherwise transferred until restrictions are removed and the shares have vested. Holders of restricted shares have the right to vote such shares and may receive distributions prior to the time that the restrictions on the restricted shares have lapsed.

Compensation Committee Interlocks and Insider Participation

Our board does not have a compensation committee that governs the compensation process. Instead, the full board of directors performs the functions of a compensation committee, including reviewing and approving all forms of compensation for our independent directors that have been reviewed and recommended by our nominating and corporate governance committee. In addition, our independent directors determine, at least annually, that the compensation that we contract to pay to the Business Manager is reasonable in relation to the nature and quality of services performed or to be performed, and is within the limits prescribed by our charter. Our board does not believe that it requires a separate compensation committee at this time because we neither separately compensate our executive officers for their service as officers, nor do we reimburse either the Business Manager or our Real Estate Manager for any compensation paid to their employees who also serve as our executive officers. See the discussion under "Compensation of Executive Officers" above for additional detail regarding compensation and the discussion under "Certain Relationships and Related Transactions" in Item 13 "Certain Relationships and Related Transactions, and Director Independence" for disclosures called for by Item 404 of Regulation S-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Stock Owned by Certain Beneficial Owners and Management

The following table sets forth information as of March 19, 2019 regarding the number and percentage of shares beneficially owned by each director, each executive officer, all directors and executive officers as a group, and any person known to us to be the beneficial owner of more than 5% of our outstanding common stock. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the following table have sole voting and investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 2,183,727 shares of our common stock outstanding as of March 19, 2019. Unless otherwise indicated, the address of each beneficial owner listed in the following table is c/o Inland Residential Properties Trust, Inc., 2901 Butterfield Road, Oak Brook, Illinois 60523.

	Shares Beneficially Owned(1)

Name and Address of Beneficial Owner	Common Stock	
	Shares	Percentage
Directors and Executive Officers:		
Daniel L. Goodwin, Director and Chairman of the Board (2)	102,800	4.7%
Adrian B. Corbiere, Independent Director (3)	1,029	*
Meredith W. Mendes, Independent Director (4)	453	*
Michael W. Reid, Independent Director	1,029	*
Mitchell A. Sabshon, Director, President and Chief Executive Officer	476	*
Catherine L. Lynch, Chief Financial Officer and Treasurer (5)	513	*
Roderick S. Curtis, Vice President	222	*
Cathleen M. Hrtanek, Secretary	—	—
All Directors and Executive Officers as a group (8 persons)	106,522	4.9%

* Less than 1%

(1) All fractional ownership amounts have been rounded to the nearest whole number. All shares currently owned by our directors and executive officers are Class A Shares.

(2) Mr. Goodwin's beneficial ownership includes 4,784 shares directly owned by the Goodwin 2012 Descendants Trust and 98,016 shares owned by IREIC. Mr. Goodwin's wife, as trustee, has sole voting and investment power over the shares owned by the Goodwin 2012 Descendants Trust. Mr. Goodwin controls the voting and disposition decisions with respect to the shares owned by IREIC.

(3) Mr. Corbiere's shares are directly owned by Race Point LLC, which is controlled by Mr. Corbiere.

(4) Ms. Mendes' shares are directly owned by MWM Investments LLC, which is controlled by Ms. Mendes.

(5) Ms. Lynch shares voting and dispositive power with her husband over all of the shares that they own.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information regarding securities authorized for issuance under the RSP as of December 31, 2018:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity Compensation Plans approved by security holders (1)	—	—	108,014
Equity Compensation Plans not approved by security holders	—	—	—
Total	—	—	108,014

(1) On February 17, 2015, the RSP was approved by IREIC, the sole stockholder of the Company on that date. Upon the approval of the Plan of Liquidation by the Company's stockholders on December 18, 2018, all outstanding restricted shares vested immediately.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain Relationships and Related Transactions

Set forth below is a summary of the material transactions between the Company and various affiliates of IREIC, including the Business Manager and Real Estate Manager, during the years ended December 31, 2018 and 2017. IREIC is an indirect wholly owned subsidiary of The Inland Group LLC. Please see "Directors and Executive Officers" under Item 10 "Directors, Executive Officers and Corporate Governance" for information regarding their relationships to Inland, including IREIC and The Inland Group LLC.

Business Management Agreement

We have entered into a business management agreement with Inland Residential Business Manager & Advisor, Inc., which serves as the Business Manager with responsibility for overseeing and managing our day-to-day operations.

Business Management Fee: Subject to satisfying the criteria described below, we pay the Business Manager an annual business management fee equal to 0.6% of our "average invested assets," payable quarterly in an amount equal to 0.15% of our average invested assets as of the last day of the immediately preceding quarter; provided that the Business Manager may decide, in its sole discretion, to be paid in either cash or the equivalent amount of our Class A Shares, or a combination thereof; and provided further the Business Manager may decide, in its sole discretion, to be paid an amount less than the total amount to which it is entitled in any particular quarter, and the excess amount that is not paid may, in the Business Manager's sole discretion, be waived permanently or deferred or accrued, without interest, to be paid at a later point in time. For the years ended December 31, 2018 and 2017, the Business Manager was entitled to a business management fee in the amount equal to $605,378 and $476,842, respectively. Business management fees of $965,526 and $342,837 remain unpaid as of December 31, 2018 and 2017, respectively.

As used herein, "average invested assets" means, for any period, the average of the aggregate book value of our assets, including all intangibles and goodwill, invested, directly or indirectly, in equity interests in, and loans secured by, properties, as well as amounts invested in securities or consolidated and unconsolidated joint ventures or other partnerships, before reserves for amortization and depreciation or bad debts, impairments or other similar non-cash reserves, computed by taking the average of these values at the end of each month during the relevant calendar quarter.

If the business management agreement is terminated, including in connection with the internalization of the functions performed by the Business Manager, the obligation to pay this business management fee will terminate but the Business Manager will be paid all fees accruing or accrued to the date of termination.

Acquisition Fee; Real Estate Sales Commission; Mortgage Financing Fee (Prior to August 8, 2016): Prior to August 8, 2016, we were required to pay the Business Manager or its affiliates acquisition fees of 1.5% of the contract purchase price of each property and real estate-related asset we acquired, real estate sales commissions up to the lesser of (1) one-half of the customary commission paid to a third-party broker for the sale of a comparable property and (2) 1.0% of the gross sales price of the property sold, and mortgage financing fees equal to 0.25% of the amount available or borrowed under the financing or the assumed debt. Our business management agreement was subsequently amended to eliminate acquisition fees, real estate sales commissions and mortgage financing fees and accordingly, we do not have an obligation to pay the Business Manager such fees for transactions occurring on or after August 8, 2016. For the year December 31, 2016, we did not incur any acquisition fees or mortgage financing fees. As of December 31, 2018, we had not paid acquisition fees of $686,250 and mortgage financing fees of $114,375, both of which were accrued prior to August 8, 2016. We did not sell any properties, and thus did not incur any real estate sales commissions.

Real Estate Management Agreement

We have entered into a real estate management agreement with our Real Estate Manager, under which our Real Estate Manager and its affiliates manage or oversee each of our real properties. For each property that is managed directly by our Real Estate Manager or its affiliates, we pay our Real Estate Manager a monthly management fee of up to 4% of the gross income from any property. Our Real Estate Manager may reduce, in its sole discretion, the amount of the management fee payable in connection with a particular property, subject to these limits. We also reimburse our Real Estate Manager and its affiliates for property-level expenses that they pay or incur on our behalf, including the salaries, bonuses, benefits and severance payments for persons performing services, including without limitation acquisition due diligence services, for our Real Estate Manager and its affiliates (excluding the executive officers of our Real Estate Manager and our executive officers). For the years ended December 31, 2018 and 2017, we incurred and paid real estate management fees in an aggregate amount equal to $402,201 and $286,357, respectively. For the years ended December 31, 2018 and 2017, our Real Estate Manager and its affiliates incurred, on our behalf, property-level expenses of $933,790 and $690,526, respectively. As of December 31, 2018, we had reimbursed all property-level expenses. As of December 31, 2017, we had not reimbursed $43,334 of property-level expenses.

Dealer Manager Agreement

We were a party to a dealer manager agreement with Inland Securities, the dealer manager for the Offering. We ceased accepting subscription agreements dated after December 31, 2017 and terminated the Offering upon processing the final subscription agreement on January 3, 2018. Inland Securities was entitled to receive (i) a selling commission equal to 6.0% of the sale price, or $1.50, for each Class A Share, 2.0% of the sale price, or approximately $0.48, for each Class T Share and 3.0% of the sale price, or approximately $0.72, for each Class T-3 Share" sold in the Offering and (ii) a dealer manager fee in an amount equal to 2.75% of the sale price, or approximately $0.69, for each Class A Share, 2.75% of the sale price, or approximately $0.66, for each Class T Share, and 2.5% of the sale price, or approximately $0.60, for each Class T-3 Share sold in the Offering. Inland Securities reallowed (paid)

the full amount of the selling commissions to participating soliciting dealers and reallowed a portion of the price per share out of the dealer manager fee to participating soliciting dealers.

Prior to November 1, 2018, we paid a distribution and stockholder servicing fee equal to 1.0% per annum of the purchase price per share (or, once reported, the amount of the per share estimated value of the applicable share) for each Class T Share and Class T-3 Share sold in the Offering. The distribution and stockholder servicing fee accrued daily and was paid monthly in arrears. We paid the distribution and stockholder servicing fee to Inland Securities, which could reallow the fee to the soliciting dealer, if any, who sold the Class T or Class T-3 Shares or, if applicable, to a subsequent broker-dealer of record of the Class T or Class T-3 Shares so long as the subsequent broker-dealer was party to a soliciting dealer agreement, or servicing agreement, with Inland Securities that provided for reallowance. The distribution and stockholder servicing fees were ongoing fees that were not paid at the time of purchase. We ceased paying distribution and stockholder servicing fee on November 1, 2018 in connection with the Plan of Liquidation.

For the years ended December 31, 2018 and 2017, we incurred selling commissions of $11,600 and $612,646, respectively, and a dealer manager fee of $10,263 and $420,313, respectively, both of which did not include payments for any bona fide out-of-pocket, itemized and detailed due diligence expenses. Inland Securities reallowed, in the aggregate, $16,544 and $1,054,424 of these fees to soliciting dealers for the years ended December 31, 2018 and 2017, respectively.

At December 31, 2018 and 2017, we have accrued distribution and stockholder servicing fees totaling $0 and $551,298, respectively. Inland Securities reallowed $124,682 and $99,308 of distribution and stockholder servicing fees to soliciting dealers during the years ended December 31, 2018 and 2017, respectively.

In addition, we reimbursed IREIC, its affiliates and third parties for any issuer costs that they pay on our behalf in an amount not to exceed 2.0% of the gross offering proceeds from shares sold in the Offering over the life of the Offering. For the years ended December 31, 2018 and 2017, these costs totaled $0 and $359,383, respectively. The Business Manager or its affiliates were to pay or reimburse any organization and offering expenses, including any “issuer costs,” that exceed 10.75% of the gross offering proceeds from Class A Shares, 6.75% of the gross offering proceeds from Class T Shares or 7.5% of the gross offering proceeds from Class T-3 Shares sold in the Offering over the life of the Offering. Total issuer costs over the life of the Offering were $7,070,590, which exceeds the cap for such costs by $6,067,772. The Business Manager reimbursed us an estimated amount of $6,500,000 during the year ended December 31, 2017. This amount includes an overpayment of $432,228 which we intend to repay.

Offering costs of $1,011,419 and $1,609,242 remained unpaid as of December 31, 2018 and 2017, respectively.

Subordinated Incentive Distributions to the Special Limited Partner

As general partner of our operating partnership, we are party to the partnership agreement for the operating partnership along with the special limited partner, Inland Residential Properties Trust Special Limited Partner, LLC (the “special limited partner”), which is a wholly-owned subsidiary of IREIC. Upon certain liquidity events, the special limited partner is entitled to receive subordinated incentive distributions from the operating partnership, which include: (1) the subordinated incentive participation in net sales proceeds; (2) the subordinated incentive listing distribution; and (3) the subordinated incentive distribution upon termination. For the years ended December 31, 2018 and 2017, we had not paid any of these subordinated incentive distributions.

The special limited partner will receive from time to time, when available, including in connection with a merger, consolidation, sale or other disposition of all or substantially all of our assets, a subordinated incentive participation in net sales proceeds equal to 15.0% of the value accorded to our shares of common stock outstanding immediately prior to the effective time of the merger or consolidation by the relevant transaction documents or the remaining “net sales proceeds” (as defined in our charter) of an asset sale, as applicable, after return of capital contributions plus payment to investors of an annual 6.0% cumulative, pre-tax, non-compounded return on the capital contributed by investors.

Upon the listing of our shares on a national securities exchange, including a listing in connection with a merger or other business combination, the special limited partner will be entitled to receive the subordinated incentive listing distribution equal to 15.0% of the amount by which the sum of our market value plus aggregate distributions exceeds the sum of the aggregate capital contributed by investors plus an amount equal to an annual 6.0% cumulative, pre-tax, non-compounded return to investors.

Upon termination or non-renewal of the business management agreement with or without cause, the special limited partner will be entitled to receive the subordinated incentive distribution upon termination equal to 15.0% of the amount by which the sum of our market value plus distributions exceeds the sum of the aggregate capital contributed by investors plus an amount equal to an annual 6.0% cumulative, pre-tax, non-compounded return to investors. In addition, the special limited partner may elect to defer its right to receive this subordinated incentive distribution upon termination until either a listing on a national securities exchange or other liquidity event occurs.

If the business management agreement is terminated with or without cause and the amount of the termination distribution is zero, the special limited partner will continue to be entitled to receive a subordinated incentive distribution. Specifically, the special limited partner will be entitled to a subordinated incentive participation in net sales proceeds (including by way of merger) or subordinated incentive listing distribution, as applicable, equal to the product of: (1) 15.0% of the amount by which the sum of our market value plus aggregate distributions exceeds the sum of the aggregate capital contributed by investors plus an amount equal to an annual 6.0% cumulative, pre-tax, non-compounded return on the capital contributed by investors through the termination date; and (2) the quotient of the number of days elapsed from the inception of the Company through and including the date of termination of the business management agreement, and the number of days elapsed from the inception of the Company through and including the listing date or liquidity event date, as applicable.

We cannot assure you that we will provide this return of capital and 6.0% return, which we have disclosed solely as a measure for our Business Manager's and its affiliates' incentive compensation.

Other Fees and Expense Reimbursements

We reimburse the Business Manager, Real Estate Manager and entities affiliated with each of them, including IREA and its respective affiliates, as well as third parties, for any investment-related expenses they pay in connection with selecting, evaluating or acquiring any investment in real estate assets, regardless of whether we acquire a particular real estate asset, subject to the limits in our charter. Examples of reimbursable expenses include but are not limited to legal fees and expenses, travel and communications expenses, costs of appraisals, accounting fees and expenses, third-party broker or finder's fees, title insurance expenses, survey expenses, property inspection expenses and other closing costs. For the years ended December 31, 2018 and 2017, we incurred and reimbursed $0 and $218,858, respectively, in acquisition expenses.

We reimburse IREIC, the Business Manager and their respective affiliates, including the service providers, for any expenses that they pay or incur on our behalf in providing services to us, including all expenses and the costs of salaries, bonuses, benefits and severance payments for persons performing services for these entities on our behalf (except for the salaries, bonuses, benefits and severance payments for persons who also serve as one of our executive officers or as an executive officer of the Business Manager). Expenses include, but are not limited to: issuer costs, expenses incurred in connection with any sale of assets or any contribution of assets to a joint venture; expenses incurred in connection with any liquidity event; taxes and assessments on income or real property; premiums and other associated fees for insurance policies including director and officer liability insurance; expenses associated with investor communications including the cost of preparing, printing and mailing annual reports, proxy statements and other reports required by governmental entities; administrative service expenses charged to, or for the benefit of, us by third parties; audit, accounting and legal fees charged to, or for the benefit of, us by third parties; transfer agent and registrar's fees and charges paid to third parties; and expenses relating to any offices or office facilities maintained for the use of persons employed by the Business Manager or its affiliates who provide services to us. During the years ended December 31, 2018 and 2017, IREIC, the Business Manager and their respective affiliates incurred, on our behalf, expenses of $579,045 and $421,349, respectively. As of December 31, 2018 and 2017, we had not reimbursed $97,041 and $98,863, respectively, of these expenses.

Other Related Party Transactions

As of December 31, 2018 and 2017, we owed $1,950,000 to IREIC related to advances used to pay administrative and offering costs. These amounts represent non-interest bearing advances by IREIC, which we are obligated to repay.

We established a discount stock purchase policy for Inland Securities or any of its or our directors, officers, employees or affiliates, or any family members of those individuals, that enabled these parties to purchase Class A Shares at $22.81 per share. For the year ended December 31, 2018, we did not sell any Class A Shares to these parties. We sold 11,201 Class A Shares (related party stock discounts of $24,530) to these parties during the years ended December 31, 2017.

Policies and Procedures with Respect to Related Party Transactions

We have adopted a conflicts of interest policy, which prohibits us (except as noted below), without the approval of our independent directors, from engaging in the following types of transactions with IREIC-affiliated entities:

- purchasing properties from, or selling properties to, any IREIC-affiliated entities (excluding circumstances where an entity affiliated with IREIC, such as IREA, enters into a purchase agreement to acquire a property and does not enter the chain of title but merely assigns the purchase agreement to us);
- making loans to, or borrowing money from, any IREIC-affiliated entities (this excludes expense advancements under existing agreements, waivers of fees due under certain agreements and the deposit of monies in any banking institution affiliated with IREIC); and

- investing in joint ventures with any IREIC-affiliated entities.

Notwithstanding the foregoing, to facilitate an acquisition or borrowing, the Business Manager, or an affiliate thereof (including IREA), may purchase properties or other assets in its own name or assume loans in connection with the purchase of properties pending allocation of the property to us or our decision to acquire the property. Any asset acquired by the Business Manager or an affiliate thereof will be transferred to us at the lesser of: (1) the price paid for the asset by the entity plus any cost incurred by the entity in acquiring or financing the asset; or (2) a price not to exceed its "fair market value" on an "as is" basis as determined by an MAI appraisal prepared by an unaffiliated third party and dated no earlier than six months prior to the time the asset is transferred to us.

Director Independence

Our business is managed under the direction and oversight of our board. The members of our board are Adrian B. Corbiere, Daniel L. Goodwin, Meredith W. Mendes, Michael W. Reid and Mitchell A. Sabshon. As required by our charter, a majority of our directors must be "independent." As defined by our charter, an "independent director" is a director who is not, and within the last two years has not been, directly or indirectly associated with our sponsor, IREIC, or the Business Manager by virtue of (i) ownership of an interest in IREIC, the Business Manager or any of their affiliates, (ii) employment by IREIC, the Business Manager or any of their affiliates, (iii) service as an officer or director of IREIC, the Business Manager or any of their affiliates, (iv) performance of services, other than as a director, for the Company, (v) service as a director or trustee of more than three REITs organized by IREIC or advised by the Business Manager or (vi) maintenance of a material business or professional relationship with IREIC, the Business Manager or any of their affiliates. For purposes of this definition, an indirect association with IREIC or the Business Manager includes circumstances in which a director's spouse, parent, child, sibling, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law is or has been associated with IREIC, the Business Manager, any of their affiliates or the Company. A business or professional relationship is considered "material" if the aggregate gross income derived by the person from IREIC, the Business Manager and their affiliates exceeds five percent (5.0%) of either the person's annual gross income, derived from all sources, during either of the last two years or the person's net worth on a fair market value basis.

Although our shares are not listed for trading on any national securities exchange, our board has evaluated the independence of our board members according to the director independence standard of the New York Stock Exchange ("NYSE"). The NYSE standards provide that to qualify as an independent director, among other things, the board of directors must affirmatively determine that the director has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company).

After reviewing all relevant transactions or relationships between each director, or any of his or her family members, and the Company, our management and our independent registered public accounting firm, and considering each director's direct and indirect association with IREIC, the Business Manager or any of their affiliates, the board has determined that Messrs. Corbiere and Reid and Ms. Mendes qualify as independent directors.

Item 14. Principal Accounting Fees and Services

Fees to Independent Registered Public Accounting Firm

The following table presents fees for professional services rendered by KPMG LLP, the Company's independent registered public accounting firm ("KPMG"), for the audit of our annual financial statements for the years ended December 31, 2018 and 2017, together with fees for audit-related services and tax services rendered by KPMG for the years ended December 31, 2018 and 2017, respectively.

Description	Year Ended December 31, 2018	Year Ended December 31, 2017
Audit fees(1)	$ 150,000	$ 288,750
Audit-related fees	—	—
Tax fees(2)	19,340	14,526
All other fees	—	—
TOTAL	$ 169,340	$ 303,276

(1) Audit fees consist of fees incurred for the audit of our annual financial statements and the review of our financial statements included in our quarterly reports on Form 10-Q, as well as fees relating to registration statements and the audit of Historical Summary of Gross Income and Direct Operating Expenses of properties acquired.

(2) Tax fees are comprised of tax compliance and tax consulting fees incurred and billed during the respective years.

Approval of Services and Fees

Our audit committee has reviewed and approved all of the fees charged by KPMG, and actively monitors the relationship between audit and non-audit services provided by KPMG. The audit committee concluded that all services rendered by KPMG during the years ended December 31, 2018 and 2017, respectively, were consistent with maintaining KPMG's independence. Accordingly, the audit committee has approved all of the services provided by KPMG. As a matter of policy, the Company will not engage its primary independent registered public accounting firm for non-audit services other than "audit-related services," as defined by the SEC, certain tax services and other permissible non-audit services except as specifically approved by the chairperson of the audit committee and presented to the full committee at its next regular meeting. The Company also follows limits on hiring partners of, and other professionals employed by, KPMG to ensure that the SEC's auditor independence rules are satisfied.

The audit committee must pre-approve any engagements to render services provided by the Company's independent registered public accounting firm and the fees charged for these services including an annual review of audit fees, audit-related fees, tax fees and other fees with specific dollar value limits for each category of service. During the year, the audit committee will periodically monitor the levels of fees charged by KPMG and compare these fees to the amounts previously approved. The audit committee also will consider on a case-by-case basis and, if appropriate, approve specific engagements that are not otherwise pre-approved. Any proposed engagement that does not fit within the definition of a pre-approved service may be presented to the chairperson of the audit committee for approval.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) List of documents filed as part of this report:

(1) Financial Statements:

Report of Independent Registered Public Accounting Firm

The consolidated financial statements of the Company are set forth in the report in Item 8.

(2) Financial Statement Schedules:

Financial statement schedule for the year ended December 31, 2018 is submitted herewith.

Real Estate and Accumulated Depreciation (Schedule III).

(3) Exhibits:

The list of exhibits filed as part of this Annual Report is set forth on the Exhibit Index attached hereto.

(b) Exhibits:

The exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index attached hereto.

(c) Financial Statement Schedules:

All schedules other than those indicated in the index as set forth in Item 8 have been omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Plan of Liquidation and Dissolution, as filed by the Registrant with the Securities and Exchange Commission on October 9, 2018 (file number 000-55765))
3.1	Articles of Amendment and Restatement of Inland Residential Properties Trust, Inc., dated February 17, 2015 (incorporated by reference to Exhibit 3.1 to Post-Effective Amendment No. 1 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on February 18, 2015 (file number 333-199129))
3.2	Articles of Amendment of Inland Residential Properties Trust, Inc., dated March 12, 2015 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on March 16, 2015 (file number 333-199129))
3.3	Articles of Amendment of Inland Residential Properties Trust, Inc., dated May 29, 2015 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on June 3, 2015 (file number 333-199129))
3.4	Articles Supplementary of Inland Residential Properties Trust, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on February 2, 2017 (file number 333-199129))
3.5	Certificate of Correction of Inland Residential Properties Trust, Inc., dated December 15, 2015 (incorporated by reference to Exhibit 3.4 to Post-Effective Amendment No. 6 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on December 30, 2015 (file number 333-199129))
3.6	Bylaws of Inland Residential Properties Trust, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on October 3, 2014 (file number 333-199129))
4.1	First Amended and Restated Agreement of Limited Partnership of Inland Residential Operating Partnership, L.P., dated October 27, 2016 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 28, 2016 (file number 333-199129))
4.2	First Amendment to First Amended and Restated Agreement of Limited Partnership of Inland Residential Operating Partnership, L.P., dated February 2, 2017 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on February 2, 2017 (file number 333-199129))
10.1	Third Amended and Restated Dealer Manager Agreement, dated February 2, 2017 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on February 2, 2017 (file number 333-199129))
10.2	Amended and Restated Business Management Agreement, dated August 8, 2016 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on August 9, 2016 (file number 333-199129))
10.3	First Amendment to Amended and Restated Business Management Agreement, dated October 27, 2016, by and among Inland Residential Properties Trust, Inc., Inland Residential Business Manager & Advisor, Inc. and Inland Residential Operating Partnership, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 28, 2016 (file number 333-199129))
10.4	Master Real Estate Management Agreement, dated February 17, 2015 (incorporated by reference to Exhibit 10.2 to Post-Effective Amendment No. 1 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on February 18, 2015 (file number 333-199129))

10.5	Employee and Director Incentive Restricted Share Plan (incorporated by reference to Exhibit 10.4 to Post-Effective Amendment No. 1 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on February 18, 2015 (file number 333-199129))
10.6	Form of Restricted Share Award Agreement (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K, as filed by the Registrant with the Securities and Exchange Commission on March 16, 2017 (file number 333-199129))
10.7	Trademark License Agreement (incorporated by reference to Exhibit 10.5 to Pre-Effective Amendment No. 2 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on February 13, 2015 (file number 333-199129))
10.8	Purchase and Sale Agreement, dated July 20, 2015, by and between Inland Real Estate Acquisitions, Inc. and The Haven at Market Square, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 6, 2015 (file number 333-199129))
10.9	Assignment and Assumption of Purchase and Sale Agreement, dated September 30, 2015, by and between Inland Real Estate Acquisitions, Inc. and IRESI Frederick Market Square, L.L.C. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 6, 2015 (file number 333-199129))
10.10	Assignment and Assumption of Leases, dated September 30, 2015, by and between IRESI Frederick Market Square, L.L.C. and The Haven at Market Square, LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 6, 2015 (file number 333-199129))
10.11	Loan Agreement, dated September 30, 2015, by and between IRESI Frederick Market Square, L.L.C. and Parkway Bank and Trust Company (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 6, 2015 (file number 333-199129))
10.12	Purchase Money Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated September 30, 2015, by IRESI Frederick Market Square, L.L.C., Lawyers Title Realty Services, Inc., as trustee, for the benefit of Parkway Bank and Trust Company (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 6, 2015 (file number 333-199129))
10.13	Assignment of Leases and Rents, dated September 30, 2015, by IRESI Frederick Market Square, L.L.C. to Parkway Bank and Trust Company (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 6, 2015 (file number 333-199129))
10.14	Security Agreement, dated September 30, 2015, by and between IRESI Frederick Market Square, L.L.C. and Parkway Bank and Trust Company (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 6, 2015 (file number 333-199129))
10.15	Environmental Indemnity Agreement, dated September 30, 2015, by IRESI Frederick Market Square, L.L.C. and Inland Real Estate Investment Corporation in favor of Parkway Bank and Trust Company (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 6, 2015 (file number 333-199129))
10.16	Modification of Loan Documents, dated September 30, 2016, by and among IRESI Frederick Market Square, L.L.C., Inland Real Estate Investment Corporation, Inland Residential Properties Trust, Inc. and Parkway Bank and Trust Company (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 4, 2016 (file number 333-199129))
10.17	First Amended and Restated Secured Promissory Note, dated September 30, 2016, by IRESI Frederick Market Square, L.L.C. for the benefit of Parkway Bank and Trust Company (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 4, 2016 (file number 333-199129))

10.18	Guaranty, dated September 30, 2016, by Inland Residential Properties Trust, Inc. in favor of Parkway Bank and Trust Company with respect to certain indebtedness and liabilities of IRESI Frederick Market Square, L.L.C. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on October 4, 2016 (file number 333-199129))
10.19	Purchase and Sale Agreement, dated May 30, 2017, by and between Inland Real Estate Acquisitions, Inc. and Verandas at Mitylene, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on August 2, 2017 (file number 000-55765))
10.20	First Amendment to Purchase and Sale Agreement, dated June 12, 2017, by and between Inland Real Estate Acquisitions, Inc. and Verandas at Mitylene, LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on August 2, 2017 (file number 000-55765))
10.21	Second Amendment to Purchase and Sale Agreement, dated July 6, 2017, by and between Inland Real Estate Acquisitions, Inc. and Verandas at Mitylene, LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on August 2, 2017 (file number 000-55765))
10.22	Third Amendment to Purchase and Sale Agreement, dated July 19, 2017, by and between Inland Real Estate Acquisitions, Inc. and Verandas at Mitylene, LLC (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on August 2, 2017 (file number 000-55765))
10.23	Assignment and Assumption of Purchase and Sale Agreement, dated July 27, 2017, by and between Inland Real Estate Acquisitions, Inc. and IRESI Montgomery Mitylene, L.L.C. (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on August 2, 2017 (file number 000-55765))
10.24	Bill of Sale and Assignment and Assumption of Leases and Service Contracts, dated July 27, 2017, by and between IRESI Montgomery Mitylene, L.L.C. and Verandas at Mitylene, LLC (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K, as filed by the Registrant with the Securities and Exchange Commission on August 2, 2017 (file number 000-55765))
10.25	Multifamily Loan and Security Agreement, dated July 27, 2017, by and between IRESI Montgomery Mitylene, L.L.C. and Berkadia Commercial Mortgage LLC (incorporated by reference to Exhibit 10.39 to Post-Effective Amendment No. 13 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on October 13, 2017 (file number 333-199129))
10.26	Agreement for Amendment of Documents, dated July 27, 2017, by and between IRESI Montgomery Mitylene, L.L.C. and Inland Residential Properties Trust, Inc. for the benefit of Berkadia Commercial Mortgage LLC and Federal Home Loan Mortgage Corporation (incorporated by reference to Exhibit 10.40 to Post-Effective Amendment No. 13 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on October 13, 2017 (file number 333-199129))
10.27	Multifamily Note, dated July 27, 2017, by IRESI Montgomery Mitylene, L.L.C. for the benefit of Berkadia Commercial Mortgage LLC (incorporated by reference to Exhibit 10.41 to Post-Effective Amendment No. 13 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on October 13, 2017 (file number 333-199129))
10.28	Multifamily Mortgage, Assignment of Rents and Security Agreement, dated July 27, 2017, between IRESI Montgomery Mitylene, L.L.C. to Berkadia Commercial Mortgage LLC (incorporated by reference to Exhibit 10.42 to Post-Effective Amendment No. 13 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on October 13, 2017 (file number 333-199129))
10.29	Guaranty, dated July 27, 2017, by Inland Residential Properties Trust, Inc. for the benefit of Berkadia Commercial Mortgage LLC (incorporated by reference to Exhibit 10.43 to Post-Effective Amendment No. 13 to the Registrant's Form S-11 Registration Statement, as filed by the Registrant with the Securities and Exchange Commission on October 13, 2017 (file number 333-199129))

10.30	Purchase and Sale Agreement between IRESI Vernon Hills Commons, L.L.C. and FPA Multifamily, LLC., dated December 4, 2018, as filed by the Registrant with the Securities and Exchange Commission on December 7, 2018 (file number 000- 55765))
10.31	Purchase and Sale Agreement between IRESI Montgomery Mitylene, L.L.C. and B & M Development Company, L.L.C., dated December 21, 2018*
10.32	Amendment to Purchase and Sale Agreement between IRESI Montgomery Mitylene, L.L.C. and B & M Development Company, L.L.C., dated January 23, 2019*
10.33	Second Amendment to Purchase and Sale Agreement between IRESI Montgomery Mitylene, L.L.C. and B & M Development Company, L.L.C., dated February 19, 2019*
10.34	Purchase and Sale Agreement between IRESI Frederick Market Square, L.L.C. and 515 22nd Street Limited Partnership, dated February 12, 2019*
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015, as filed by the Registrant with the Securities and Exchange Commission on March 29, 2016 (file number 333-199129))
21.1	Subsidiaries of the Registrant*
31.1	Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification by Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification by Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101	The following financial information from our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on March 29, 2019, is formatted in Extensible Business Reporting Language ("XBRL"): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Equity (Deficit), (iv) Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements (tagged as blocks of text).

* Filed as part of this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INLAND RESIDENTIAL PROPERTIES TRUST, INC.

By: /s/ Mitchell A. Sabshon
Name: Mitchell A. Sabshon
President and Chief Executive Officer
Date: March 29, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

By: /s/ Daniel L. Goodwin Name: Daniel L. Goodwin		Director and Chairman of the Board	March 29, 2019
By: /s/ Mitchell A. Sabshon Name: Mitchell A. Sabshon		Director, President and Chief Executive Officer (Principal Executive Officer)	March 29, 2019
By: /s/ Catherine L. Lynch Name: Catherine L. Lynch		Chief Financial Officer and Treasurer (Principal Financial Officer)	March 29, 2019
By: /s/ Adrian B. Corbiere Name: Adrian B. Corbiere		Director	March 29, 2019
By: /s/ Meredith W. Mendes Name: Meredith W. Mendes		Director	March 29, 2019
By: /s/ Michael W. Reid Name: Michael W. Reid		Director	March 29, 2019

(Back To Top)

Section 2: EX-10.31 (EX-10.31)

EXHIBIT 10.31

PURCHASE AND SALE AGREEMENT

(VERANDAS AT MITYLENE, MONTGOMERY, ALABAMA)

THIS PURCHASE AND SALE AGREEMENT is dated as of December 21, 2018 (the "Effective Date"), by and between IRESI MONTGOMERY MITYLENE, L.L.C., a Delaware limited liability company ("Seller"), having an address c/o Inland Residential Properties Trust, Inc., 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Daniel Zatloukal, e-mail address: Daniel.zatloukal@inlandgroup.com (with copies to: The Inland Real Estate Group, LLC, Law Department, 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: David Neboyskey, Esq., email: dneboyskey@inlandgroup.com) and B & M DEVELOPMENT COMPANY, L.L.C.. an Alabama limited liability company ("Buyer"), having an address of 7020 Fain Park Drive, Suite 5, Montgomery, AL 36117, Attention: John D. Blanchard, email address: john@bandm.org, and Michelle Powell, email address: mpowell@bandm.org (with copies to: Rushton, Stakely Johnston & Garrett, P.A., 184 Commerce Street, Montgomery, AL 36104, Attention: Jeffrey W. Blitz, Esq., email: jwb@rushtonstakely.com).

PRELIMINARY STATEMENT

WHEREAS, Seller is the owner of the Property (defined below) commonly known as Verandas at Mitylene, 8850

Crosswind Drive, Montgomery, Alabama.

WHEREAS, Seller desires to sell, and Buyer desires to purchase, the Property, all subject to and in accordance with all of the terms, covenants, conditions, provisions and limitations hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties hereto do hereby agree as follows:

ARTICLE 1
Definitions

1.1 Definitions.

"Agreement" shall mean this Purchase and Sale Agreement, and the exhibits hereto and any amendments which may hereafter be executed and delivered between Buyer and Seller.

"Closing Documents" shall mean any instruments, documents or certificates delivered by any party hereto in connection with the Closing. "Seller Closing Documents" shall mean those Closing Documents delivered by Seller pursuant to Section 5.4, and any other Closing Documents required hereunder to be delivered by Seller, and the term "Buyer Closing Documents" shall mean those Closing Documents delivered by Buyer pursuant to the provisions of Section 5.5, or otherwise herein required to be delivered by Buyer at the Closing.

"Closing" or "Closing Date" defined in Section 5.1 hereof.

"Cut Off Time" shall mean 11:59 P.M. on the day before the Closing Date.

"Escrow Agent" shall mean Chicago Title Insurance Company, 10 S. LaSalle Street, Suite 3100, Chicago, IL 60603, Attention: Nancy Castro and Brett Budd.

"Improvements" shall mean the building, and other improvements located on the Land excluding Tenant fixtures.

"Land" shall collectively mean (i) those certain tracts or parcels of land located at 8850 Crosswind Drive, Montgomery, Alabama and more particularly described upon Exhibit A attached hereto and made a part hereof.

"Leases" shall mean all leases, subleases, and other agreements entered into by Seller for the use or occupancy of any portion of the Real Property.

"Lender" shall mean Berkadia Commercial Mortgage, LLC.

"Lender Assumption Documents" is defined in Section 5.3.

"Licenses" shall mean Seller's interest in, to the extent transferable, all licenses, certificates, authorizations, consents and permits useful in connection with the operation or maintenance of the Property.

"Loan" shall mean that certain loan from Lender to Seller in the original principal amount of Twenty One Million Nine Hundred Thirty Thousand and 00/100 Dollars ($21,930,000.00).

"Loan Assumption" is defined in Section 5.3.

"Loan Assumption Approval" is defined in Section 5.3.

"Loan Assumption Approval Date" is defined in Section 5.3.

"Permitted Exceptions" is defined in Section 5.2.

"Personal Property" shall all right, title and interest of Seller in and to all tangible personal property owned by Seller and is now or hereafter used in connection with the operation, ownership, maintenance, management, or occupancy of the Improvements and Property, including, without limitation, all equipment, machinery, carts, signs, promotional materials, computers, heating, ventilating and air conditioning units, furniture, art work, furnishings, trade fixtures, office equipment and supplies, all tools and maintenance equipment, supplies, and construction and finish materials not yet incorporated in the Improvements but held for repairs and replacements. In addition, the term "Personal Property" shall also include all Seller's right, title and interest, if any, in (a) any trade names, trademarks, logos and domain names associated with the Real Property and the Improvements, including, without limitation, Seller's rights and interest in the name "*Verandas at Mitylene*"; (b) the URL https://www.liveatmitylene.com all websites, any

and all social media accounts related to the Improvements and Property which Seller controls, and all assignable user names and password account information relating to such website and social media accounts (c) any goodwill and other intangible interests of Seller associated therewith; (d) any transferable plans, specifications and drawings and any transferrable Permits, development rights, entitlements, authorizations and approvals for the Improvements and Property; (e) all outstanding transferrable warranties, guarantees and bonds from contractors, subcontractors, materialmen, suppliers, manufacturers, vendors and distributors and other third parties; and (f) telephone numbers and facsimile numbers relating to the Improvements and Property.

"Property" shall mean (i) the Real Property, (ii) the right, title and interest of Seller under all Property Contracts (if any), and (iii) the Leases and the balance of all security deposits and pet deposits, if any, delivered by Tenants pursuant to the Leases, (iv) the Licenses, Warranties and other intangible property, if any, owned by Seller and pertaining to the Land, the Improvements or the Personal Property, and (v) the Personal Property.

"Property Contracts" shall mean all the service, supply, maintenance and utility contracts to which Seller is a party which are set forth on Exhibit B attached hereto.

"Real Property" shall mean the Land together with the Improvements thereon.

"Tenants" shall mean the tenants under the Leases.

"Title Company" shall mean Escrow Agent.

"Warranties" shall mean the warranties and guaranties in favor of Seller which benefit the operation or maintenance of the Property, as more specifically set forth on Exhibit G attached hereto.

1.2 Additional Defined Terms shall have the meanings defined for such terms in the operative provisions of this Agreement.

ARTICLE 2
Agreement for Sale and Purchase

For the consideration and subject to the terms and conditions herein set forth, Seller hereby agrees to sell its right, title and interest in and to the Property to Buyer, and Buyer hereby agrees to purchase the Property from Seller, at the Closing on the Closing Date.

ARTICLE 3
Purchase Price

3.1 Purchase Price. In consideration for the sale of the Property, Buyer agrees to pay to Seller, at the Closing, the sum of Forty Million Five Hundred Thousand and 00/100 Dollars ($40,500,000.00), minus the sum of the Earnest Money deposited with Escrow Agent, minus an amount equal to the principal amount outstanding in connection with the Loan at Closing, and plus or minus, as the case may require, the closing prorations and adjustments to be made as hereinafter set forth in this Agreement (the "Purchase Price").

3.2 Payment of Purchase Price. Subject to a credit for the Earnest Money, the full amount of the Purchase Price, shall be payable by wire transfer at the Closing in immediately available United States funds.

3.3 Earnest Money; Default.

a. Earnest Money:

(i) Within two (2) business days after the Effective Date, Buyer shall deposit, in an escrow (the "Earnest Money Escrow") with Escrow Agent the sum of Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00) (the "Initial Earnest Money"), in cash or immediately available federal funds, such amount to be held as an earnest money deposit hereunder in accordance with the provisions of the escrow agreement attached hereto as Exhibit D. Within one (1) business day following the expiration of the Due Diligence Period and provided that Buyer has waived its termination right as set forth in Section 7.2(b) hereinbelow, Buyer shall deposit with Escrow Agent an additional Two Hundred Fifty Thousand and no/100 Dollars ($250,000.00) (the "Additional Earnest Money", the Initial Earnest Money and the Additional Earnest Money shall be collectively referred to herein as the "Earnest Money").

(ii) Upon the expiration of the Due Diligence Period, the Earnest Money shall be non-refundable to Buyer except as otherwise provided in this Agreement.

(iii) If Buyer fails to deliver any portion of the Earnest Money to Escrow Agent within the time period specified above, Buyer shall be in default under this Agreement and Seller may exercise its remedies as set forth in this Agreement.

b. Default.

(i) If Buyer's conditions to Closing have been fulfilled and Seller defaults by failing to close, fails to comply with or perform any of the covenants or obligations to be performed by Seller under this Agreement, or breaches any of its representations or warranties set forth in this Agreement, Buyer shall provide Seller with a two (2) business day notice of such alleged default which shall allow Seller an opportunity to cure the default; if such default is not cured within two (2) business days after notice to Seller (except that said cure period will not apply beyond or extend the Closing Date), then, in such event, Buyer shall have the right to exercise either of the following remedies as its sole and exclusive remedy: (A) terminate this Agreement by giving written notice of termination to Seller and Escrow Agent, whereupon Escrow Agent shall promptly refund to Buyer all Earnest Money, Seller shall reimburse Buyer for all third party out of pocket expenses incurred by Buyer in connection with its investigation of the Improvements and Property, and/or this Agreement up to $40,000.00, and neither party shall have further obligations hereunder, except as may expressly survive the termination of this Agreement as specifically set forth herein, or (B) to enforce specific performance of this Agreement by Seller, it being acknowledged that the

Property is unique and that monetary damages would not be an adequate remedy. Buyer expressly waives its rights to seek damages in the event of Seller's default hereunder. Buyer shall be deemed to have elected the remedy set forth paragraph (A) above if Buyer fails to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located, on or before forty-five (45) days following the date upon which Closing was to have occurred.

(ii) If all of Seller's conditions to Closing have been fulfilled and Buyer defaults by failing to close, fails to comply with or perform any of the covenants or obligations to be performed by Seller under this Agreement, or breaches any of its representations or warranties set forth in this Agreement, and such default is not cured within two (2) business days after notice to Buyer (except that said cure period will not apply beyond or extend the Closing Date), then, in such event, as Seller's sole and exclusive remedy, Seller shall have the option to terminate this Agreement by giving written notice of termination to Buyer and Escrow Agent, whereupon Escrow Agent shall deliver to Seller the Earnest Money held by Escrow Agent as liquidated damages. Seller and Buyer hereby agree that if Buyer should default under this Agreement, the amount of damages incurred by Seller would be difficult, if not impossible, to determine, and the amount specified in this Section as liquidated damages represents a good faith reasonable estimate by the parties of the amount of damages that Seller would incur in such event, and said liquidated damages do not constitute a penalty. Seller expressly waives lack of mutuality of remedies or any other remedy on account of Buyer's default.

ARTICLE 4
Representations and Warranties

4.1 Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows:

a. Organization and Authority of Seller**.** Seller is a Delaware limited liability company, duly formed, validly existing and in good standing under the laws of the State of Delaware, and has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder. This Agreement has been duly authorized by all requisite action on the part of Seller and represents the valid and binding obligation of Seller enforceable against Seller in accordance with its terms. Seller has full right, power and authority to sell and transfer its interest in the Property as herein contemplated without the consent or approval of any third party. The consummation of the transactions contemplated hereby will not violate any laws or any agreements or obligations by which Seller is bound. There is no action or proceeding pending or threatened against the Property, including condemnation proceedings, or against the Seller which challenges or impairs Seller's ability to execute or perform its obligations under this Agreement. Seller has the right, power and authority to enter into this Agreement, carry out its obligations hereunder and to transfer and convey the Property to Buyer in accordance with the terms and conditions hereof and will not require the consent, approval or action of, or any filing or notice to, any corporation, firm, person or other entity which has not been previously obtained or any public, governmental or judicial authority, and the consummation of the transactions

contemplated hereby will not (i) violate the terms of any instrument, document or agreement to which Seller is a party, or by which Seller or the Property is bound, or be in conflict with, result in a breach of or constitute (upon the giving of notice or lapse of time, or both) a default under any such instrument, document or agreement; (ii), result in the breach of any of the terms or conditions of, or constitute a default under or violate, as the case may be, the Articles of Organization or Operating Agreement of Seller, or any contract or agreement, lease, mortgage, note, bond, indenture, license or other material document or undertaking, oral or written, to which Seller is bound, or by which the Property may be adversely affected; or (iii) violate any order, writ, injunction, decree, judgment, ruling, law or regulation of any federal, state, county, municipal, or foreign court or governmental authority applicable to Seller, or the business or assets of Seller, and relating to the purchase of the Property

b. No Resulting Breach. Neither the execution and delivery of this Agreement by Seller, nor the performance of Seller's obligations hereunder, will result in a breach, violation or default by Seller of any provision of its organizational documents or any other document to which it is bound or to which its assets are subject.

c. Property Contracts and Leases. To Seller's knowledge, (i) Exhibit B hereto contains a complete list of all Property Contracts to which Seller is a party (if any). The copies of Property Contracts, and Rent Roll delivered or to be delivered to Buyer pursuant to this Agreement are or will be true, correct, and complete in all material respects as of the date of its delivery. To Seller's knowledge, Seller is not, nor the other party thereto, in default under any of any of the Property Contracts or Leases. There are no leasing, maintenance, service, or supply agreements with respect to or affecting the Property, except the Property Contracts and the existing Management and Leasing Agreement with Manager. Except as shown on the Rent Roll (subject to the Leases), (i) no tenant has received or entitled to receive any rent concession in connection with its tenancy, (ii) no tenant is entitled to receive any special work or consideration in connection with its tenancy, (iii) no tenant is asserting in writing any claim of offset or other defense in respect of its or the landlord's obligations under its lease. In addition, there are no leases, license agreements, occupancy agreements or tenancies (written or oral) for any space in the Property other than those leases set forth on the Rent Roll and there are no adverse parties or other parties in possession of the Property except for the tenants set forth therein and their guests. The Rent Roll sets forth the true, correct and complete amount of tenant Security Deposits held by Seller in connection with the Leases. Seller has not entered into, as of the date hereof, any leases, contracts, subcontracts, licenses, concessions, easements, or other agreements, either recorded or unrecorded, written or oral, affecting the Property, or any portion thereof or the use thereof other than those delivered to Buyer as part of the documents delivered or to be delivered by Seller as set forth on Exhibit C attached hereto ("Seller Deliverables") or as disclosed on the Rent Roll.

d. Violations. To the Seller's knowledge, as of the Effective Date, Seller has not received any written notice from any governmental authority alleging a violation of any laws or ordinances regulating the use of the Property.

e. Pending Proceedings. Except as disclosed on Exhibit H (the "**Litigation**"), there is no litigation or proceeding pending or threatened against Seller, or relating to the Property, including, but not limited to, condemnation or eminent domain. In the event that Buyer is joined as a party in any litigation or proceeding relating to the Property on account of events that first arose prior to Closing (other than actions caused by Buyer or Buyer's Authorized Representatives), Buyer may elect, in its sole and absolute discretion, either (y) to retain its own counsel, or (z) upon written notice to Seller, to be included in the representation and defense by counsel retained hereunder by Seller. In all events, however, Seller shall promptly reimburse Buyer for any and all reasonable attorneys' fees and costs incurred by Buyer in connection with such litigation or proceeding.

f. Foreign Person Affidavit. Seller is not a foreign person for purposes of said IRC Code, as amended (the "Code"), Section 1445, as amended. Seller is not a Prohibited Person, nor is Seller a "foreign corporation", "foreign partnership" or "foreign estate" as those terms are defined in the Code, and Seller will furnish to Buyer such further assurances with respect to this representation and warranty as Buyer shall reasonably request.

g. Bankruptcy. There are no attachments, executions or assignments for the benefit of creditors or voluntary or involuntary proceedings in bankruptcy or under any other debtor relief laws contemplated by or pending or threatened by or against Seller or otherwise affecting the Property.

h. Seller Deliverables. The Seller Deliverables (other than the third-party prepared plans, reports, policies and survey referenced as part of the Seller Deliverables), provided or to be provided to Buyer is or will be true, correct and complete in all material respects as of the date thereof. The financial statements contained in the Seller Deliverables were prepared by or for Seller in the ordinary course of its business in the same manner as it prepares or obtains such reports for its other Property and are the financial statements used and relied upon by Seller in connection with its operation of the Property. Such financial statements show all items of income and expense incurred in connection with the operation and management of the Property.

i. Permits. Other than the Permits, Seller is not party to any written agreements with any governmental authority which materially affects the use, operation, and/or development and construction of the Property.

j. Leasing Commissions. There are no rental commissions or leasing commissions or finder fees due with respect to the Leases nor for the renewal of same except for those payable to on-site personnel or the Manager which will be paid in full by Seller at or prior to Closing. Other than the agreement with Broker, there are no exclusive or continuing brokerage agreements as to the sale of the Property or any of the space at the Property.

k. Employees. There are no employees of Seller or at the Property for which Buyer will be responsible after Closing (unless Buyer elects to employ any such employees).

l. No Other Agreements. Seller has not entered into any currently effective agreement, other than this Agreement, to convey the Property or any part thereof and no other party has any right to purchase the Property, or any part thereof. Seller has the legal power and authority and has obtained any and all consents required, other than the conditions set forth in Section 4.2, to enter into this Agreement and to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been duly authorized and properly executed and constitutes the valid and binding obligations of Seller, enforceable in accordance with its terms.

m. Seller is the owner of the Property.

n. Assessments. Seller has not received written notice of any special assessments to be levied against the Property other than those that may be disclosed in the Title Commitment.

Each of the representations and warranties of Seller contained in this Section shall be made as of the Effective Date and shall be deemed remade by Seller, and shall be true in all material respects, as of the Closing Date and shall survive Closing to the extent expressly provided in this Agreement for a period of six (6) months after the Closing Date.

Seller shall promptly notify Buyer in writing if Seller becomes aware that any of Seller's representations and warranties set forth in this Agreement are no longer true and correct in all material respects. If Buyer elects to close, notwithstanding Buyer's knowledge that such representation or warranty is no longer true and correct in all material respects, there shall be no liability on the part of Seller for breach of such representation or warranty.

4.2 Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows:

a. Organization and Authority. Buyer is a limited liability company, duly formed, validly existing and in good standing under the laws of the State of Delaware and has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder. This Agreement has been duly authorized by all requisite action on the part of Buyer and represents the valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. Buyer has full right, power and authority to purchase the Property as herein contemplated without the consent or approval of any third party.

b. No Resulting Breach. Neither the execution and delivery of this Agreement by Buyer, nor the performance of Buyer's obligations hereunder, will result in a breach, violation or default by Buyer of any provision of its organizational documents or any other document to which it is bound or to which its assets are subject.

4.3 Disclaimers.

a. No Reliance on Documents. Except as may be expressly provided herein or in any of the Seller Closing Documents, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller, or Seller's agents, if applicable, to Buyer in connection with the transaction contemplated hereby. Buyer acknowledges and agrees that all materials, data and information delivered by Seller to Buyer in connection with the transaction contemplated hereby are provided to Buyer as a convenience only and that any reliance on or use of such materials, data or information by Buyer shall be at the sole risk of Buyer, except as otherwise expressly stated herein. Without limiting the generality of the foregoing provisions, except as otherwise expressly stated herein, Buyer acknowledges and agrees that (i) any environmental or physical, or geotechnical report or other report with respect to the Property which is delivered by Seller to Buyer shall be for general informational purposes only, (ii) Buyer shall not have any right to rely on any such report delivered by Seller to Buyer, but rather will rely on its own inspections and investigations of the Property and any reports commissioned by Buyer with respect thereto, and (iii) neither Seller, any affiliate of Seller nor the person or entity which prepared any such report delivered by Seller to Buyer shall have any liability to Buyer for any inaccuracy in or omission from any such report.

b. Disclaimers. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY DOCUMENT OR INSTRUMENT DELIVERED PURSUANT TO SECTION 5.4, IT IS UNDERSTOOD AND AGREED THAT SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESSED OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE (OTHER THAN SELLER'S LIMITED WARRANTY OF TITLE TO BE SET FORTH IN THE SPECIAL WARRANTY DEED), ZONING, TAX CONSEQUENCES, LATENT OR PATENT PHYSICAL OR ENVIRONMENTAL CONDITION, UTILITIES, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, THE COMPLIANCE OF THE PROPERTY WITH GOVERNMENTAL LAWS, THE TRUTH, ACCURACY OR COMPLETENESS OF THE PROPERTY DOCUMENTS OR ANY OTHER INFORMATION PROVIDED BY OR ON BEHALF OF SELLER TO BUYER, OR ANY OTHER MATTER OR THING REGARDING THE PROPERTY. BUYER ACKNOWLEDGES AND AGREES THAT UPON CLOSING SELLER SHALL SELL AND CONVEY TO BUYER AND BUYER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS", EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT. BUYER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESSED OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, PROPERTY INFORMATION PACKAGES DISTRIBUTED WITH RESPECT TO THE PROPERTY) MADE OR FURNISHED BY SELLER, THE MANAGER OF THE PROPERTY, OR ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT OR IN ANY DOCUMENT OR INSTRUMENT DELIVERED AT

CLOSING. BUYER REPRESENTS TO SELLER THAT BUYER HAS CONDUCTED, OR WILL CONDUCT PRIOR TO CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS BUYER DEEMS NECESSARY TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE PROPERTY, AND BUYER WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO, OTHER THAN SUCH REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AS ARE EXPRESSLY SET FORTH IN THIS AGREEMENT. UPON CLOSING, EXCEPT AS SHALL SURVIVE PURSUANT TO THIS AGREEMENT, OR AS SET FORTH IN THE DOCUMENTS TO BE DELIVERED AT CLOSING, BUYER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BUYER'S INVESTIGATIONS, AND BUYER, UPON CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED SELLER (AND SELLER'S OWNERS, MEMBERS, MANAGERS, PARTNERS, OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND AGENTS) FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH BUYER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER (AND ANY OF SELLER'S OWNERS, MEMBERS, MANAGERS, PARTNERS, OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND AGENTS) AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL LAWS) AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR MATTERS REGARDING THE PROPERTY.

c. Seller's Knowledge. As used herein, the phrases "to Seller's Knowledge" or words of similar import (i) shall mean the actual knowledge of Jonathan Hoeg, AVP and Senior Asset Manager, and not the knowledge of any other person, (ii) shall mean the actual knowledge of such individual, without any investigation or inquiry of any kind, and (iii) shall not mean such individual is charged with knowledge of the acts, omissions and/or knowledge of Seller's agents or employees.

d. Buyer's Knowledge Prior to Closing. In the event that any representation or warranty of Seller contained herein is untrue, inaccurate or incorrect, and Buyer obtains knowledge of the same prior to Closing, then (i) such representation or warranty shall be deemed to be modified to reflect Buyer's knowledge, (ii) Seller shall have no liability with respect thereto, and (iii) Buyer shall have no right to terminate this Agreement pursuant to Section 7.1(b) hereof with respect thereto.

4.4 Survival of Warranties. All representations and warranties contained herein (as the same may need to be modified on or before the Closing Date to reflect current information), and all representations and warranties contained in any Closing Document, shall survive the Closing hereunder for a period of six (6) months (the "Survival Period") and shall not be deemed to have been waived at the Closing, or merged into any of the documents of conveyance or transfer to be delivered by Seller at the Closing; provided, however, no person, firm or entity shall have any liability or obligation with respect to any representation or warranty herein contained unless on or prior to the expiration of the Survival Period, the party seeking to assert liability under any such representation or warranty shall have notified the other party hereto in writing setting forth specifically the representation or warranty allegedly breached, and a description of the alleged breach in reasonable detail. All liability or obligation of either party hereto under any representation or warranty shall lapse and be of no further force or effect with respect to any matters not contained in a written notice delivered as contemplated above on or prior to the expiration of the Survival Period. Additionally, no claim for a breach of any representation or warranty of Seller shall be actionable or payable (a) if the breach in question results from or is based on a condition, state of facts or other matter which was known to Buyer prior to Closing, and (b) unless written notice containing a description of the specific nature of such breach shall have been given by Buyer to Seller prior to the expiration of the Survival Period and an action shall have been commenced by Buyer against Seller within thirty (30) days after the expiration of the Survival Period. As used herein, the term "Cap" shall mean the total aggregate amount of Five Hundred Thousand and No/100 Dollars ($500,000.00). In no event shall Seller's aggregate liability to Buyer for any claim in connection with this Agreement or the Property, including without limitation any claim for breach of any representation or warranty of Seller in this Agreement, exceed the amount of the Cap.

ARTICLE 5
Closing Matters

5.1 Time and Place for Closing. Subject to the satisfaction of each of the conditions precedent herein set forth, the Closing shall take place on that date which is fifteen (15) days after the Loan Assumption Approval Date, at the offices of the Title Company, by means of a so-called New York style closing. The date on which the transactions herein contemplated shall be consummated is herein referred to as the "Closing Date" and the transactions occurring at that time are herein referred to as "Closing." No party shall be obligated to agree to any date or time for Closing except the date and time herein set forth except at its sole and absolute discretion.

5.2 Title Commitment and Title Policy; Survey.

a. Title Commitment. Seller shall, within five (5) business days after the Effective Date, obtain and deliver to Buyer a current commitment for an ALTA Owner's Title Insurance Policy (the "Title Commitment") from the Title Company relating to the Property in an amount equal to the Purchase Price for the Property. The title commitment delivered hereunder shall insured good and marketable title as therein shown, name Purchaser as proposed insured, and be subject only to those exceptions as therein stated. Buyer shall have the right to have a survey (the "Updated Survey") of the Property prepared at the sole cost and expense of Buyer and Buyer shall order such Updated Survey within five (5) days after the Effective Date. Buyer shall have until five (5) business days after receipt of the Title Commitment and Updated Survey, if applicable

(the "Title Review Period") to give Seller a detailed notice objecting to any exception or condition contained in the Title Commitment or the Updated Survey. If Buyer does not give notice of any objections to Seller within the Title Review Period, Buyer shall be deemed to have approved the title as shown in the Title Commitment, the title exceptions, and all matters shown on the existing survey or the Updated Survey, if any, and any such exceptions or matters shall become "Permitted Exceptions". Notwithstanding anything to the contrary contained in this Agreement, Permitted Exceptions shall not include (i) any requirements contained in the Title Commitment to be met or complied with by Seller as a condition to the issuance of the Title Policy (but excluding any requirements for Endorsements that are provided or requested after the Due Diligence Period), or (ii) any indebtedness or liens created by or through Seller shown in the Title Commitment, except the mortgage evidencing the Loan currently encumbering the Property, which are removable by the payment of money in an ascertainable amount ("Required Cure Items"), which Seller shall comply with, pay or have released, as the case may be, on or before the Closing. Notwithstanding anything to the contrary contained herein, in the event any mechanic liens or other inchoate claims or liens (such as a commercial real estate broker commission) of a definite and ascertainable amount are being disputed by Seller in good faith at Closing, Seller shall have bonded or discharged such liens at or prior to Closing, and the coverage by the Title Company shall not make any exception for such liens or claims. If Buyer provides timely objections, Seller shall have five (5) business days after receipt of Buyer's notice (the "Title Cure Period") in which to elect, by written notice to Buyer ("Seller's Title Notice"), either (A) to cure Buyer's objections, or (B) not to cure Buyer's objections; provided, however, notwithstanding the foregoing, Seller shall have no obligation whatsoever to cure or attempt to cure any of Buyer's objections except as set forth in this Agreement. Notwithstanding the preceding sentence, Seller shall be obligated, at Closing, to cause Title Company to remove deeds of trust, mortgages, security deeds or other security liens encumbering the Property, except the currently existing mortgage in favor of Lender which will be assumed by Buyer, which are created by, through or due to the acts of Seller. In the event Seller is unable to cause the Title Company to remove or insure over any Required Cure Items, Buyer's sole remedy shall be to terminate the Agreement at which time the Title Company shall return the Earnest Money to Buyer, the Seller shall reimburse Buyer for its third party out of pocket expenses up to $40,000.00, and the parties shall have no further rights, liabilities, or obligations under this Agreement (other than those that expressly survive termination). In the event that Seller fails to provide such written notice of its election to proceed under either clause (A) or (B) above, Seller shall be deemed to have elected clause (B) above. If Buyer provides timely objections and all of Buyer's objections are not cured (or agreed to be cured by Seller prior to Closing) within the Title Cure Period for any reason, then, within five (5) days after receipt or deemed receipt of Seller's Title Notice, Buyer shall, as its sole and exclusive remedy, waiving all other remedies, either: (x) terminate this Agreement by giving a termination notice to Seller, at which time Title Company shall return the Earnest Money to Buyer and the parties shall have no further rights, liabilities, or obligations under this Agreement (other than those that expressly survive termination); or (y) waive the uncured objections by proceeding to Closing and thereby be deemed to have approved the Buyer's title as shown in the Title Commitment, the title exception documents, the existing survey or the Updated Survey, if any, and any such uncured objections shall become "Permitted Exceptions". If Seller does not timely receive notice of Buyer's election to terminate under this Section, Buyer will be deemed to have waived the uncured objections and such uncured objections shall become "Permitted Exceptions".

b. Title Policies. At the Closing and as a condition precedent to the obligations of Buyer hereunder, the Title Company shall deliver to Buyer, at Buyer's sole cost and expense, title insurance policy or proforma policy issued by the Title Company in the collective amount of the Purchase Price and otherwise in accordance with the Title Company's commitment therefor as set forth above, subject only to the Permitted Exceptions, showing fee simple title to the Real Property as vested in Buyer (the "Title Policy"). Buyer may request the issuance at the Closing of such endorsements to such title insurance policy as it deems appropriate; provided, however, that Seller shall not incur any costs or expenses in connection with the issuance of such endorsements.

c. Closing Costs. The cost of any endorsements to the Title Policy (to the extent available) required to be delivered hereunder shall be paid by Buyer. The cost of any documentary transfer taxes (however characterized) ("Transfer Taxes") shall be paid by the Buyer. The cost of recording and registering the Deed shall be paid by Buyer, and Seller shall pay the cost of recording any instruments required to remove title exceptions which are not Permitted Exceptions and which Seller has agreed to remove pursuant to Section 5.2. Buyer shall be responsible for payment of any survey costs and expenses incurred by Buyer in connection with its due diligence investigations of the Property. Buyer shall pay the loan assumption fee payable to Lender of Two Hundred Nineteen Thousand Three Hundred and 00/100 Dollars ($219,300.00) (the "Loan Assumption Fee") in connection with Buyer's assumption of the Loan. All other costs related to the Loan Assumption, including Lender imposed review fees, legal fees and costs, and any taxes, including but not limited to transfer tax, documentary stamp tax or recordation taxes related to a mortgage assumption (the "Other Loan Assumption Costs"), shall be paid by Buyer. All costs of preparation, issuance and delivery of the title commitment and the Title Policy premium shall be paid by Seller. Seller and Buyer shall pay equal shares of the fee charged by the Title Company for conducting the escrow closing.

5.3 Loan Assumption.

a. Loan Assumption Submission and Process. On the Closing Date, Seller shall assign all of Seller's right, title and interest in, and Buyer shall assume all of Seller's obligations and liabilities from and after the Closing Date under, the Loan (the "Loan Assumption") pursuant to an Assumption Agreement (as defined below) consistent with this Section 5.3 and the Loan Assumption Approval. Within five (5) days of the Effective Date, Buyer shall contact Lender to initiate the Loan Assumption process. Within fifteen (15) days after the Effective Date (the "Loan Assumption Submission Date"), Buyer shall furnish and deliver a preliminary written Application to Lender (including, without limitation, furnishing all customary documents, information, disclosures, checklist items and materials required under the Application to the extent they are known and available at the time of submission). From and after the Loan Assumption Submission Date, Buyer shall diligently and continuously seek and use its commercially reasonable efforts to timely obtain (i) the Loan Assumption Approval (as defined below) pursuant to the terms and requirements of this Section 5.3 and (ii) the mutual agreement between Buyer, Seller and Lender for a loan assumption agreement consistent with the terms of this Section 5.3 (the "Assumption Agreement"). Seller shall (a) cooperate in good faith with Buyer in Buyer's direct communication with Lender and in expediting Buyer's negotiation and finalization of the Loan Assumption Approval and the Assumption Agreement and (b) promptly make any reasonable and customary informational deliveries regarding Seller or the Property as required by Lender pursuant to the Existing Loan Documents. Buyer shall pay to Lender at Closing the Loan Assumption Fee. Buyer shall be responsible for payment of all Other Loan Assumption Costs in connection with the Loan Assumption process and the Assumption Agreement and any other costs incurred by Lender in connection with any other documents the Lender requires Seller and/or Buyer to execute and deliver as a condition to the Loan Assumption (collectively, the "Lender Assumption Documents"), as applicable.

b. Loan Assumption Approval. As used herein, the term "Loan Assumption Approval" shall mean:

(i) the written consent, approval and agreement of Lender of: (1) the conveyance of the Property by Seller to Buyer; (2) an assumption by Buyer of all obligations and liabilities of Seller from and after the Closing Date under or with respect to the Loan on terms which shall not impose any modifications to the economic or other material terms of the Loan including, without limitation, no modification to the loan amount, interest rate, maturity date, or amortization schedule, or the imposition of new escrow requirements; (3) inclusion (whether in the Assumption Agreement, in a side letter agreement or in a modification to the Existing Loan Documents) of Buyer's customary permitted transfer provisions that are used by Buyer and Buyer's constituent owners in the ordinary course of business for loans substantially similar to the Loan; (4) a release of Seller (and any existing loan guarantor and indemnitor) from all obligations and liabilities with respect to the Loan from and after the Closing Date (subject to the survival of Seller's and such guarantor's pre-Closing Date obligations as provided in the Existing Loan Documents); (5) replacement of the existing loan guarantor with alternative guarantor(s) proposed by Buyer that has a reasonably sufficient financial condition to satisfy Lender's customary guarantor underwriting requirements; (6) Seller's assignment for the benefit of Buyer, and Buyer's acceptance and assumption, of the Escrowed Sums (subject to the reimbursement to Seller at Closing for the amount of such Escrowed Sums as provided in this Agreement); (7) the entity structure of Buyer's proposed borrower entity and its constituent owners in accordance with Buyer's customary structure for loans substantially similar to the Loan and for lenders substantially similar to Lender (including reasonable and customary underwriting and legal standards for single purpose entities, bankruptcy remote criteria, and similar market requirements); (8) the legal opinions to be issued by Buyer's legal counsel in accordance with such counsel's customary opinion letters for loans substantially similar to the Loan and for lenders substantially similar to Lender (including reasonable and customary authority, enforceability, substantive non-consolidation and Delaware entity opinions, as applicable);

(ii) clearance of Lender's customary credit approvals and "know your customer" approvals with respect to Buyer, Buyer's permitted assignee of this Agreement and Buyer's proposed loan guarantor; and

(iii) either as a part of the Assumption Agreement or in a separate written confirmation or estoppel delivered from Lender to Buyer, Lender's confirmation (i) that the Loan Documents constitute all of the documents that evidence, secure or relate to the Loan that would continue to be applicable to Buyer, Buyer's guarantor or the Property after Closing, (ii) that, to Lender's actual knowledge, there is no uncured event of default by Seller beyond the expiration of applicable notice and cure periods under the Existing Loan Documents, (iii) of the unpaid principal balance on the Loan as of the Closing Date and the date through which all payments due under the Existing Loan Documents have been paid, and (iv) of the amount of all Escrowed Sums.

c. Loan Assumption Timing. Buyer shall have until sixty (60) days after the Loan Assumption Submission Date (the "Loan Assumption Approval Date") to obtain the Loan Assumption Approval. If Buyer is actively and in good faith pursuing the Loan Assumption Approval but despite such efforts is not able to obtain same on or prior to the Loan Assumption Approval Date, Buyer shall have the right to extend the Loan Assumption Approval Period for up to an additional thirty (30) days in the event Lender is in need of additional time to complete its review of Buyer's Application by delivery (prior to 5:00 p.m. local time in the state in which the Real Property is located on the Loan Assumption Approval Date) of written notice to Seller of the exercise of such right and the period of such extension (the " First Loan Assumption Extension Period"). If by the expiration of the First Loan Assumption Extension Period Buyer is not able to obtain the Loan Assumption Approval, then Buyer shall have the right to extend the Loan Assumption Approval Period for an additional thirty (30) days (the "Second Loan Assumption Extension Period"; and collectively with the First Loan Assumption Extension Period, the "Loan Assumption Extension Period"). In the event that Buyer does not receive the Loan Assumption Approval by the end of the Loan Assumption Approval Period, or the Loan Assumption Extension Period if exercised by Buyer in accordance herewith, either party shall be entitled to terminate this Agreement, in which event the Earnest Money shall be returned by Escrow Agent to Buyer, and each of the parties hereto shall be relieved of all further obligations hereunder, except for those obligations which explicitly survive termination of this Agreement. In the event the Seller terminates this Agreement in accordance with the terms of this Section 5.3(c), in addition to the return of the Earnest Money to Buyer by Escrow Agent, Seller shall reimburse Buyer for all third party out of pocket expenses incurred by Buyer in connection with its investigation of the Improvements and Property and/or this Agreement up to $40,000.

5.4 Seller's Closing Documents. At or prior to the Closing, Seller shall execute and deliver, or cause to be executed or delivered, to or at the direction of Buyer, the following (herein referred to collectively as the "Seller Closing Documents"):

a. A special warranty deed ("Deed") for the Property, in the form attached as Exhibit E or ins such form as is acceptable to the Title Company, attached hereto and made a part hereof, transferring and conveying fee simple title to the Real from Seller to Buyer or Buyer's designee subject only to the applicable Permitted Exceptions.

b. Bill of Sale. A bill of sale, transfer and assignment in the form of Exhibit F-1 attached hereto (the "Bill of Sale");

c. Assignment of Leases. An assignment of Leases in the form of Exhibit F--2 attached hereto (the "Assignment of Leases");

d. Assignment of Contracts. An assignment of Service Contracts in the form of Exhibit F-3 attached hereto (the "Assignment of Contracts");

e. Notice to Tenants. A notice to each tenant in a form reasonably requested by Buyer;

f. The Lender Assumption Documents.

g. Original copies, executed by or on behalf of Seller, of any required real estate transfer tax declarations.

h. FIRPTA. An affidavit stating Seller's U.S. taxpayer identification number and that Seller is a "United States person," as defined by Internal Revenue Code Section 1445(f)(3) and Section 7701(b).

i. Authority. Evidence of the existence, organization and authority of Seller and of the authority of the persons executing documents on behalf of Seller reasonably satisfactory to the Title Company, and certificates of existence and good standing issued by the state of its formation and by the State;

j. Rent Roll. An update of the Rent Roll dated as of the Closing Date;

k. Certificate. A certificate affirming the truthfulness and accuracy as of the Closing Date of Seller's representations and warranties contained herein in all material respects in the form of Appendix 4.3(i) attached hereto (the "Seller Bring Down Certificate");

l. Termination of Management and Leasing Agreement. A copy of the termination of the Seller's Management and Leasing Agreement with its Manager;

m. Lien Affidavits. The lien affidavits as required in this Agreement, if any;

n. Settlement Statement. A counterpart settlement statement as approved by the parties;

o. Title Policy. Either the Title Policy or, if not available, a currently effective, duly executed "marked-up" Title Commitment for the Real Property so long as the Title Company irrevocably commits in writing to issue the Title Policy in final form within a reasonable time after the Closing Date;

p. Termination of Service Contracts. Evidence that Seller has satisfactorily terminated all Service Contracts Buyer has elected not to assume pursuant to this Agreement;

q. Such instruments, documents or certificates, executed by or on behalf of Seller, as may be required by the Title Company as a condition to the issuance of its title insurance policy as herein contemplated, which documents may, if required by the Title Company, include an owner's affidavit and a so-called gap undertaking required in order to effect a New York-style closing, but in no event shall Seller be obligated to deliver any instrument, document or certificate to the Title Company or to any other person if the effect thereof is to cause Seller to assume or be subject to any liability or obligation to which it is not otherwise subject under the provisions of this Agreement, and such affidavits sufficient to remove general or "standard" exceptions for mechanic's and materialmen's liens and parties in possession, and other documents required by the Title Company in order to issue the Title Policy.

g. Such other documents, instruments or agreements which Seller is required to deliver to Buyer pursuant to the provisions of this Agreement.

5.5 Buyer's Closing Documents**.** At or prior to the Closing, Buyer shall deliver, or cause to be delivered, to Seller, the following (herein referred to collectively as the "Buyer Closing Documents"):

a. The Purchase Price.

b. Assignment of Leases. The Assignment of Leases, executed by Buyer;

c. Assignment of Contracts. The Assignment of Contracts, executed by Buyer;

d. Settlement Statement. A counterpart settlement statement as approved by the Original copies, executed by Buyer, of any required real estate transfer tax declarations.

e. An executed counterpart of the Assignment and Assumption.

f. The Lender Assumption Documents.

g. Such other documents, instruments or agreements which may be required by the Title Company as a condition to the issuance of its title insurance policies as herein contemplated, provided that Buyer shall not, in connection with the execution and delivery of any such other documents, instruments or agreements be obligated to incur any liabilities or obligations in addition to those otherwise herein in this Agreement contemplated.

h. Such other documents, instruments or agreements which Buyer may be required to deliver to Seller pursuant to the provisions of this Agreement

5.6 Possession**.** Seller shall deliver possession of the Property, subject to the Leases and the rights of the tenants and Permitted Exceptions, to Buyer or Buyer's designee at the Closing. Seller shall also arrange for delivery to the offices of Buyer or at the Property of the following items to the extent in Seller's or Seller's property manager's possession, or readily available to Seller or Seller's property manager: the original documents assigned to Buyer pursuant to the Assignment of Leases and Assignment of Contracts, as well as complete copies or originals of all books and records, keys and other items pertaining to the Property, including, but not limited to, all Leases, licenses and permits, plans, Accepted Property Contracts, passcodes, passwords, combinations, and usernames. Seller shall cooperate with Buyer after Closing to transfer to Buyer any such information stored electronically, and to provide such other items pertaining to the Property as Buyer shall reasonably determine are necessary or desirable to operate the Property. The obligations of Seller under this Section 5.6 shall survive Closing.

5.7 Property Contracts. Exhibit B is a list of all maintenance, service, advertising and other like contracts and agreements with respect to the ownership and operation of the Property (the "Property Contracts"). Prior to the end of the Due Diligence Period, Buyer shall specify those Property Contracts which Buyer elects to have assigned to it at Closing, which shall, in all events, include those Property Contracts which Seller cannot terminate or cannot terminate without penalty (the "Accepted Property Contracts"). If, prior to the end of the Due Diligence Period, Buyer does not provide Seller with written notice of such Property Contracts (other than Accepted Property Contracts) that Buyer elects to assume at Closing, Buyer shall be deemed to have elected to assume all Property Contracts, which shall thereafter also be deemed to be a part of Accepted Property Contracts. Seller shall terminate all Service Contracts, other than the Accepted Property Contracts, and the Management and Leasing Agreement with the Manager relating to the Property as of the Closing Date.

ARTICLE 6

Adjustments and Prorations - Closing Statement

6.1 Adjustments and Prorations**.** Subject to the other provisions of this Article, the following matters and items shall be prorated and apportioned between the parties hereto, or, where applicable, credited in total to a particular party, as of the Cut Off Time, with Seller being responsible for all costs and expenses prior to the Cut Off Time and Buyer being responsible for all costs and expenses for the Property from and after the Cut Off Time, with net credits, whether in favor of Buyer or Seller, to be settled in cash at the Closing:

a. General Prorations. Rents that have been collected for the month of the Closing will be prorated at the Closing, effective as of the date of the Closing. At Closing, Seller shall furnish to Buyer a schedule of all rents which are then due and payable but which have not been collected. With regard to rents that are uncollected as of the Closing Date, (i) no proration will be made at the Closing, (ii) Buyer will make a reasonable effort after the Closing to collect the rents in the usual course of Buyer's operation of the Property, but shall not be obligated to incur any extraordinary cost or expense in connection therewith, and (iii) Buyer will apply all rents collected (A) first to the then-current month's rental obligation due from such Tenant, (B) then second towards any delinquent amounts relating to the period from and after the Closing Date, and (C) third, towards delinquent rents owed to Seller with respect to the period prior to the Closing Date. It is further agreed, however, that Buyer will not be obligated to institute any lawsuit or other collection procedures to collect uncollected rents and Seller shall be entitled to sue the Tenant to collect same (but may not evict any tenant, cause any tenant to become insolvent, seek protection under, or be forced into, a bankruptcy or insolvency laws or otherwise seek to terminate any Lease). Rents collected by Buyer after the Closing Date, to which Seller is entitled, shall be promptly paid to Seller.

b. Real Estate Taxes. General real estate taxes, special assessments and personal property taxes relating to the Property (including the personal property) (a) for each day in 2018 and all tax years prior to the Date of Closing shall be fully paid or credited to the Buyer at Closing (in accordance with the terms hereof), and (b) accrued and payable for each day in 2019 shall be prorated with respect to the Property with Seller responsible for payment of such taxes through 11:59 p.m. on the date before the Date of Closing and Buyer shall pay the taxes related to the period for which a credit is provided at Closing. If tax bills for the calendar year 2019 are not available as to the taxes that are to be prorated, then such taxes to be prorated between Seller and Buyer shall be prorated based on 100% of the most recent tax bills and, such proration shall be final and shall not be reprorated upon the availability of actual bills for the applicable period.

c. Operating Expenses. All electricity, water, gas, sewage and other utility and operating expenses (other than with respect to property management fees and Property Contracts to be terminated prior to Closing), if any, shall be prorated between Seller and Buyer as of the Closing based on estimates of the amounts that will be due and payable on the next payment date, unless final readings or invoices are available as of Closing. Any and all deposits, if any, held by utility companies or with other providers of services to the Property shall remain the property of Seller and be returned to Seller by such companies and providers except to the extent that Buyer elects to credit to Seller the amount of any such deposits.

6.2 Closing Statement**.** At Closing, Buyer and Seller will jointly prepare a "Closing Statement," which shall show the net amount due to Seller or to Buyer as a result of the adjustments and prorations herein required. Except as herein set forth, the Closing Statement as agreed to between Buyer and Seller shall be final, binding and conclusive, absent fraud.

6.3 Rent Ready Condition. For any apartment unit that is vacated on or before the date that is five (5) Business Days prior to Closing that is not in Rent Ready Condition as of the date of Closing, Seller shall credit Buyer $800 for the cost and expenses to put the unit in Rent Ready Condition. "Rent Ready Condition" shall mean an apartment unit within the Property having cleaned carpets, newly painted walls, working kitchen appliances (and water heaters and HVAC), and no material damage to the doors, walls, ceilings, fixtures, floors or windows, such that the apartment unit is in a condition (consistent with the standards of similar units in the Property) for immediate rental and occupancy.

6.4 Post-Closing Corrections. Either party shall be entitled to a post-Closing adjustment for any incorrect proration or adjustment, provided such adjustment is claimed by such party within six (6) months after Closing (except for the reproration of taxes, which shall not be limited by this sentence). All provisions of Article 6 shall expressly survive Closing.

ARTICLE 7
Conditions Precedent to Closing

7.1 Conditions Precedent to Buyer's Obligations**.** Satisfaction or waiver by Buyer on or prior to the Closing Date of each of the following shall be a condition precedent to obligations of Buyer to close upon the purchase the Property:

a. Seller shall have completed all of the Seller Closing Document deliveries required to be made by Seller under the provisions of Section 5.4.

b. The representations and warranties of Seller contained in Section 4.1 and elsewhere in this Agreement shall be true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing Date.

c. Buyer shall have received the Loan Assumption Approval from Lender.

d. As of the Closing Date, the other party shall have performed, observed and complied in all material respects with all covenants, agreements and conditions required hereunder and all deliveries to be made at Closing have been tendered.

e. All other conditions set forth in this Agreement to the other party's obligation to close shall have been satisfied.

In the event Seller fails to satisfy any or all of the Conditions Precedent set forth in this Section 7.1 on or prior to the Closing Date, Buyer shall have the right to terminate this Agreement and obtain a full refund of the Earnest Money, Seller shall reimburse Buyer for its third party out of pocket expenses (in the event of a failure of conditions 7.1(a), (b), (d), or (e), and the parties hereto shall have no further rights or obligations accruing hereunder from and after the effective date of said termination except for any obligations or indemnification and repairs provisions which specifically survive the any termination of this Agreement.

7.2 Due Diligence Period**.**

a. Inspection. During the period commencing on the Effective Date and expiring thirty (30) days thereafter (the "Due Diligence Period"), Buyer from time to time may (i) examine, at the Property or at a mutually agreed upon location or locations designated by Seller and Buyer, all books and other records of Seller relating to the Property in Seller's control or possession (but excluding internal correspondence, memoranda, documents, analyses, reports, appraisals, projections or similar items), (ii) interview any persons involved in the operation of the Property, (iii) contact any governmental official or representative with respect to the environmental condition of the Property or any hazardous substances thereon (provided that Buyer shall not disclose to any such official or representative the existence of any hazardous substances found by Buyer in the course of its investigations of the Property unless required by law and then only after written notice of its intent to do so to Seller), and (iv) cause one or more engineers, contractors, architects and/or other representatives of its choice, at Buyer's expense, to inspect the Property and perform tests thereon, including without limitation soil and environmental tests and inspections of the physical condition of the roof, walls, foundation and other structural features and mechanical systems of the Improvements; provided, however, that (I) Buyer shall provide Seller with not less than 48 hours prior written notice of any such interview, examination, inspection or test (and the times thereof shall be reasonably approved in advance by Seller) and shall receive Seller's written approval prior to conducting any invasive type of inspection, (II) Buyer or its representatives shall be accompanied by a representative of Seller during any invasive inspection or test, and (III) Buyer shall have provided Seller with evidence satisfactory to Seller that Seller, and Seller's property manager, have been named as additional insureds on Buyer's commercial general liability insurance policy (with an insurance company reasonably acceptable to Seller) with a single limit not lower than $2,000,000 for wrongful death or injury to any person or persons and not lower than $2,000,000 for property damage, with respect to the inspection activities at the Property. In conducting any inspection, Buyer agrees not to unreasonably disturb the Tenants and to use due care and prudence in performing such inspections. Buyer agrees to supply Seller with copies of any non-confidential study, report or document created by any third party in connection with Buyer's investigations and tests of the Property promptly upon Seller's request therefor, provided such request is made no later than fifteen (15) business days after the termination of this Agreement. Buyer shall promptly repair any damage resulting from any such test or inspection to the substantially same condition prior to such test or inspection, reasonable wear and tear excepted, and Buyer shall indemnify, defend and hold Tenants, Seller, Seller's property manager and their affiliates harmless from and against all loss, cost, claims, damage and liability (including reasonable costs of defense) which may be asserted or recovered against Seller, Seller's property manager or their affiliates arising by reason of any such test or inspection or out of the performance of Buyer's investigations at the Property. Notwithstanding anything set forth in this Agreement to the contrary, Buyer's repair and indemnity obligations set forth in this Section 7.2(a) shall survive any termination of this Agreement. Seller agrees to deliver to Buyer within five (5) business days of the Effective Date the Seller Deliverables documents identified on Exhibit C to the extent same are in Seller's possession.

b. Delivery of Documents. In the event that Buyer provides Seller with written notice on or before the expiration of the Due Diligence Period that Buyer has elected to terminate this Agreement, this Agreement shall terminate, the Initial Earnest Money shall be returned to Buyer, Buyer shall return to Seller all documents provided by Seller with respect to the Property, or confirm to Seller that such documents have been destroyed, and no party hereto shall have any further liability to the others hereunder, other than Buyer's repair and indemnity obligations set forth in Section 7.2(a) and Buyer's document return obligations set forth in this Section 7.2(b). Buyer hereby acknowledges that, in the event Buyer does not terminate this Agreement in accordance with the provisions of this Section 7.2(b), Buyer shall be deemed to have had full opportunity to investigate the Property, shall be deemed to have been satisfied with the condition thereof in all particulars, and shall have no further right to terminate this Agreement except as otherwise provided in this Agreement. Notwithstanding anything set forth in this Agreement to the contrary, Buyer's obligation to return documents shall survive any termination of this Agreement.

7.3 Conditions Precedent to Seller's Obligations**.** In addition to any other conditions herein contained for the benefit of Seller, satisfaction or waiver by Seller on or prior to the Closing Date of each of the following shall be a condition precedent to the obligations of Seller to sell the Property to Buyer:

a. Buyer shall have paid, at the Closing, the required amount of the Purchase Price, plus or minus any net prorations or adjustments.

b. Buyer shall have completed all of the other deliveries required to be delivered by Buyer under Section 5.5 and elsewhere in this Agreement provided, in accordance with the provisions of this Agreement.

c. The representations and warranties of Buyer contained in Section 4.2 and elsewhere in this Agreement shall be true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing Date.

d. Intentionally omitted.

e. Lender shall have approved the Loan Assumption.

7.4 Waiver**.** Each of the parties hereto shall have the right in its sole and absolute discretion, but under no circumstances shall be obligated, to waive or defer compliance by the other party with any of the above conditions precedent to their respective obligations hereunder; provided, however, except as set forth in the last two sentences of this Section 7.4, no waiver shall be effective unless set forth in a written instrument, executed by the waiving party and delivered to the other party. Except as set forth in the last two sentences of this Section 7.4, no act or circumstance, other than the delivery of a written waiver as contemplated by the preceding sentence shall be deemed to constitute a waiver of any condition herein set forth. No waiver given on one occasion shall obligate the waiving party to grant similar waivers or deferrals in any other circumstance or on any other occasion. If any condition to Buyer's obligation to proceed with the Closing hereunder has not been satisfied as of the Closing Date or other applicable date, Buyer may nevertheless proceed to Close, notwithstanding the non-satisfaction of such condition, in which event Buyer shall be conclusively deemed to have waived any such condition. If any condition to Seller's obligation to proceed with the Closing hereunder has not been satisfied as of the Closing Date or other applicable date, Seller may nevertheless elect to proceed to Close, notwithstanding the non-satisfaction of such condition, in which event Seller shall be conclusively deemed to have waived any such condition.

ARTICLE 8

Further Covenants and Agreements

8.1 Seller's Covenants Pending Closing**.** Seller hereby covenants and agrees that, from and after the date hereof and to and including the Closing Date (or the date this Agreement is terminated), it will perform and comply with each of the following covenants and agreements:

a. Notices Received by Seller. Seller shall promptly deliver to Buyer copies of any written notices received by Seller from any governmental agency alleging any violation of any applicable law or ordinance with respect to the Property which, if the facts alleged therein were true, would constitute a breach of any representation or warranty of Seller herein contained. Seller shall promptly deliver to Buyer copies of any notice of default on the part of Seller received pursuant to the Leases.

b. Encumbrances. Seller will not, without Buyer's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), create any encumbrances on the Property which will not be released, terminated or satisfied at or prior to Closing. For the purposes of this subsection, the term "encumbrance" shall mean any liens, security interests, claims, options, mortgages, encroachments, easements, covenants, conditions or restrictions.

c. Maintenance. Subject to the damage caused by casualty or condemnation, and except to the extent that such maintenance is the obligation of a tenant, until Closing, Seller shall maintain the Property in its condition existing on the Effective Date, normal wear and tear excepted.

d. Leasing. Seller, or its agent, shall be permitted to enter into new leases with new tenants, to modify or amend existing leases, and to continue pre-leasing activity in the normal course of its business.

e. Seller shall duly observe and conform the Property to all lawful requirements of any governmental authority relative to the Property and the operation thereof, and to all terms and conditions upon or under which the Real Property and the Improvements are held.

f. Seller shall continue to maintain in full force and effect all policies of property insurance now in effect or renewals thereof.

g. Seller shall permit Buyer and Buyer's Representatives, as well as Buyer's counsel and accountants, to have, after the Effective Date and upon two (2) business days' written notice to Seller, full access to the Property and to all applicable books and records relating to the operation thereof, and to furnish Buyer, at Buyer's expense, copies of Rent Rolls and such reasonable financial and operating documents and other information with respect to the Property as Buyer shall from time to time reasonably request, to the extent in Seller's or Seller's property manager's possession, or readily available to Seller or Seller's property manager.

h. Seller shall prepare for rental any vacant unit that now exists, or that becomes vacant five (5) days or more prior to Closing in a Rent-Ready Condition (defined in Section 6.4). Buyer may, at its option, inspect the Property prior to Closing to verify that such vacant apartment units are in such Rent-Ready Condition.

i. No leasing commissions or finder fees or the like shall be incurred in connection with a new Lease for which Buyer will be responsible without the prior written consent of Buyer, which shall not be unreasonably withheld, delayed or conditioned. During the pendency of this Agreement, upon request from Buyer, Seller shall provide Buyer with, no more than weekly, leasing activity and occupancy reports showing all leasing activity since the previous report. During the pendency of this Agreement, without Buyer's consent, which shall not be unreasonably withheld, delayed or conditioned, Seller shall not terminate a Lease or apply or return a security deposit under any Lease except for an eviction or to a tenant who has surrendered its Lease and vacated possession.

j. Seller agrees, at its cost and without expense to Buyer, to terminate any management agreement with Manager pertaining to the Property effective as of the Closing.

k. Seller shall maintain in existence all licenses, permits and approvals necessary or reasonably appropriate to the ownership, operation or improvement of the Property, and shall not apply or consent to any action or proceedings which will have the effect of terminating or changing such licenses, permits and approvals or the zoning of the Property.

l. Seller shall perform, in all material respects, its obligations under the Leases and Service Contracts that may affect the Property.

m. Additional Covenants and Agreements. During the period of time commencing on the Effective Date and ending at Closing, Seller will not, except with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed):

(a) Enter into any new Service Contract which is not terminable upon thirty (30) days prior written notice without payment of any penalty or charge, and Seller shall not amend, terminate, waive any default under, or grant concessions regarding, any Service Contract that will be an obligation affecting the Property or Buyer subsequent to Closing;

(b) Permit any material alteration, structural modification or additions to the Property, except in the nature of ordinary maintenance or in the ordinary course of business (such as units turns);

(c) Except for Leases and Service Contracts entered into as provided in (b) and (c) above, enter into, execute or knowingly create any contract, lease, lien, easement or encumbrance on the Property that will survive Closing without Buyer's prior written consent (which consent shall not be unreasonably withheld or delayed); and

(d) List the Property with any broker, other than Broker, or otherwise solicit or make or accept any offers to sell the Property or enter into any contracts or agreements (except this Agreement) regarding any disposition of the Property or sell, grant or transfer any interest in the Property, except for the disposition of items of Personal Property in the ordinary course of business (in which case Seller shall replace such item with a like kind of equal or higher value unless the same is no longer useful in connection with the normal operation of the Property).

n. Additional Covenants and Agreements. During the period of time commencing on the expiration of the Due Diligence Period and ending at Closing, Seller will not, except with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed):

(a) Make any material changes with respect to existing on-site personnel of the Property (except "for cause", in which event Seller shall only be required to give Buyer written notice of such termination);

(b) Enter into any Lease which shall provide for rents or other terms such as monetary concession, discounts, rebates, allowances, periods of rent-free occupancy, or any other "move-in special" in connection with the leasing of rental units in the Property, other than any such rents, terms and offers existing as of the expiration of the Due Diligence Period ("Current Offers"). All new Leases shall be on the form of Lease currently used by Seller or Manager and shall provide for a term of no longer than one year, subject to any changes required by applicable law or regulations;

8.2 Condemnation. In the event Seller received notice of the actual or threatened taking of all or any of the Property by exercise of the right of eminent domain, Seller will give Buyer immediate notice (a "Condemnation Notice") of such event. If, prior to the Closing Date, the Property shall be taken or threatened in writing to be taken by exercise of the right of eminent domain, or there shall be taken or threatened in writing to be taken such a material part thereof that, the taking materially interferes or would materially interfere with the economic operation or use of the Property, then Buyer may elect to terminate its obligations under this Agreement by written notice to such effect given to Seller within ten (10) days after receipt by Buyer of the Condemnation Notice, in which event the Earnest Money shall be returned to Buyer and no party shall have any further obligation and liability to the other parties hereunder. If, Buyer does not so elect to terminate its obligations hereunder, then the Closing of the sale hereby contemplated shall take place as herein provided without any abatement of the Purchase Price, and at the Closing Seller shall assign to the Buyer, by written instrument, all of Seller's right, title and interest in and to any condemnation award (but not any portion of an award to which Tenant may be entitled) which may be payable to Seller on account of such condemnation. If, prior to the Closing Date, one or more portions of the Real Property shall be taken by exercise of right of eminent domain in a manner which does not materially interfere with the economic operation or use of the affected Property, then Buyer shall not have the right to terminate its obligations hereunder by reason thereof and at the Closing, Seller shall assign to the Buyer, by written instrument, all of Seller's right, title and interest in and to any condemnation awards which may be payable to Seller (but expressly excluding any amount to which tenant may be entitled) on account of such condemnation. For purposes hereof, the term "taking" shall include any temporary as well as permanent takings.

8.3 Casualty. Seller assumes all risks and liability for damage to or injury occurring to the Property by fire, storm, accident, or any other casualty or cause until the Closing has been consummated. If the Property, or any part thereof, suffers any damage equal to or in excess of Seven Hundred Fifty Thousand and no/100 Dollars ($750,000) prior to the Closing from fire or other casualty, Seller shall promptly provide Buyer with written notice thereof and Buyer may either at or prior to Closing (a) terminate this Agreement by notice to Seller and Escrow Agent, in

which event the Earnest Money shall be promptly refunded to Buyer, and neither party shall have any further right or obligation hereunder, other than any obligations expressly surviving the termination hereof, or (b) consummate the Closing, receive any insurance proceeds covering such damage, and including any and all rent loss insurance proceeds relating to the period from and after the Closing Date, and Buyer shall receive a credit against the Purchase Price in an amount equal to the sum of (i) Seller's deductible under its insurance policy and (ii) the amount of any uninsured loss. If the Property, or any part thereof, suffers any damage equal to less than Seven Hundred Fifty Thousand and no/100 Dollars ($750,000) prior to the Closing, Buyer agrees that it will consummate the Closing and accept the assignment of the proceeds of any insurance covering such damage, including any and all rent loss insurance proceeds relating to the period from and after the Closing Date (plus receive a credit against the Purchase Price in an amount equal to the sum of (i) Seller's deductible under its insurance policy and (ii) the amount of any uninsured loss) and there shall be no other reduction in the Purchase Price.

8.4 Miscellaneous Covenants of the Parties**.** In addition to each of the terms, covenants and conditions herein set forth, the parties hereto do hereby agree as follows:

a. Expenses. Each party shall be responsible for the fees and expenses of their respective counsel and their other out-of-pocket costs and expenses, provision for which is not otherwise herein made.

b. Brokerage. Seller and Buyer each hereby represent and warrant to the other that it has not dealt with any broker or finder in connection with the transactions contemplated hereby other than Berkadia (the "Broker"), and each of Seller and Buyer hereby agrees to indemnify, defend and hold the other harmless of and from any and all manner of claims, liabilities, loss, damage, attorneys' fees and expenses incurred by either party and arising out of, or resulting from, any claim by any broker or finder in contravention of its representation and warranty herein contained. Seller shall be solely responsible for the payment of any commission or fees to the Broker, subject to a separate agreement between Broker and Seller, with Broker having full responsibility for payments due to any cooperating broker through the Closing escrow. Seller shall obtain a lien waiver from Broker prior to Closing. Notwithstanding anything set forth in this Agreement to the contrary, the indemnity obligations set forth in this Section 8.4(b) shall survive any termination of this Agreement and Closing.

c. Like-Kind Exchange. Upon the request of either party, the other party shall reasonably cooperate, at the sole cost and expense of the requesting party, in facilitating a "like-kind exchange" of the Property (including the interests held by the investor(s) in Seller) within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"), provided that the non-requesting party shall not be obligated to incur any liability or expense whatsoever in connection therewith unless the requesting party agrees to reimburse the non-requesting party therefor.

ARTICLE 9
Miscellaneous

9.1 Notices**.** All notices required or permitted hereunder shall be in writing and shall be served on the parties in the manner below and at the addresses set forth on the first page of this Agreement. Any notice shall be delivered: (i) personally, (ii) by nationally recognized overnight express courier, (iii) by facsimile, or (iv) by email. Notices shall be deemed delivered and effective upon: (y) delivery if delivered personally, by facsimile, or by email between the hours of 8:00 AM and 5:00 PM (Central time); or (z) on the next Business Day if sent via nationally recognized overnight express courier. Notices may be served by a party's attorney and, if so sent, shall be deemed notice from the party so represented. A party may change its address for receipt of notices by service of a notice of such change in accordance herewith. All costs and expenses of the delivery of notices hereunder shall be borne and paid for by the delivering party.

9.2 Entire Agreement; Amendments**.** This Agreement and the Exhibits hereto constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior understandings or agreements between the parties with respect to the subject matter hereof. This Agreement may not be altered, modified, extended, revised or changed, nor may any party hereto be relieved of any of its liabilities or obligations hereunder, except by written instrument duly executed by each of the parties hereto. Any such written instrument entered into accordance with the provisions of the preceding sentence shall be valid and enforceable notwithstanding the lack of separate legal consideration therefor.

9.3 Governing Law**.** This Agreement is made pursuant to, and shall be governed by and construed in accordance with, the laws of the state in which the Property is located without reference to the conflicts of laws provisions thereof.

9.4 Headings**.** Section and article headings used herein are for convenience and ease of reference only and are not intended to have any legal effect. Accordingly, no reference shall be made to any such article or section headings for the purpose of interpreting, construing or enforcing any of the provisions of this Agreement.

9.5 Counterparts**.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to be one Agreement. PDF signatures shall be deemed to be the equivalent of original signatures for purposes of this Agreement.

9.6 Time of the Essence; Business Days. Time is of the essence of this Agreement. In the event the parties hereto shall elect to extend the time for performance, or extend the Closing Date, and such election shall be set forth in a written instrument, such election shall nevertheless not be deemed a waiver on the part of either party of time as being of the essence of this Agreement. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday or legal holiday, in which case the period shall be deemed to run until the end of the next day which is not a Saturday, Sunday or legal holiday.

9.7 Binding Effect**.** This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto, and their respective successors, assigns, heirs and legal representatives.

9.8 No Third Party Beneficiary. Each of the covenants, undertakings and agreements of the parties hereto are intended solely for the benefit of the other party and its successors in interests and assigns under the provisions of this Agreement, and are not intended for the benefit of, and may not be enforced by, any third party.

9.9 Survival. Except as otherwise herein expressly provided, all of the representations, warranties, covenants, indemnities, liabilities and obligations of the parties hereto shall survive the Closing hereunder.

9.10 Litigation. In the event of any litigation between Buyer and Seller with respect to the Property, this Agreement or any of the Closing Documents (including without limitation with respect to the performance of their respective obligations hereunder or under any of the Closing Documents or the breach of any of their respective representations or warranties made herein or in any of the Closing Documents), the non-prevailing party shall pay all reasonable costs and expenses incurred by the prevailing party in connection with such litigation including, without limitation, reasonable attorneys' fees. Notwithstanding any provisions of this Agreement to the contrary, the obligations of the parties under this Section 9.10 shall survive any termination of this Agreement and the Closing.

9.11 Construction. This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Seller and Buyer have contributed substantially and materially to the preparation of this Agreement.

9.12 Enforceability. In the event that any provision of this Agreement shall be unenforceable in whole or in part, such provision shall be limited to the extent necessary to render the same valid, or shall be excised from this Agreement, as circumstances require, and this Agreement shall be construed as if said provision had been incorporated herein as so limited, or as if said provision has not been included herein, as the case may be.

9.13 Limitation on Liability**.** The beneficial owner of Seller (and the individuals executing this Agreement or any documents in connection with the transactions set forth herein on behalf of Seller or such owners) shall have no personal liability with respect to any of the obligations of Seller hereunder, Buyer hereby agreeing to look solely to Seller (and not to such owners or individuals) and any successor to the interest of Seller hereunder, for the performance of Seller's obligations hereunder. The beneficial owner of Buyer (and the individuals executing this Agreement or any documents in connection with the transactions set forth herein on behalf of Buyer or such owners) shall have no personal liability with respect to any of the obligations of Buyer hereunder, Seller hereby agreeing to look solely to Buyer (and not to such owners or individuals) and any successor to the interest of Buyer hereunder, for the performance of Buyer's obligations hereunder.

9.14 Assignment. Buyer shall not have any right to assign its right, title and interest in, to or under this Agreement without the written consent of Seller, which consent may be granted or withheld by Seller in its sole discretion. Provided, however, Buyer may designate an entity or entities, as tenants in common, that are either controlled by Buyer, or its principals, or are investing in the property in concert with Buyer's principals as a tenant in common, to take title to the Property upon notice to Seller no less than five (5) days prior to Closing. Such assignment shall not relieve Buyer of its obligations hereunder.

9.15 Recordation. Except for any filing in connection with an action for specific performance, Buyer shall not record this Agreement or any memorandum thereof in any public office without the express written consent of Seller, which consent may be granted or withheld by Seller in its sole discretion. A breach by Buyer of this covenant shall constitute a material default by Buyer under this Agreement.

9.16 No Offer or Binding Contract. The parties hereto agree that the submission of an unexecuted copy or counterpart of this Agreement by one party to another is not intended by either party to be, or be deemed to be, a legally binding contract or an offer to enter into a legally binding contract. The parties shall be legally bound pursuant to the terms of this Agreement only if and when the parties have been able to negotiate all of the terms and provisions of this Agreement in a manner acceptable to each of the parties in their respective sole discretion, and both Seller and Buyer have fully executed and delivered this Agreement.

9.17 Confidentiality. Buyer expressly acknowledges and agrees that the transactions contemplated by this Agreement, the Seller Deliveries that are not otherwise known by or readily available to the public and the terms, conditions and negotiations concerning the same shall be held in the strictest confidence by Buyer and shall not be disclosed by Buyer except to its legal counsel, surveyor, prospective lenders and prospective investors (and each of their respective agents, employees, consultants, attorneys, engineers, and licensees), engineers, licensees title company, broker, accountants, consultants, officers, employees, partners, directors, shareholders and as may be required by any Federal or State securities laws, rules and regulations (the "Authorized Representatives"). Buyer agrees that it shall instruct each of its Authorized Representatives to maintain the confidentiality of such information. Buyer further acknowledges and agrees that, unless and until the Closing occurs, all information and materials obtained by Buyer in connection with the Property that are not otherwise known by or readily available to the public will not be disclosed by Buyer to any third persons (other than to its Authorized Representatives) without the prior written consent of Seller. Nothing contained in this Section 9.17 shall preclude or limit either party from disclosing or accessing any information otherwise deemed confidential under this Section 9.17 in connection with the party's enforcement of its rights following a disagreement hereunder or in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or any filings with governmental authorities required by reason of the transactions provided for herein. Seller shall be permitted to disclosed the terms of this transaction and to include a copy of this Agreement in any filing that is required by the Securities and Exchange Commission or any other regulatory agency. Seller and Buyer hereby agree that it will not release, or cause or permit to be released, to the public any press notices, publicity (oral or written) or advertising promotion relating to, or otherwise publicly announce or disclose, or cause or permit to be publicly announced or disclosed, in any manner whatsoever, (i) the names of the other party respectively, or any of their affiliates or subsidiaries, or (ii) the terms, conditions or substance of this Agreement or the transactions contemplated herein,

without first obtaining the consent of the other party hereto. Buyer shall indemnify and hold Seller and Seller's affiliates, employees, officers and directors harmless from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including without limitation reasonable attorneys' fees and disbursements) suffered or incurred by Seller, up to the amount of the Earnest Money, and caused by Buyer, as the case may be, or their respective Authorized Representatives, of the provisions of this Section 9.17. The provisions of this Section 9.17 shall survive any termination of this Agreement for a period of six (6) months.

9.18 Indemnity. From and after the date of Closing, (a) Seller agrees to indemnify, protect, defend and hold Buyer, its directors, officers, employees, partners, lenders and agents harmless from and against all claims, actions, losses, damages, costs and expenses, including, but not limited to, reasonable attorney's fees and court costs and liabilities (except those caused solely by the willful misconduct or grossly negligent acts or omissions of Buyer or its directors, officers, employees, partners, lenders and agents), arising out of the ownership and operation of the Property prior to the date of Closing which arise in tort, or related to the actual or alleged injury to, or death of, any person or loss of or damage to property in or upon the Property; and (b) Buyer agrees to indemnify, protect, defend and hold Seller, its directors, officers, partners, employees, lenders and agents harmless from and against all claims, actions, losses, damages, costs and expenses, including, but not limited to, reasonable attorney's fees and court costs and liabilities (except those caused solely by the willful misconduct or grossly negligent acts or omissions of Seller or its directors, officers, partners, employees, lenders and agents), arising out of the ownership and operation of the Property by Buyer from and after the date of Closing, which arise in tort, or related to the actual or alleged injury to, or death of, any person or loss of or damage to property in or upon the Property. The provisions of this Section 9.18 shall survive Closing.

ARTICLE 10

ESCROW AGENT

10.1 **Investment of Earnest Money**. Escrow Agent shall invest the Earnest Money pursuant to Buyer's directions in a non-interest bearing account at a commercial bank whose deposits are insured by the Federal Deposit Insurance Corporation. Escrow Agent shall notify Seller, no later than one (1) Business Day after Escrow Agent's receipt thereof, that Escrow Agent has received the Earnest Money in immediately available funds, and is holding the same in accordance with the terms of this Agreement. However, Escrow Agent shall invest the Earnest Money only in such accounts as will allow Escrow Agent to disburse the Earnest Money upon no more than one (1) Business Day's notice.

10.2 **Payment on Demand**. Upon receipt of any written certification from Seller or Buyer claiming the Earnest Money pursuant to the provisions of this Agreement, Escrow Agent shall promptly forward a copy thereof to the other such party (i.e., Buyer or Seller, whichever did not claim the Earnest Money pursuant to such notice) and, unless such other party within ten (10) days thereafter notifies Escrow Agent of any objection to such requested disbursement of the Earnest Money in which case Escrow Agent shall retain the Earnest Money subject to Section 8.4 below, Escrow Agent shall disburse the Earnest Money to the party demanding the same (provided, if the Buyer is making such demand, Escrow Agent shall disburse the Earnest Money less the Independent Consideration) and shall thereupon be released and discharged from any further duty or obligation hereunder.

10.3 **Exculpation of Escrow Agent**. It is agreed that the duties of Escrow Agent are herein specifically provided and are purely ministerial in nature, and that Escrow Agent shall incur no liability whatsoever except for its misconduct or negligence, so long as Escrow Agent is acting in good faith. Seller and Buyer do each hereby release Escrow Agent from any liability for any error of judgment or for any act done or omitted to be done by Escrow Agent in the good faith performance of its duties hereunder and do each hereby indemnify Escrow Agent against, and agree to hold, save, and defend Escrow Agent harmless from, any costs, liabilities, and expenses incurred by Escrow Agent in serving as Escrow Agent hereunder and in faithfully discharging its duties and obligations hereunder.

10.4 **Stakeholder**. Escrow Agent is acting as a stakeholder only with respect to the Earnest Money. If there is any dispute as to whether Escrow Agent is obligated to deliver the Earnest Money or as to whom the Earnest Money is to be delivered, Escrow Agent may refuse to make any delivery and may continue to hold the Earnest Money until receipt by Escrow Agent of an authorization in writing, signed by Seller and Buyer, directing the disposition of the Earnest Money, or, in the absence of such written authorization, until final determination of the rights of the parties in an appropriate judicial proceeding. If such written authorization is not given, or a proceeding for such determination is not begun, within thirty (30) days of notice to Escrow Agent of such dispute, Escrow Agent may bring an appropriate action or proceeding for leave to deposit the Earnest Money in a court of competent jurisdiction located in Montgomery county, Alabama, pending such determination. Escrow Agent shall be reimbursed for all costs and expenses of such action or proceeding, including, without limitation, reasonable attorneys' fees and disbursements, by the party determined not to be entitled to the Earnest Money. Upon making delivery of the Earnest Money in any of the manners herein provided, Escrow Agent shall have no further liability or obligation hereunder.

10.5 **Interest**. All interest and other income earned, if any, on the Earnest Money deposited with Escrow Agent hereunder shall be reported for income tax purposes as earnings of Buyer.

10.6 **Execution by Escrow Agent**. Escrow Agent has executed this Agreement solely for the purpose of acknowledging and agreeing to the provisions of this Article 8. Escrow Agent's consent to any modification or amendment of this Agreement other than this Article 8 shall not be required.

[PLEASE SEE FOLLOWING PAGE FOR SIGNATURES]

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

SELLER:

IRESI MONTGOMERY MITYLENE, L.L.C., a Delaware limited liability company

By: Inland Residential Operating Partnership, L.P., a Delaware limited partnership, its sole member

By: Inland Residential Properties Trust, Inc., a Maryland corporation, its general partner

By: /s/ Mitchell A. Sabshon
Name: Mitchell A. Sabshon
Its: CEO and President

BUYER:

B & M DEVELOPMENT COMPANY, L.L.C., a n Alabama limited liability company

By: /s/ John D. Blanchard
Name: John D. Blanchard
Its: Manager

EXHIBIT A

Legal Description

Parcel A:

Commence at the intersection of the south right-of-way of Atlanta Highway (U.S. Highway 80) (ROW Varies) and the west line of Section 10, Township 16 North, Range 19 East, Montgomery County, Alabama; thence along said south right-of-way, South 55 degrees 39 minutes 23 seconds East, 1991.82 feet; thence South 34 degrees 23 minutes 24 seconds West, 709.32 feet; thence South 59 degrees 24 minutes 13 seconds East, 842.93 feet to the Point of Beginning; thence from said point of beginning continue South 59 degrees 24 minutes 13 seconds East, 787.00 feet; thence South 17 degrees 04 minutes 08 seconds West, 386.47 feet; thence South 21 degrees 11 minutes 48 seconds West, 384.95 feet to the north right-of-way of Kershaw Railroad Property (100 foot ROW); thence along the said north right-of-way, North 60 degrees 11 minutes 58 seconds West, 1324.00 feet; thence North 56 degrees 57 minutes 42 seconds East 253.27 feet; thence north 29 degrees 32 minutes 28 seconds West, 241.03 feet; thence North 61 degrees 11 minutes 23 seconds East, 66.00 feet; thence South 29 degrees 32 minutes 28 seconds East, 236.16 feet; thence North 56 degrees 57 minutes 42 seconds East, 544.39 feet to the Point of Beginning. Said Parcel lying in the Northwest 1/4 of Section 15, T-16-N, R-19-E, Montgomery County, Alabama.

Parcel B:

Commence at the intersection of the south right-of-way of Atlanta Highway (U.S. Highway 80) (ROW Varies) and the west line of Section 10, Township 16 North, Range 19 East, Montgomery County, Alabama; thence along said south right-of-way, South 55 degrees 39 minutes 23 seconds East, 1991.82 feet; thence South 34 degrees 23 minutes 24 seconds West 709.32 feet; thence South 59 degrees 24 minutes 13 seconds East, 842.93 feet; thence continue South 59 degrees 24 minutes 13 seconds East 787.00 feet; thence South 17 degrees 04 minutes 08 seconds West 386.47 feet; thence South 21 degrees 11 minutes 48 seconds West, 95.95 feet to the Point of Beginning; thence from said point of beginning, South 68 degrees 48 minutes 12 seconds East, 541.82 feet; thence South 10 degrees 02 minutes 54 seconds West, 210.35 feet; thence South 88 degrees 47 minutes 25 seconds West, 327.71 feet to the north right-of-way of Kershaw Railroad Property (100 foot ROW); thence along said north right-of-way, North 60 degrees 11 minutes 58 seconds West 282.70 feet; thence North 21 degrees 11 minutes 48 seconds West, 289.00 feet to the Point of Beginning. Said parcel lying in the Northwest 1/4 and Northeast 1/4 of Section 15, T-16-N, R-19-E, Montgomery County Alabama.

EXHIBIT B

Property Contracts

To be provided during The Due Diligence Period.

EXHIBIT C

Seller Deliverables

1. Copies of the Lease(s);

2. Annual operating statements and capital expenditures for calendar year for 2016, 2017 and 2018 (YTD) and a balance sheet dated as of October 31, 2018, along with monthly operating statements for the previous three (3) years and current year-to-date, all certified by Seller as true, complete and correct and containing no material misrepresentations

3. Copies of real estate tax and personal property tax bills and assessment notices for the last three years including the status of any assessed valuation protest/appeal work;

4. Current aged receivables report;

5. Existing environmental assessment reports;

6. Permits and licenses to which Seller is a party;

7. Existing ALTA survey;

8. Existing title policy;

9. A copy of any engineering, soil report, if available;

10. A copy of Seller's most recent termite inspection report, termite clearance letters and any termite bonds for the Property;

11. A copy of the general ledger for the Property;

12. A copy of any subsequent notices of reassessment or special assessment for the last three (3) years along with a detailed listing of all Personal Property to be transferred to Purchaser upon Closing;

13. A certified copy of Seller’s most current Rent Roll (detailed report and summary). In conjunction with and as part of the Rent Roll, Seller shall provide Buyer a list of all accounts receivable, delinquency reports (30, 60 and 90 day), a copy of the standard form of lease (including all addenda) for the Property, and identification of the property management and accounting software currently used by the Property;

14. A copy of current leasing materials (including, but not limited to, site map, brochure with floor plans, move-in package, and, application); and a copy of a current Market Survey, listing all comparable communities;

15. List of current (or upcoming) concessions;

16. Copies of all Service Contracts and work orders (including addresses and contact names of vendors), and most recent invoices;

17. Copies of all bids for work in progress or work proposed to be performed;

18. Copies of all licenses, authorizations and permits (including pool permit, business license, PUD Assessments, etc.) required for the operation of the Property which are in the actual possession or control of Seller;

19. A ledger, and copies, of utility bills for the Property for the past two (2) years, along with a utilities commission sub-metering order form (or equivalent form);

20. Original Certificates of Occupancy and most recent Zoning Clearance letters for the Property (as available);

21. Insurance loss runs and a listing of all capital improvements to the Property within the previous two (2) years;

22. Copies of all notices, if any, received from any governmental or quasi-governmental authorities or agencies concerning the Property;

23. All guaranties or warranties, equipment operation manuals and maintenance records relating to equipment and appliances, if any;

24. As-built plans and specifications, if any;

25. A list containing the address for each building situated on the Property;

26. A list of existing personnel including salary, benefits, discounted rent, or other benefits, if any; as well as a copy of each lease (including all addenda) for employees living on site;

27. The following reports:

a. Availability/Apartment Status Report – vacant unrented; vacant rented; move-out notice not leased; move-out notice pre-leased;
b. All Units Report (Sort by Unit);
c. Transaction Detail Report – Current and previous month (separate by month);
d. Monthly Income Summary – current month;
e. Rent Schedule – All unit types with amenity pricing adjustments;
f. List of Corporate Unit Mix (with Lease expiration and Corporate Unit Expense);
g. MTM Rent/Market + $;
h. Security Deposit Report;
i. Rent Increase/Decrease & Renewal History – past year, by unit type;
j. Occupancy/Vacancy – Past 12 months;
k. Traffic Trend – Sources of traffic for past 6 months;
l. Move Out Reasons – Past 6 months;
m. Aged Delinquency Reports – page 6 months;

n. Prepaid Report;
o. Pending Work orders;
p. M/I and Lease Renewal Concessions Given – past 12 months;
q. Total Market Rent – at month end, past 12 months;
r. Gross Potential Rent – at month end, past 12 months;

28. Any other information reasonably requested by Buyer or Buyer's lender.

Notwithstanding anything in this Exhibit C to the contrary, Seller shall not be required to disclose or provide any proprietary information such as budget templates or operating manuals.

In addition, no later than five (5) days from the Effective Date hereof, Seller shall make available to the Buyer at the Property, the following: (i) tenant leases in effect as of the date hereof along with any tenant correspondence files related thereto; (ii) copies of any termination notices relating to the leases which would be effective after the Closing; and (iii) all service and repair requests and work orders relating to the Property.

EXHIBIT D

INTENTIONALLY DELETED

EXHIBIT E

STATUTORY WARRANTY DEED

STATE OF ALABAMA)
:
MONTGOMERY COUNTY)

KNOW ALL MEN BY THESE PRESENTS, that in consideration of Ten and No/100 ($10.00) Dollars and other valuable considerations to the undersigned Grantor in hand paid by the Grantee herein, the receipt and sufficiency whereof are hereby acknowledged, the undersigned, **_____, L.L.C.**, a Delaware limited liability company, (herein referred to as "Grantor"), does hereby GRANT, BARGAIN, SELL and CONVEY unto _____, a _____ limited liability company (herein referred to as "Grantee"), its successors and assigns, the real estate which is situated in the County of Montgomery, and State of Alabama, to-wit:

This conveyance is subject to matters set forth on **Exhibit "B"** attached hereto affecting the property described on **Exhibit "A"** attached hereto.

For ad valorem tax purposes only, the mailing address of Grantee is _____.

TO HAVE AND TO HOLD, the aforegranted premises to the said GRANTEE, its successors and assigns FOREVER. Grantor does for itself, its successors and assigns, covenant with the said Grantee, its successors and assigns, that it is lawfully seized in fee simple of the aforementioned premises and that it will warrant and defend the premises unto the Grantee, its successors and assigns, against the lawful claims of all persons whomsoever claiming by, through or under Grantor, but not otherwise.

[EXECUTION ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Grantor has hereunto set its hand and seal this the ____ day of June, 2018.

IRESI MONTGOMERY MITYLENE, L.L.C., a Delaware limited liability company

By: Inland Residential Operating Partnership, L.P., a Delaware limited partnership, its sole member

By: Inland Residential Properties Trust, Inc., a Maryland corporation, its general partner

By: _____
Name: _____
Its: _____

STATE OF ALABAMA)
:
COUNTY OF MONTGOMERY)

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that _____ as _____of _____ _____, the manager of _____, L.L.C., a Delaware limited liability company, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company in its capacity as _____ for and as the act of _____, L.L.C.

Given under my hand and official seal this ____ day of _____, 2019.

_____
Notary Public
My Commission Expires: _____

(SEAL)

EXHIBIT A

LEGAL DESCRIPTION

40

EXHIBIT B

TO

DEED

PERMITTED EXCEPTIONS

41

EXHIBIT F

BILL OF SALE AND ASSIGNMENT

THIS BILL OF SALE, TRANSFER AND ASSIGNMENT (the "Assignment") is made this ____ day of June, 2018, from **_____, L.L.C.,** a Delaware limited liability company (hereinafter "Assignor"), to _____, a _____, its designees and assignees (hereinafter "Assignee").

W I T N E S S E T H

For and in consideration of the sum of Ten and No/100 Dollars ($10.00) and the conveyance by Assignor to Assignee of all that improved parcel of real estate which is more particularly described on **EXHIBIT "A"** hereto and incorporated herein by reference (the "Property") in accordance with the terms and conditions of that certain Purchase and Sale Agreement between Assignor and Assignee dated December _____, 2018 (and joined by First American Title Insurance Company, National Accounts Office, Atlanta, Georgia, as Escrow Agent), the receipt and sufficiency of the foregoing consideration being hereby acknowledged by Assignor, Assignor hereby transfers, grants, conveys, and assigns to Assignee the following (hereinafter collectively referred to as the "Transferred Interests"):

(a) All right, title and interest of Assignor in and to all tangible personal property owned by Assignor that is now used in connection with the operation, ownership, maintenance, management, or occupancy of the Property, including, without limitation, all equipment, machinery, heating, ventilating and air conditioning units, furniture, art work, furnishings, trade fixtures, office equipment and supplies, and, whether stored on or off-site, all tools and maintenance equipment, supplies, and construction and finish materials not yet incorporated in the Improvements but held for repairs and replacements (including the items listed on **EXHIBIT "B"** attached hereto).

(b) all right, title and interest of Assignor, if any, in (a) any trade names and trademarks associated with the Property, the URL www._____ (but excluding the websites), and the Improvements, including Assignor's rights and interest in the name "_____"; (b) any goodwill and other intangible interests of Assignor associated therewith; (c) any transferable plans, specifications and drawings and any transferrable governmental licenses, permits, development rights, entitlements, authorizations and approvals for the Property; (d) all outstanding transferrable warranties, guarantees and bonds from contractors, subcontractors, materialmen, suppliers, manufacturers, vendors and distributors and other third-parties; and (e) telephone numbers and facsimile numbers relating to the Property.

TO HAVE AND TO HOLD the same unto Assignee and Assignee's legal representatives, successors and assigns forever.

To the extent assignable and in the possession of Assignor, Assignor hereby warrants that Assignor has good and marketable title, and is the sole and lawful owner of, the Transferred Interests, and that Assignor has full power and authority to transfer all rights, interests, title and benefits in and to the same to Assignee, and that the Transferred Interests are free and clear of any and all liens and encumbrances, and Assignor will warrant the right and title to the Transferred Interests against of all persons lawfully claiming by or through Assignor.

IN WITNESS WHEREOF, Assignor has caused this instrument to be executed by its duly authorized officers and its corporate seal affixed hereto, as of the day and year first above written.

ASSIGNOR:

IRESI MONTGOMERY MITYLENE, L.L.C., a Delaware limited liability company

By: Inland Residential Operating Partnership, L.P., a Delaware limited partnership, its sole member

By: Inland Residential Properties Trust, Inc., a Maryland corporation, its general partner

By: _____
Name: _____
Its: _____

Prepared by: _____

EXHIBIT A
TO
BILL OF SALE

PROPERTY DESCRIPTION

EXHIBIT B
TO
BILL OF SALE

PERSONAL PROPERTY

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES (hereinafter the "Assignment") is made this ___ day of June, 2018, by and between **_____, L.L.C.,** a Delaware limited liability company (hereinafter the "Assignor"), and _____, a _____, and its designees and assignees, (hereinafter the "Assignee").

W I T N E S S E T H

WHEREAS, of even date herewith Assignor has conveyed to Assignee by Statutory Warranty Deed that certain apartment complex known as _____ located on that certain parcel of real property (the "Land") more particularly described in **Exhibit "A"** attached hereto and made a part hereof (the Land and all improvements thereon collectively referred to as the "Property"), subject to all easements, restrictions, rights of way and other matters filed of record with the Judge of Probate of Montgomery County, Alabama; and

WHEREAS, Assignor (or its predecessor in title) heretofore entered into certain leases (the "Leases") with tenants covering the apartment units located on the Property, including, but not limited to the leases set forth on **Exhibit "B"** attached hereto (collectively the "Leases"); and

WHEREAS, Assignee desires to purchase from Assignor, and Assignor desires to assign to Assignee, the Leases and all of the rights, benefits and privileges of the lessor thereunder.

NOW, THEREFORE, for the same consideration given and accepted for the transfer of the Property and in consideration of the foregoing and the agreements and covenants herein set forth, together with the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration this day paid and delivered by Assignee to Assignor, the receipt and sufficiency of all of which are hereby acknowledged by Assignor, Assignor does hereby RELEASE, REMISE AND ASSIGN unto Assignee all of the right, title, interest, claim and demand which Assignor has in and to the Leases (all of such Leases, rights and interests being hereinafter collectively referred to as the "Assigned Leases").

TO HAVE AND TO HOLD all and singular the Assigned Leases unto Assignee, and Assignee's legal representatives, successors, and assigns forever, and Assignor does hereby bind Assignor, and Assignor's legal representatives, successors and assigns, to warrant and forever defend all and singular the Assigned Leases unto Assignee, and Assignee's heirs, legal representatives, successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof, by, through or under Assignor, but not otherwise, and subject, however, as aforesaid.

1. Assignor shall not be responsible to the lessees under the Leases for the discharge or performance of any duties or obligations to be performed or discharged by the lessor thereunder after the date hereof. By accepting this Assignment and by its execution hereof, Assignee hereby assumes and agrees to perform all of the terms, covenants and conditions of the Leases on the part of the lessor therein required to be performed from and after the date hereof including, but not limited to, the obligation to repay to the lessees thereunder, in accordance with the terms of the Leases, any and all security deposits and prepaid rental to the extent of the amount of cash delivered by Assignor to Assignee with respect to such security deposits and prepaid rental.

2. Assignee hereby agrees to indemnify, defend and hold harmless Assignor from and against any and all loss, cost, damage or expense (including, without limitation, reasonable attorney's fees at all trial and appellate levels) resulting from Assignee's failure to perform any of the obligations assumed by Assignee hereunder. Assignor hereby agrees to indemnify, defend and hold Assignee harmless from and against any and all loss, cost, damage or expenses (including, without limitation, reasonable attorneys' fees) resulting from Assignor's failure to perform any duties or obligations of lessor arising under the Leases on or prior to the date hereof.

3. All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

4. This Assignment shall be construed and enforced in accordance with and governed by the laws of Alabama.

5. This Assignment may be executed in one or more counterparts and the signature of any party to any counterpart may be appended to any other counterpart, all of which counterparts when taken together shall constitute one Assignment.

IN WITNESS WHEREOF, the Assignor and Assignee have signed and sealed this Assignment of Leases as of the day and year first above written.

ASSIGNEE:

_____

_____

By: _____

Its: _____

ASSIGNOR:

IRESI MONTGOMERY MITYLENE, L.L.C., a Delaware limited liability company

By: Inland Residential Operating Partnership, L.P., a Delaware limited partnership, its sole member

By: Inland Residential Properties Trust, Inc., a Maryland corporation, its general partner

By: _____

Name: _____

Its: _____

Prepared by: _____

EXHIBIT "A"

TO
ASSIGNMENT OF LEASES

LEGAL DESCRIPTION

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS (the AAssignment@) is made and entered into as of June ____, 2018, by and between **_____, L.L.C.,** a Delaware limited liability company (the "Assignor"), and _____, a _____, and its designees and assignees (the "Assignee").

W I T N E S S E T H

WHEREAS, contemporaneously with the execution and delivery hereof, Assignor has conveyed to Assignee all that tract or parcel of land more particularly described in **Exhibit "A"** attached hereto and incorporated herein by reference (the "Real Property); and

WHEREAS, in connection with such conveyance of the Real Property, Assignor and Assignee have agreed that to the extent assignable or transferable Assignor shall transfer and assign to Assignee all right, title and interest of Assignor, if any, in and to all service, maintenance and other contracts as described in **Exhibit "B"** attached hereto and incorporated herein by reference (hereinafter referred to as the "Contracts") respecting the maintenance or operation of the Real Property; and

WHEREAS, Assignor and Assignee have further agreed that Assignee shall expressly assume by executing this Assignment all of the obligations of Assignor under each of the Contracts.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, Assignor and Assignee hereby agree as follows:

1. Transfer and Assignment. Assignor hereby sells, transfers, assigns, delivers and conveys to Assignee, its successors and assigns without warranties or representations other than set forth herein, all right, title and interest of Assignor in, to and under the Contracts. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any loss, cost, damage or expense, including without limitation reasonable attorney's fees, with respect to all claims arising under the Contracts during Assignor's ownership of the Real Property. By its assumption hereof as evidenced in the following paragraph, Assignee hereby agrees to indemnify, defend and hold Assignor harmless from and against any loss, cost, damage or expense, including without limitation reasonable attorney=s fees, with respect to all claims arising under the Contracts out of occurrences from and after the date hereof.

2. Assumption of Obligations. Assignee hereby assumes and agrees to observe, perform, carry out and discharge on time and in full all of the obligations and duties of Assignor under each of the Contracts for that period of time from and after the date hereof, and Assignee agrees to indemnify and hold Assignor harmless from and against any loss, cost, damage or expense, including without limitation, reasonable attorney's fees it may sustain as a consequence of Assignee's failure to do so.

3. Governing Law. This Assignment shall be construed and enforced in accordance with and governed by the laws of the State of Alabama.

4. Binding Effect. This Assignment shall be binding upon the parties hereto and their respective successors and assigns and shall, except as otherwise set forth herein, inure to the benefit of only the parties hereto.

5. This Assignment may be executed in one or more counterparts and the signature of any party to any counterpart may be appended to any other counterpart, all of which counterparts when taken together shall constitute one Assignment.

IN WITNESS WHEREOF, the Assignor and Assignee have signed and sealed this Assignment and Assumption of Contracts as of the day and year first above written.

ASSIGNEE:

_____

_____

By: _____

Its: _____

ASSIGNOR:

IRESI MONTGOMERY MITYLENE, L.L.C., a Delaware limited liability company

By: Inland Residential Operating Partnership, L.P., a Delaware limited partnership, its sole member

By: Inland Residential Properties Trust, Inc., a Maryland corporation, its general partner

By: _____

Name: _____

Its: _____

Prepared by: _____

Exhibit "A"

To Assignment and Assumption of Service Contracts

Legal Description

Exhibit "B"

To Assignment and Assumption of Service Contracts

Assumed Service Contracts

EXHIBIT F

Warranties

To be provided during the Due Diligence Period.

EXHIBIT G

Litigation

NONE.

(Back To Top)

Section 3: EX-10.32 (EX-10.32)

EXHIBIT 10.32

REINSTATMENT OF AND FIRST AMENDMENT TO
PURCHASE AND SALE AGREEMENT

This Reinstatement of and First Amendment to Purchase and Sale Agreement ("First Amendment") is made and entered into as of January 23, 2019, by and between **IRESI MONTGOMERY MITYLENE, L.L.C.**, a Delaware limited liability company ("Seller"), and **B & M DEVELOPMENT COMPANY, L.L.C.**, an Alabama limited liability company ("Buyer").

RECITALS

A. Seller and Buyer are parties to that certain Purchase and Sale Agreement bearing an Effective Date of December 21, 2018 ("Agreement"), for the purchase and sale of certain Property, as particularly defined in the Agreement. Capitalized terms not otherwise defined herein shall have the same meaning ascribed to such terms in the Agreement.

B. Buyer sent to Seller a certain notice of termination of the Agreement, effective as of January 22, 2019.

C. Buyer hereby rescinds the termination and the parties agree to reinstate the Agreement as set forth herein.

D. Seller and Buyer desire to modify the terms of the Agreement pursuant to the terms and conditions set forth in this First Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Seller and Buyer agree as follows:

1. The Recitals set forth above are true and correct and are adopted and incorporated herein by reference as if more fully set forth at length.

2. In Section 5.2a. of the Agreement, that portion of the fourth sentence that presently reads "Buyer shall have until five (5) business days after receipt of the Title Commitment and Updated Survey, if applicable (the "**Title Review Period**")" is changed in its entirety to read "Buyer shall have until January 25, 2019 (the "**Title Review Period**")."

3. In Section 5.3a. of the Agreement, the second sentence is deleted in its entirety, and that portion of the third sentence that presently reads "Within fifteen (15) days after the Effective Date (the "**Loan Assumption Submission Date**")" is changed in its entirety to read "No later than January 25, 2019 (the "**Loan Assumption Submission Date**")." In addition, Buyer agrees to order and pay for all third party reports related to the Loan Assumption by no later than January 25, 2019.

4. The Due Diligence Period as set forth in Section 7.2a shall expire on January 25, 2019; provided, however, that the Due Diligence Period shall be extended until February 19, 2019 for only the following items: (a) Buyer's receipt and review of an appraisal of the Property; (b) Buyer's receipt and review of a Phase I environmental report for the Property; (c) Buyer's receipt and review of a property condition report for the Property; and (d) Buyer's completion of its equity structure for the transaction.

5. Except as set forth herein, the Agreement shall remain in full force and effect and unmodified, and the Agreement, as amended hereby, is hereby ratified, confirmed and approved in all respects. In the event of a conflict between the terms and conditions of the Agreement and this First Amendment, the terms and conditions of this First Amendment shall prevail.

6. To facilitate execution, this First Amendment may be executed in as many counterparts as may be required. It shall not be necessary that the signatures on behalf of all parties appear on each counterpart hereof. A counterpart sent by electronic mail (including a PDF by e-mail) or facsimile shall constitute the same as delivery of the original of such executed counterpart. Any signature page of a counterpart may be detached from any counterpart and attached to any other counterpart.

IN WITNESS WHEREOF, Seller and Buyer have executed this First Amendment as of the date first written above.

SELLER:

IRESI MONTGOMERY MITYLENE, L.L.C.,
a Delaware limited liability company

By: Inland Residential Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By: Inland Residential Properties Trust, Inc.,
a Maryland corporation, its general partner

By: /s/ Catherine L. Lynch
Name: Catherine L. Lynch
Its: CFO

BUYER:

B & M DEVELOPMENT COMPANY, L.L.C.,
an Alabama limited liability company

By: /s/ John D. Blanchard
Name: John D. Blanchard
Its: Manager

(Back To Top)

Section 4: EX-10.33 (EX-10.33)

EXHIBIT 10.33

SECOND AMENDMENT TO
PURCHASE AND SALE AGREEMENT

This Second Amendment to Purchase and Sale Agreement ("Second Amendment") is made and entered into as of February 19, 2019, by and between **IRESI MONTGOMERY MITYLENE, L.L.C.**, a Delaware limited liability company ("Seller"), and **B & M DEVELOPMENT COMPANY, L.L.C.**, an Alabama limited liability company ("Buyer").

RECITALS

A. Seller and Buyer are parties to that certain Purchase and Sale Agreement bearing an Effective Date of December 21, 2018, and reinstated and amended by that certain Reinstatement of and First Amendment to Purchase and Sale Agreement, bearing an effective date of January 23, 2019 (collectively the "Agreement"), for the purchase and sale of certain Property, as particularly defined in the Agreement. Capitalized terms not otherwise defined herein shall have the same meaning ascribed to such terms in the Agreement.

B. Seller and Buyer desire to modify the terms of the Agreement pursuant to the terms and conditions set forth in this Second Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Seller and Buyer agree as follows:

1. The Recitals set forth above are true and correct and are adopted and incorporated herein by reference as if more fully set forth at length.

2. The Due Diligence Period as set forth in Section 7.2a shall expire on February 19, 2019; provided, however, that the Due Diligence Period shall be extended until 5:00 pm CT on February 22, 2019 for only the following item: (a) Buyer's completion of its equity structure for the transaction. In the event that Buyer is unable to complete its equity structure for the transaction, Buyer may terminate the Agreement by providing a written notice to Seller on or before February 22, 2019, and upon Buyer's election to terminate, the Agreement shall terminate, the Earnest Money shall be returned to Buyer, Buyer shall return to Seller all documents provided by Seller with respect to the Property, or confirm to Seller that such documents have been destroyed, and no party hereto shall have any further liability to the others hereunder, other than Buyer's repair and indemnity obligations set forth in Section 7.2(a) and Buyer's document return obligations set forth in Section 7.2(b) of the Agreement.

3. Except as set forth herein, the Agreement shall remain in full force and effect and unmodified, and the Agreement, as amended hereby, is hereby ratified, confirmed and approved in all respects. In the event of a conflict between the terms and conditions of the Agreement and this Second Amendment, the terms and conditions of this Second Amendment shall prevail.

4. To facilitate execution, this Second Amendment may be executed in as many counterparts as may be required. It shall not be necessary that the signatures on behalf of all parties appear on each counterpart hereof. A counterpart sent by electronic mail (including a PDF by e-mail) or facsimile shall constitute the same as delivery of the original of such executed counterpart. Any signature page of a counterpart may be detached from any counterpart and attached to any other counterpart.

IN WITNESS WHEREOF, Seller and Buyer have executed this Second Amendment as of the date first written above.

SELLER:

IRESI MONTGOMERY MITYLENE, L.L.C.,
a Delaware limited liability company

By: Inland Residential Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By: Inland Residential Properties Trust, Inc.,
a Maryland corporation, its general partner

By: /s/ Roderick S. Curtis
Name: Roderick S. Curtis
Its: Vice President

BUYER:

B & M DEVELOPMENT COMPANY, L.L.C.,
an Alabama limited liability company

By: /s/ John D. Blanchard
Name: John D. Blanchard
Its: Manager

(Back To Top)

Section 5: EX-10.34 (EX-10.34)

EXHIBIT 10.34

PURCHASE AND SALE AGREEMENT

(RETREAT AT MARKET SQUARE)

THIS PURCHASE AND SALE AGREEMENT is dated as of February 12, 2019 (the "Effective Date"), by and between **IRESI FREDERICK MARKET SQUARE, L.L.C.**, a Delaware limited liability company ("Seller"), having an address c/o Inland Residential Properties Trust, Inc., 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Dan Zatloukal, e-mail address: Daniel.zatloukal@inlandgroup.com (with copies to: The Inland Real Estate Group, LLC, Law Department, 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: David Neboyskey, Esq., email: dneboyskey@inlandgroup.com) and **515 22ND STREET LIMITED PARTNERSHIP**, a Maryland limited partnership ("Buyer"), having an address of c/o Ronald D. Paul Companies, 4416 East-West Highway, Suite 300, Bethesda, Maryland 20814, e-mail address: rpaul@ronaldpaulcos.com (with copies to: Glazer Winston Honigman Ellick, 5301 Wisconsin Avenue, NW, Suite 74-0, Washington, DC 20015, Attention: Lori J. Honigman, Esq., email: lhonigman@glazerwinston.com).

PRELIMINARY STATEMENT

WHEREAS, Seller is the owner of the Property (defined below) commonly known as Retreat at Market Square Apartments, 300 Cormorant, Frederick Maryland.

WHEREAS, Seller desires to sell, and Buyer desires to purchase, the Property, all subject to and in accordance with all of the terms, covenants, conditions, provisions and limitations hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties hereto do hereby agree as follows:

ARTICLE 1
Definitions

1.1 Definitions.

"Agreement" shall mean this Purchase and Sale Agreement, and the exhibits hereto and any amendments which may hereafter be executed and delivered between Buyer and Seller.

"Closing Deliveries" shall mean any instruments, documents, certificates or other items delivered by any party hereto in connection with the Closing. "Seller Closing Deliveries" shall mean those Closing Deliveries delivered by Seller pursuant to Section 5.4, and any other Closing Deliveries required hereunder to be delivered by Seller, and the term "Buyer Closing Deliveries" shall mean those Closing Deliveries delivered by Buyer pursuant to the provisions of Section 5.5, or otherwise herein required to be delivered by Buyer at the Closing.

"Closing" or "Closing Date" defined in Section 5.1 hereof.

"Cut Off Time" shall mean 11:59 P.M. on the day before the Closing Date.

"Escrow Agent" shall mean Chicago Title and Trust Company, 10 S. LaSalle Street, Suite 3100, Chicago, Illinois 60603, Attention: Katie van Zuidam.

"Ground Lease" shall mean that certain Deed of Lease dated February 27, 2013 between Market Square at Frederick Community Association, Inc., as landlord, and The Haven at Market Square, LLC, as tenant and that certain Memorandum of Deed of Lease recorded among the land records of Frederick County, Maryland in Book 9410 at page 479.

"Improvements" shall mean the two (2) mid-rise buildings aggregating one hundred ninety-four thousand seven hundred thirty-two (194,732) rentable square feet comprising two hundred six (206) apartment units and one hundred twenty-two (122) storage units, two hundred eighty-two (282) paved surface parking spaces, fifty-six (56) garages, and other improvements located on the Land.

"Land" shall collectively mean those certain tracts or parcels of land located at 300 Cormorant, Frederick, Maryland, comprising approximately 4.542 acres and more particularly described on Exhibit A attached hereto and made a part hereof, together with all the rights and appurtenances pertaining thereto, including any right, title and interest of Seller, if any, in and to adjacent streets and rights-of-way.

"Leases" shall mean all leases, subleases, and other agreements entered into by Seller for the use or occupancy of any portion of the Real Property which are set forth on the rent roll attached hereto as Exhibit B.

"Licenses" shall mean Seller's interest in, to the extent transferable, all licenses, certificates, authorizations, consents and permits applicable to the Property or useful in connection with the operation or maintenance of the Property.

"Permitted Exceptions" is defined in Section 5.2.

"Personal Property" shall mean all furniture, furnishings, equipment and other items of personal property, if any, owned by Seller and used in connection with the Improvements and located within the Improvements, including, without limitation, those items of personal property identified on Exhibit C attached hereto.

"Property" shall mean (i) the Real Property, (ii) the right, title and interest of Seller under all Property Contracts (if any), and (iii) the Leases, including the balance of all security deposits and pet deposits, if any, delivered by Tenants pursuant to the Leases, (iv) the Licenses, Warranties and other intangible property, if any, owned by Seller and pertaining to the Land, the Improvements or the Personal Property, (v) the Personal Property, (vi) the right, title and interest of the Seller under the Ground Lease and (vii) all right, title and interest of the Seller in the Property Materials.

"Property Contracts" shall mean all the service, supply, maintenance and utility contracts to which Seller is a party which are set forth on Exhibit D attached hereto.

"Property Materials" shall mean, to the extent transferable and in the possession of Seller or Seller's property manager, the internet web site for the Property (www.retreatmarketsquare.com) and the rights to the name and mark "The Retreat at Market Square".

"Real Property" shall mean the Land together with the Improvements thereon.

"Tenants" shall mean the tenants under the Leases.

"Title Company" shall mean SettlementCorp, 5301 Wisconsin Avenue, Suite 710, Washington, DC 20015, Attn: Todd Deckelbaum, Esquire.

"Warranties" shall mean the warranties and guaranties in favor of Seller which benefit the operation or maintenance of the Property, as more specifically set forth on Exhibit I attached hereto.

1.2 Additional Defined Terms shall have the meanings defined for such terms in the operative provisions of this Agreement.

ARTICLE 2
Agreement for Sale and Purchase

For the consideration and subject to the terms and conditions herein set forth, Seller hereby agrees to sell the Property to Buyer, and Buyer hereby agrees to purchase the Property from Seller, at the Closing on the Closing Date.

ARTICLE 3
Purchase Price

3.1 Purchase Price. In consideration for the sale of the Property, Buyer agrees to pay to Seller, at the Closing, the sum of Forty Seven Million and 00/100 Dollars ($47,000,000.00), plus or minus prorations and adjustments hereinafter set forth (the "Purchase Price").

3.2 Payment of Purchase Price. Subject to a credit for the Earnest Money, the full amount of the Purchase Price shall be payable by wire transfer at the Closing in immediately available United States funds.

3.3 Earnest Money; Default.

a. Earnest Money:

(i) Within two (2) business days after the Effective Date, Buyer shall deposit, in escrow (the "Earnest Money Escrow") with Escrow Agent the sum of One Million and 00/100 Dollars ($1,000,000.00) (the "Earnest Money"), in cash or immediately available federal funds, such amount to be held as an earnest money deposit hereunder in accordance with the provisions of the escrow agreement attached hereto as Exhibit E. The sum of One Hundred Fifty Thousand and 00/100 Dollars ($150,000.00) of the Earnest Money (the "Good Faith Payment") shall be non-refundable to the Buyer except as otherwise provided in this Agreement.

(ii) Upon the expiration of the Due Diligence Period, the Earnest Money shall be non-refundable to Buyer except as otherwise provided in this Agreement.

(iii) At the Closing, Buyer and Seller shall cause their respective representatives to direct the transfer of the Earnest Money to the Closing escrow, such amount to be applied in partial satisfaction of the obligation of Buyer with respect to the Purchase Price.

(iv) If Buyer fails to deliver any portion of the Earnest Money to Escrow Agent within the time period specified above, Seller shall have the right to terminate this Agreement and upon such termination, Buyer and Seller shall have no further rights or obligations hereunder, except those which expressly survive termination of this Agreement.

b. Default.

(i) In the event that Seller shall default in its obligations under this Agreement, Buyer shall provide Seller with a 2-business day notice of such alleged default which shall allow Seller an opportunity to cure the default. If Seller fails to cure such default within such 2-business day period, then Buyer shall be entitled, as its sole remedy, either (A) to receive the Earnest Money (inclusive of the Good Faith Payment) which return shall operate to terminate this Agreement and release Seller from any and all liability hereunder, or (B) to enforce specific performance of Seller's obligation to convey the Property to Buyer in accordance with this Agreement. Buyer expressly waives its rights to seek damages in the event of Seller's default hereunder, except in the event that Seller takes affirmative action to deprive the Buyer of the remedy of specific performance provided that such waiver does not affect Buyer's rights under Section 4.4 below and that Buyer's right to damages shall not exceed Five Hundred Thousand and no/100 Dollars

($500,000.00). Buyer shall be deemed to have elected to terminate this Agreement and receive back the Earnest Money (including the Good Faith Payment) if Buyer fails to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located, on or before thirty (30) days following the date upon which Closing was to have occurred.

(ii) In the event Buyer shall default in its obligations under this Agreement, Seller shall provide Buyer with a 2-business day notice of such alleged default which shall allow Buyer an opportunity to cure the default. If Buyer fails to cure such default within such 2-business day period, then the Earnest Money shall be paid to Seller as liquidated damages, it being understood that Seller's actual damages in the event of such default are difficult to ascertain and that such proceeds represent the parties' best current estimate of such damage and this Agreement shall terminate. Seller expressly waives its right to seek damages in the event of a Buyer's default hereunder or to pursue any other remedies against Buyer.

ARTICLE 4
Representations and Warranties

4.1 Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows:

a. Organization and Authority of Seller**.** Seller is a Delaware limited liability company, duly formed, validly existing and in good standing under the laws of the State of Delaware, and has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder. This Agreement has been duly authorized by all requisite action on the part of Seller and represents the valid and binding obligation of Seller enforceable against Seller in accordance with its terms. Seller has full right, power and authority to sell and transfer its interest in the Property as herein contemplated without the consent or approval of any third party.

b. No Resulting Breach. Neither the execution and delivery of this Agreement by Seller, nor the performance of Seller's obligations hereunder, will result in a breach, violation or default by Seller of any provision of its organizational documents or any other document to which it is bound or to which its assets are subject.

c. Property Contracts. Exhibit D hereto contains a complete list of all Property Contracts to which Seller is a party (if any). Except for the contract with Comcast, all Property Contracts are terminable by Seller upon the sale of the Property or upon not more than thirty (30) days' notice. Prior to the expiration of the Due Diligence Period, Buyer shall advise Seller which of the Property Contracts Seller must terminate (at Seller's sole cost and expense) at Closing and which Property Contracts Buyer elects to assume pursuant to the Assignment and Assumption (defined below), except that Buyer agrees that it will assume the contract with Comcast at Closing.

d. Leases. The list of existing Leases set forth on the rent roll attached as Exhibit B hereto is true and accurate in all material respects. Seller has not given to any Tenant

nor received from any Tenant a written notice of default that remains uncured. No rental or monetary concessions have been granted to Tenants not set forth in the rent roll. Seller has not accepted any prepayment of rent under the Leases (except for rental for the current month and payments that are required to be made in advance pursuant to the terms of the Leases). To Seller's knowledge, the copies of the Leases previously delivered or made available to Buyer on behalf of Seller are true, correct and complete in all material respects, including all material amendments thereto.

e. Security Deposits. The rent roll attached as Exhibit B hereto contains a true, correct and complete list of all security deposits currently held by Seller pursuant to the Leases. Seller has not applied any of the security deposits to the obligations of any Tenants under the Leases.

f. Seller Deliverables. To Seller's knowledge, the documents listed on Exhibit E attached hereto and delivered from Seller to Buyer hereunder are true, correct and complete.

g. Compliance with Laws. To Seller's knowledge, all material licenses required to own and operate the Property as a rental apartment project have been issued. Seller has not received any written notice from any governmental authority alleging a violation of any laws or ordinances applicable to the Property and, to Seller's knowledge, no such violations exist. To Seller's knowledge there are no outstanding unpaid special assessments against the Property.

h. Pending Proceedings. To the Seller's knowledge, as of the Effective Date, there are no actions, suits or proceedings currently pending or threatened in writing against Seller or the Property, which, if determined adversely to Seller, would have a material adverse effect on the Property or Seller's ability to perform its obligations under this Agreement.

i. No Condemnation. Seller has not received any written notice of, and to Seller's knowledge, there are no existing or pending condemnation proceedings or deeds in lieu of condemnation affecting the Property.

j. Environmental. Seller has not received any written notice from any governmental authority asserting any uncured violation of Environmental Laws related to the Premises. The term "Environmental Laws" means the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation, and Liability Act and other federal laws governing the environment as in effect on the date of this Agreement, together with their implementing regulations as of the date of this Agreement applicable to the Premises, and all applicable state, regional, county, municipal and other local laws, regulations and ordinances that are equivalent or similar to the federal laws recited above, or that purport to regulate hazardous or toxic substances and materials. Seller has provided to Buyer true, correct and complete copies of all environmental reports in Seller's possession or reasonable control with respect to the Property, as set forth as Exhibit E attached hereto and, other than as set forth in such reports, Seller has no knowledge of any environmental concerns at the Premises.

k. Ground Lease. The Ground Lease is in full force and effect. Seller has not received any written notice of default under the Ground Lease and to Seller's knowledge, Seller is not in default of the Ground Lease.

l. Foreign Person Affidavit. Seller is not a foreign person for purposes of said IRC Code Section 1445.

m. OFAC. Seller, and all direct beneficial owners of Seller, are in compliance with all laws, statutes, rules and regulations of any federal, state or local governmental authority in the United States of America applicable to such persons or entities, including, without limitation, the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) (the "Order") and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control, Department of the Treasury ("OFAC") and in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "Orders").

n. Terrorism. Neither Seller, nor any direct beneficial owner of Seller: (a) is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Orders and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "Lists"); (b) is a person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or (c) is owned or controlled by, or acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

4.2 Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows:

a. Organization and Authority. Buyer is a limited liability company, duly formed, validly existing and in good standing under the laws of the State of Delaware and has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder. This Agreement has been duly authorized by all requisite action on the part of Buyer and represents the valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. Buyer has full right, power and authority to purchase the Property as herein contemplated without the consent or approval of any third party.

b. No Resulting Breach. Neither the execution and delivery of this Agreement by Buyer, nor the performance of Buyer's obligations hereunder, will result in a breach, violation or default by Buyer of any provision of its organizational documents or any other document to which it is bound or to which its assets are subject.

c. OFAC. Buyer, and all beneficial owners of Buyer, are in compliance with all laws, statutes, rules and regulations of any federal, state or local governmental authority in the United States of America applicable to such persons or entities, including, without limitation, the "Order" and other similar requirements contained in the rules and regulations of OFAC and in any enabling legislation or other Orders.

d. Terrorism. Neither Buyer, nor any beneficial owner of Buyer: (a) is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Orders and/or on any other List of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders; (b) is a person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or (c) is owned or controlled by, or acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

4.3 Disclaimers.

a. No Reliance on Documents. Except as may be expressly provided herein or in any of the Seller Closing Deliveries, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller, or Seller's agents, if applicable, to Buyer in connection with the transaction contemplated hereby. Buyer acknowledges and agrees that all materials, data and information delivered by Seller to Buyer in connection with the transaction contemplated hereby are provided to Buyer as a convenience only and that any reliance on or use of such materials, data or information by Buyer shall be at the sole risk of Buyer, except as otherwise expressly stated herein. Without limiting the generality of the foregoing provisions, Buyer acknowledges and agrees that (i) any environmental or physical, or geotechnical report or other report with respect to the Property which is delivered by Seller to Buyer shall be for general informational purposes only, (ii) Buyer shall not have any right to rely on any such report delivered by Seller to Buyer, but rather will rely on its own inspections and investigations of the Property and any reports commissioned by Buyer with respect thereto, and (iii) neither Seller, any affiliate of Seller nor the person or entity which prepared any such report delivered by Seller to Buyer shall have any liability to Buyer for any inaccuracy in or omission from any such report.

b. Disclaimers. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY DOCUMENT OR INSTRUMENT DELIVERED PURSUANT TO SECTION 5.4, IT IS UNDERSTOOD AND AGREED THAT SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESSED OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE (OTHER THAN SELLER'S LIMITED WARRANTY OF TITLE TO BE SET FORTH IN THE SPECIAL WARRANTY DEED), ZONING, TAX CONSEQUENCES, LATENT OR PATENT PHYSICAL OR ENVIRONMENTAL CONDITION, UTILITIES, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, THE COMPLIANCE OF THE PROPERTY WITH GOVERNMENTAL LAWS, THE TRUTH, ACCURACY OR COMPLETENESS OF THE PROPERTY DOCUMENTS OR ANY OTHER INFORMATION PROVIDED BY OR ON BEHALF OF SELLER TO BUYER, OR ANY OTHER MATTER OR THING REGARDING THE PROPERTY. BUYER ACKNOWLEDGES AND AGREES THAT UPON CLOSING SELLER SHALL SELL AND CONVEY TO BUYER AND BUYER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS",

EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT. BUYER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESSED OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, PROPERTY INFORMATION PACKAGES DISTRIBUTED WITH RESPECT TO THE PROPERTY) MADE OR FURNISHED BY SELLER, THE MANAGER OF THE PROPERTY, OR ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT. BUYER REPRESENTS TO SELLER THAT BUYER HAS CONDUCTED, OR WILL CONDUCT PRIOR TO CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS BUYER DEEMS NECESSARY TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE PROPERTY, AND BUYER WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO, OTHER THAN SUCH REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AS ARE EXPRESSLY SET FORTH IN THIS AGREEMENT. UPON CLOSING, BUYER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BUYER'S INVESTIGATIONS, AND BUYER, UPON CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED SELLER (AND SELLER'S OWNERS, MEMBERS, MANAGERS, PARTNERS, OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND AGENTS) FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH BUYER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER (AND ANY OF SELLER'S OWNERS, MEMBERS, MANAGERS, PARTNERS, OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND AGENTS) AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL LAWS) AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR MATTERS REGARDING THE PROPERTY.

c. Seller's Knowledge. As used herein, the phrases "to Seller's Knowledge" or words of similar import (i) shall mean the actual knowledge of Tanisha Ruffins, Property Manager, and not the knowledge of any other person, (ii) shall mean the actual knowledge of such individual, without any investigation or inquiry of any kind, and (iii) shall not mean such individual is charged with knowledge of the acts, omissions and/or knowledge of Seller's agents or employees.

4.4 Survival of Warranties. All representations and warranties contained herein (as the same may need to be modified on or before the Closing Date to reflect current information), and all representations and warranties contained in any Closing Document, shall survive the Closing hereunder until December 31, 2019 (the "Survival Period") and shall not be deemed to have been waived at the Closing, or merged into any of the documents of conveyance or transfer to be delivered by Seller at the Closing; provided, however, no person, firm or entity shall have any liability or obligation with respect to any representation or warranty herein contained unless on or prior to the expiration of the Survival Period, the party seeking to assert liability under any such representation or warranty shall have notified the other party hereto in writing setting forth specifically the representation or warranty allegedly breached, and a description of the alleged breach in reasonable detail. All liability or obligation of either party hereto under any representation or warranty shall lapse and be of no further force or effect with respect to any matters not contained in a written notice delivered as contemplated above on or prior to the expiration of the Survival Period. Additionally, no claim for a breach of any representation or warranty of Seller shall be actionable or payable (a) if the breach in question results from or is based on a condition, state of facts or other matter which was known to Buyer prior to Closing, and (b) unless written notice containing a description of the specific nature of such breach shall have been given by Buyer to Seller prior to the expiration of the Survival Period and an action shall have been commenced by Buyer against Seller within thirty (30) days after the expiration of the Survival Period. Buyer agrees to first seek recovery under any insurance policies, Property Contracts and the Leases prior to seeking recovery from Seller, and Seller shall not be liable to Buyer if Buyer's claim is satisfied from such insurance policies, Property Contracts or the Leases. As used herein, the term "Cap" shall mean the total aggregate amount of Six Hundred Fifty Thousand Dollars ($650,000.00). In no event shall Seller's aggregate liability to Buyer for any claim in connection with this Agreement or the Property, including without limitation any claim for breach of any representation or warranty of Seller in this Agreement or any documents delivered by Seller at Closing (except for the title warranties contained in the Deed delivered at Closing), exceed the amount of the Cap.

ARTICLE 5
Closing Matters

5.1 Time and Place for Closing. Subject to the satisfaction of each of the conditions precedent herein set forth, the Closing shall take place on a date mutually selected by Buyer and Seller which shall be on or before March 29, 2019, at the offices of the Title Company, by means of a so-called New York style closing. The date on which the transactions herein contemplated shall be consummated is herein referred to as the "Closing Date" and the transactions occurring at that time are herein referred to as "Closing." No party shall be obligated to agree to any date or time for Closing except the date and time herein set forth except at its sole and absolute discretion.

5.2 Title Commitment and Title Policy; Survey.

a. Title Commitment. Buyer shall, within ten (10) days after the Effective Date, obtain a current commitment for an ALTA Owner's Title Insurance Policy (the "Title Commitment") from the Title Company relating to the Property in an amount equal to the Purchase

Price for the Property. Buyer shall have the right to have a survey (the "Updated Survey") of the Property prepared at the sole cost and expense of Buyer and Buyer shall order such Updated Survey within five (5) days after the Effective Date. Buyer shall have until five (5) business days after receipt of the Title Commitment and Updated Survey, if applicable (the "Title Review Period") to give Seller a detailed notice objecting to any exception or condition contained in the Title Commitment or the Updated Survey. If Buyer does not give notice of any objections to Seller within the Title Review Period, Buyer shall be deemed to have approved the title as shown in the Title Commitment, the title exceptions, and all matters shown on the existing survey or the Updated Survey, if any, except for Required Cure Items (defined below) and any such exceptions or matters shall become "Permitted Exceptions". If Buyer provides timely objections, Seller shall have five (5) business days after receipt of Buyer's notice (the "Title Cure Period") in which to elect, by written notice to Buyer ("Seller's Title Notice"), either (A) to cure Buyer's objections, or (B) not to cure Buyer's objections; provided, however, notwithstanding the foregoing, Seller shall have no obligation whatsoever to cure or attempt to cure any of Buyer's objections. Notwithstanding the preceding sentence, Seller shall be obligated, at Closing, to cause Title Company to remove deeds of trust, mortgages, security deeds or other monetary liens encumbering the Property, including, without limitation, the currently existing mortgage in favor of Lender (the "Required Cure Items"). In the event that Seller fails to provide such written notice of its election to proceed under either clause (A) or (B) above, Seller shall be deemed to have elected clause (B) above. If Buyer provides timely objections and all of Buyer's objections are not cured (or agreed to be cured by Seller prior to Closing) within the Title Cure Period for any reason, then, within five (5) days after receipt or deemed receipt of Seller's Title Notice, Buyer shall, as its sole and exclusive remedy, waiving all other remedies, either: (x) terminate this Agreement by giving a termination notice to Seller, at which time Title Company shall return the Earnest Money to Buyer (less the Good Faith Payment which shall be delivered to Seller) and the parties shall have no further rights, liabilities, or obligations under this Agreement (other than those that expressly survive termination); or (y) waive the uncured objections by proceeding to Closing and thereby be deemed to have approved the Buyer's title as shown in the Title Commitment, the title exception documents, the existing survey or the Updated Survey, if any, and any such uncured objections shall become "Permitted Exceptions". If Seller does not timely receive notice of Buyer's election to terminate under this Section, Buyer will be deemed to have waived the uncured objections and such uncured objections, except for Required Cure Items, shall become "Permitted Exceptions".

b. Title Policies. At the Closing and as a condition precedent to the obligations of Buyer hereunder, the Title Company shall deliver to Buyer, at Buyer's sole cost and expense, title insurance policy or proforma policy issued by the Title Company in the collective amount of the Purchase Price and otherwise in accordance with the Title Company's commitment therefor as set forth above, subject only to the Permitted Exceptions, showing fee simple title to the Real Property as vested in Buyer (the "Title Policy"). Buyer may request the issuance at the Closing of such endorsements to such title insurance policy as it deems appropriate; provided, however, that issuance of such endorsements shall not be a condition precedent to Buyer's obligations hereunder and Seller shall not incur any costs or expenses in connection with the issuance of such endorsements.

c. Closing Costs. All costs of preparation, issuance and delivery of the title commitment and the Title Policy and any endorsements (to the extent available) required to be delivered hereunder shall be paid by Buyer. The cost of any documentary transfer taxes (however characterized) ("Transfer Taxes") shall be split evenly between Seller and Buyer. The cost of recording and registering the Deed shall be split evenly between Buyer and Seller, and Seller shall pay the cost of recording any instruments required to remove title exceptions which are not Permitted Exceptions and which Seller has agreed to remove pursuant to Section 5.2. Buyer shall be responsible for payment of any survey costs and expenses incurred by Buyer in connection with its due diligence investigations of the Property. Seller and Buyer shall pay equal shares of the fee charged by the Title Company for conducting the escrow closing. The parties shall split the costs of Escrow Agent. Each of Seller and Buyer shall pay the legal fees of their respective counsel.

5.3 Intentionally omitted.

5.4 Seller's Closing Deliveries. At or prior to the Closing, Seller shall execute and deliver, or cause to be executed or delivered, to or at the direction of Buyer, the following (herein referred to collectively as the "Seller Closing Deliveries"):

a. A special warranty deed ("Deed") for the Property, in the form attached as Exhibit F or in such form as is acceptable to the Title Company, attached hereto and made a part hereof, transferring and conveying fee simple title to the Real from Seller to Buyer or Buyer's designee subject only to the Permitted Exceptions. At Buyer's request, Seller shall issue two (2) Deeds, conveying to Buyer's assignees or designees, as tenants-in-common, the Property, in such percentages as Buyer shall request.

b. Seller's counterpart to an assignment and assumption of all of Seller's right, title and interest in and to the Ground Lease, as required pursuant to Article VI of the Ground Lease, in the form attached hereto as Exhibit I (the "Ground Lease Assignment and Assumption").

c. Seller's counterpart to an assignment and assumption of personal property, Property Contracts which Buyer has elected to assume in accordance with the terms hereof, Warranties, Leases, Property Materials and other intangible rights, in the form attached as Exhibit G, attached hereto and made a part hereof (the "Assignment and Assumption").

d. Original copies, executed by or on behalf of Seller, of any required real estate transfer tax declarations.

e. An affidavit stating Seller's U.S. taxpayer identification number and that Seller is a "United States person," as defined by Internal Revenue Code Section 1445(f)(3) and Section 7701(b).

f. Such instruments, documents or certificates, executed by or on behalf of Seller, as may be required by the Title Company as a condition to the issuance of its title insurance policy as herein contemplated, which documents may, if required by the Title Company, include a customary owner's affidavit and a so-called gap undertaking required in order to effect a New York-style closing, but in no event shall Seller be obligated to deliver any instrument, document

or certificate to the Title Company or to any other person if the effect thereof is to cause Seller to assume or be subject to any liability or obligation to which it is not otherwise subject under the provisions of this Agreement.

g. Written notices to each party to the Leases on a form reasonably requested by Buyer. advising the Tenants of the change of ownership of the Property, and directing all payments and future inquiries be made directly to Buyer in accordance with the terms of such notice.

h. All keys, codes and other security devices for the Property.

i. Originals, or if unavailable, copies of all Leases and related files, and, to the extent in Seller's possession or in the possession of Seller's property manager, permits, licenses and other agreements and approvals relating to the maintenance and operation of the Property and any plans, specifications or construction drawing of the Property.

j. Copies of all books and records reasonably required for the orderly transition of operation of the Property including computer files.

k. Evidence of termination of the existing property management agreement.

l. An updated rent roll and a delinquency report which shall be certified as true, correct and complete by Seller.

m. Seller's counterpart to the Closing Statement (defined below).

n. If required by the Title Company, evidence of limited liability company authority and good standing and an incumbency certificate to evidence the capacity of the signatory for Seller.

o. An estoppel certificate from the landlord under the Ground Lease confirming that the Ground Lease is in full force and effect, that Seller is not in default thereunder and that the landlord thereunder consents to the assignment of Seller's rights under the Ground Lease to Buyer.

p. A written statement from the owner of the parcel upon which the stormwater management facilities are located, confirming that Seller is current on all financial obligations with respect to its proportionate share of the costs of maintaining such facilities.

q. Such other documents, instruments or agreements which Seller is required to deliver to Buyer pursuant to the provisions of this Agreement, including, without limitation, such documentation to assist Buyer in completing a Like Kind Exchange transaction in accordance with Section 8.4(c) below.

5.5 Buyer's Closing Deliveries**.** At or prior to the Closing, Buyer shall deliver, or cause to be delivered, to Seller, the following (herein referred to collectively as the "Buyer Closing Deliveries"):

a. The Purchase Price.

b. Buyer's counterpart to the Ground Lease Assignment and Assumption.

c. Buyer's counterpart to the Assignment and Assumption.

d. Buyer's counterpart to the Closing Statement.

e. Original copies, executed by Buyer, of any required real estate transfer tax declarations.

f. If required by the Title Company, evidence of limited liability company authority and good standing and an incumbency certificate to evidence the capacity of the signatory for Buyer.

g. Such other documents, instruments or agreements which may be required by the Title Company as a condition to the issuance of its title insurance policies as herein contemplated, provided that Buyer shall not, in connection with the execution and delivery of any such other documents, instruments or agreements be obligated to incur any liabilities or obligations in addition to those otherwise herein in this Agreement contemplated.

h. Such other documents, instruments or agreements which Buyer may be required to deliver to Seller pursuant to the provisions of this Agreement

5.6 Possession**.** Seller shall deliver possession of the Property, subject only to the rights of Tenants under the Leases and the Permitted Exceptions, to Buyer or Buyer's designee at the Closing.

ARTICLE 6
Adjustments and Prorations - Closing Statement

6.1 Adjustments and Prorations**.** Subject to the other provisions of this Article, the following matters and items shall be prorated and apportioned between the parties hereto, or, where applicable, credited in total to a particular party, as of the Cut Off Time, with Seller being responsible for all costs and expenses prior to the Cut Off Time and Buyer being responsible for all costs and expenses for the Property from and after the Cut Off Time, with net credits, whether in favor of Buyer or Seller, to be settled in cash at the Closing:

a. Rent. Rents that have been collected for the month of the Closing will be prorated at the Closing, effective as of the date of the Closing. At Closing, Seller shall furnish to Buyer a schedule of all rents which are then due and payable but which have not been collected. With regard to rents that are uncollected as of the Closing Date, (i) no proration will be made at the Closing, (ii) Buyer will make a reasonable effort after the Closing to collect the rents in the

usual course of Buyer's operation of the Property, but shall not be obligated to incur any extraordinary cost or expense in connection therewith, and (iii) Buyer will apply all rents collected (A) first to the then-current month's rental obligation due from such Tenant, (B) then second towards delinquent rents owed to Buyer with respect to the period from and after the Closing Date, and (C) then third towards any delinquent amounts owed to Seller relating to the period prior to the Closing Date. It is further agreed, however, that Buyer will not be obligated to institute any lawsuit or other collection procedures to collect uncollected rents and Seller shall be entitled to sue the Tenant to collect same (provided that Seller shall not seek termination of such Tenant's Lease). Rents collected by Buyer after the Closing Date, to which Seller is entitled, shall be promptly paid to Seller.

b. Tenant Security Deposits. Seller shall deliver or cause its property manager to deliver to Buyer (or give Buyer a credit for), without additional consideration, all security deposits then held by or on behalf of Seller under the Leases together with accrued interest as required by law or pursuant to the terms of the Leases.

c. Real Estate Taxes. General real estate taxes, special assessments and personal property taxes relating to the Property (including the personal property) (a) for each day in 2018 and all tax years prior to the Date of Closing shall be fully paid or credited to the Buyer at Closing (in accordance with the terms hereof), and (b) accrued and payable for each day in 2018 shall be prorated with respect to the Property with Seller responsible for payment of such taxes through the Cut-Off Time and Buyer shall pay the taxes related to the period for which a credit is provided at Closing. If tax bills for the calendar year 2018 are not available as to the taxes that are to be prorated, then such taxes to be prorated between Seller and Buyer shall be prorated based on 100% of the most recent tax bills and, such proration shall be final and shall not be reprorated upon the availability of actual bills for the applicable period.

d. Operating Expenses. (i) Seller shall use reasonable efforts to obtain readings of the water and electric meters on the Property to a date no sooner than ten (10) days prior to the Closing Date. At or prior to Closing, Seller shall pay all charges based upon such meter readings and such charges accruing through the Closing Date. However, if after reasonable efforts Seller is unable to obtain readings of any meters prior to Closing, Closing shall be completed without such readings and upon the obtaining thereof after Closing, Seller shall pay the charges incurred prior to Closing as reasonably determined by Seller and Buyer based upon the post-Closing readings. The provisions of this subparagraph shall survive Closing and delivery of the Deed. All other utility and operating expenses (other than with respect to property management fees and Property Contracts to be terminated prior to Closing), if any, shall be prorated between Seller and Buyer as of the Closing based on estimates of the amounts that will be due and payable on the next payment date, unless final readings or invoices are available as of Closing. Any and all deposits, if any, held by utility companies or with other providers of services to the Property shall remain the property of Seller and be returned to Seller by such companies and providers except to the extent that Buyer elects to credit to Seller the amount of any such deposits.

(ii) In furtherance and not in limitation of the foregoing, during the Due Diligence Period Seller shall contact the City of Frederick Water Department (the "City") to request that they conduct an audit of metering and water usage at the Property. It is Seller's intent

that prior to the expiration of the Due Diligence Period, Seller can report to Buyer the findings of the City investigation. If the City finds that the in-place metering system is accurately measuring water usage, Seller will obtain written confirmation of such finding. If the City investigation determines the metering system is inaccurately measuring usage, Seller shall work diligently with the City to perform remedial efforts to correct deficiencies. If the City identifies unpaid balances as a result of the audit, Seller will work diligently with the City to pay all discrepancies such that there is no balance due to the City for the period prior to Closing. Delays in the City investigation will not impact the Closing Date set forth in this Agreement. In the event that Seller has not reached full and final resolution with the City prior to Closing, Seller shall (x) indemnify the Buyer and the Title Company against any liens in favor of the City with respect to the metering and water usage so that Buyer's title insurance policy can be issued without exception for such matters and (y) escrow with the Title Company at Closing the sum of Two Hundred Fifty Thousand Dollars ($250,000) to be held by the Title Company until the full and final resolution with the City, but in no event more than twelve (12) months after the Closing Date. Seller's liability for pre-Closing water usage at the Property shall survive Closing and delivery of the Deed and shall not be subject to the Cap on Seller's liability under paragraph 4.4 above.

e. Buyer shall pay all unpaid installments becoming due on or after the Closing Date in respect of assessments against the Property or any part thereof for improvements or other work (including any fines, interest or penalties thereon due to the non-payment thereof) relating to any period after the Closing Date, and shall indemnify, defend and save Seller harmless from any claims therefor or any liability, loss, cost or expenses arising therefrom. Seller shall pay all unpaid installments becoming due on or before the Closing Date in respect of assessments against the Property or any part thereof for improvements or other work (including any fines, interest or penalties thereon due to the non-payment thereof) relating to any period through the Closing Date, and shall indemnify, defend and save Buyer harmless from any claims therefor or any liability, loss, cost or expenses arising therefrom. The provisions of this paragraph (e) shall survive Closing and delivery of the Deed.

f. If, after Closing, there is an error on the Closing Statement or, if after the actual figures are available as to any items that were estimated on the Closing Statement, it is determined that any actual proration or apportionment varies from the amount thereof reflected on the Closing Statement, the proration or apportionment shall be adjusted based on the actual figures as soon as feasible but not later than three (3) months after the Closing Date. Either party owing the other party a sum of money based on such subsequent proration(s) shall promptly pay said sum to the other party within thirty (30) days of such reconciliation. The provisions of this clause (vii) of this subparagraph (a) shall survive Closing and delivery of the Deed for a period of six (6) months.

6.2 Closing Statement**.** At Closing, Buyer and Seller will jointly prepare a "Closing Statement," which shall show the net amount due to Seller or to Buyer as a result of the adjustments and prorations herein required. Except as herein set forth, the Closing Statement as agreed to between Buyer and Seller shall be final, binding and conclusive, absent fraud.

ARTICLE 7
Conditions Precedent to Closing

7.1 Conditions Precedent to Buyer's Obligations**.** Satisfaction or waiver by Buyer on or prior to the Closing Date of each of the following shall be a condition precedent to obligations of Buyer to close upon the purchase the Property:

a. Seller shall have completed all of the Seller Closing Deliveries required to be made by Seller under the provisions of Section 5.4.

b. The representations and warranties of Seller contained in Section 4.1 and elsewhere in this Agreement shall be true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing Date.

c. Seller shall not be in default under this Agreement.

In the event Seller fails to satisfy any or all of the Conditions Precedent set forth in this Section 7.1 on or prior to the Closing Date, Buyer shall have the right to terminate this Agreement and obtain a full refund of the Earnest Money (including the Good Faith Payment) and the parties hereto shall have no further rights or obligations accruing hereunder from and after the effective date of said termination except for any obligations or indemnification and repairs provisions which specifically survive the any termination of this Agreement.

7.2 Due Diligence Period**.**

a. Inspection. During the period commencing on the Effective Date and expiring at 5:00 pm central time on February 25, 2019 (the "Due Diligence Period"), Buyer from time to time may (i) examine, at the Property or at a mutually agreed upon location or locations designated by Seller and Buyer, all books and other records of Seller relating to the Property in Seller's control or possession (but excluding internal correspondence, memoranda, documents, analyses, reports, appraisals, projections or similar items), (ii) interview any persons involved in the operation of the Property, (iii) contact any governmental official or representative with respect to the environmental condition of the Property or any hazardous substances thereon (provided that Buyer shall not disclose to any such official or representative the existence of any hazardous substances found by Buyer in the course of its investigations of the Property unless required by law and then only after written notice of its intent to do so to Seller), and (iv) cause one or more engineers, contractors, architects and/or other representatives of its choice, at Buyer's expense, to inspect the Property and perform tests thereon, including without limitation soil and environmental tests and inspections of the physical condition of the roof, walls, foundation and other structural features and mechanical systems of the Improvements; provided, however, that (I) Buyer shall provide Seller with not less than 48 hours prior written notice of any such interview, examination, inspection or test (and the times thereof shall be reasonably approved in advance by Seller) and shall receive Seller's written approval prior to conducting any invasive type of inspection, (II) Buyer or its representatives shall be accompanied by a representative of Seller during any invasive

inspection or test, and (III) Buyer shall have provided Seller with evidence satisfactory to Seller that Seller, and Seller's property manager, have been named as additional insureds on Buyer's commercial general liability insurance policy (with an insurance company reasonably acceptable to Seller) with a single limit not lower than $2,000,000 for wrongful death or injury to any person or persons and not lower than $2,000,000 for property damage, with respect to the inspection activities at the Property. In conducting any inspection, Buyer agrees not to disturb the Tenants and to use due care and prudence in performing such inspections. Buyer agrees to supply Seller with copies of any study, report or document created by any third party in connection with Buyer's investigations and tests of the Property promptly upon Seller's request therefor. Buyer shall promptly repair any damage resulting from any such test or inspection and Buyer shall indemnify, defend and hold Tenants, Seller, Seller's property manager and their affiliates harmless from and against all loss, cost, claims, damage and liability (including reasonable costs of defense) which may be asserted or recovered against Tenant, Seller, Seller's property manager or their affiliates arising by reason of any such test or inspection or out of the performance of Buyer's investigations at the Property. Notwithstanding anything set forth in this Agreement to the contrary, Buyer's repair and indemnity obligations set forth in this Section 7.2(a) shall survive any termination of this Agreement. Seller agrees to deliver to Buyer within five (5) days of the Effective Date the Seller Deliverables documents identified on Exhibit E to the extent same are in Seller's possession.

b. Delivery of Documents. In the event that Buyer provides Seller with written notice on or before the expiration of the Due Diligence Period that Buyer has elected to terminate this Agreement, this Agreement shall terminate, the Earnest Money (less the Good Faith Payment which shall be delivered to Seller) shall be returned to Buyer, Buyer shall return to Seller all documents provided by Seller with respect to the Property, and no party hereto shall have any further liability to the others hereunder, other than Buyer's repair and indemnity obligations set forth in Section 7.2(a) and Buyer's document return obligations set forth in this Section 7.2(b). Buyer hereby acknowledges that, in the event Buyer does not terminate this Agreement in accordance with the provisions of this Section 7.2(b), Buyer shall be deemed to have had full opportunity to investigate the Property, shall be deemed to have been satisfied with the condition thereof in all particulars, and shall have no further right to terminate this Agreement. Notwithstanding anything set forth in this Agreement to the contrary, Buyer's obligation to return documents shall survive any termination of this Agreement.

7.3 Conditions Precedent to Seller's Obligations**.** In addition to any other conditions herein contained for the benefit of Seller, satisfaction or waiver by Seller on or prior to the Closing Date of each of the following shall be a condition precedent to the obligations of Seller to sell the Property to Buyer:

a. Buyer shall have paid, at the Closing, the required amount of the Purchase Price, plus or minus any net prorations or adjustments.

b. Buyer shall have completed all of the other deliveries required to be delivered by Buyer under Section 5.5 and elsewhere in this Agreement provided, in accordance with the provisions of this Agreement.

c. The representations and warranties of Buyer contained in Section 4.2 and elsewhere in this Agreement shall be true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing Date.

d. Buyer shall not be in default under this Agreement.

7.4 Waiver**.** Each of the parties hereto shall have the right in its sole and absolute discretion, but under no circumstances shall be obligated, to waive or defer compliance by the other party with any of the above conditions precedent to their respective obligations hereunder; provided, however, except as set forth in the last two sentences of this Section 7.4, no waiver shall be effective unless set forth in a written instrument, executed by the waiving party and delivered to the other party. Except as set forth in the last two sentences of this Section 7.4, no act or circumstance, other than the delivery of a written waiver as contemplated by the preceding sentence shall be deemed to constitute a waiver of any condition herein set forth. No waiver given on one occasion shall obligate the waiving party to grant similar waivers or deferrals in any other circumstance or on any other occasion. If any condition to Buyer's obligation to proceed with the Closing hereunder has not been satisfied as of the Closing Date or other applicable date, Buyer may nevertheless proceed to Close, notwithstanding the non-satisfaction of such condition, in which event Buyer shall be conclusively deemed to have waived any such condition. If any condition to Seller's obligation to proceed with the Closing hereunder has not been satisfied as of the Closing Date or other applicable date, Seller may nevertheless elect to proceed to Close, notwithstanding the non-satisfaction of such condition, in which event Seller shall be conclusively deemed to have waived any such condition.

ARTICLE 8
Further Covenants and Agreements

8.1 Seller's Covenants Pending Closing**.** Seller hereby covenants and agrees that, from and after the date hereof and to and including the Closing Date (or the date this Agreement is terminated), it will perform and comply with each of the following covenants and agreements:

a. Notices Received by Seller. Seller shall promptly deliver to Buyer copies of any written notices received by Seller from any governmental agency alleging any violation of any applicable law or ordinance with respect to the Property. Seller shall promptly deliver to Buyer copies of any notice of default on the part of Seller received pursuant to the Leases. Seller shall, at its sole cost and expense, make any corrections or cure any defaults set forth in such notices prior to the Closing Date.

b. Encumbrances. Seller will not, without Buyer's prior written consent (which consent may be granted or withheld in Buyer's sole discretion), create any encumbrances on the Property which will not be released, terminated or satisfied at or prior to Closing. For the purposes of this subsection, the term "encumbrance" shall mean any liens, security interests, claims, options, mortgages, encroachments, easements, covenants, conditions or restrictions.

c. Maintenance. Subject to the damage caused by casualty or condemnation, until Closing, Seller shall maintain the Property in its condition existing on the Effective Date, normal wear and tear excepted.

d. Existing Leases. Seller shall not accept any prepayment of rent under the Leases (except for rental for the current month and payments that are required to be made in advance pursuant to the terms of the Leases). Seller shall not terminate any Leases by agreement with a Tenant (except as permitted by the terms of the Leases or by reason of a default by a Tenant.

e. New Leasing. Seller shall be permitted to enter into new Leases with new tenants, to modify or amend existing leases, and to continue pre-leasing activity in the normal course of its business.

8.2 Condemnation. In the event Seller receives notice of the actual or threatened taking of all or any of the Property by exercise of the right of eminent domain, Seller will give Buyer immediate notice (a "Condemnation Notice") of such event. If, prior to the Closing Date, the Property shall be taken or threatened in writing to be taken by exercise of the right of eminent domain, or there shall be taken or threatened in writing to be taken such a material part thereof that, as reasonably determined by Buyer, the taking materially interferes or would materially interfere with the economic operation or use of the Property, then Buyer may elect to terminate its obligations under this Agreement by written notice to such effect given to Seller within ten (10) days after receipt by Buyer of the Condemnation Notice, in which event the Earnest Money (including the Good Faith Payment) shall be returned to Buyer and no party shall have any further obligation and liability to the other parties hereunder. If, Buyer does not so elect to terminate its obligations hereunder, then the Closing of the sale hereby contemplated shall take place as herein provided without any abatement of the Purchase Price, and at the Closing Seller shall assign to the Buyer, by written instrument, all of Seller's right, title and interest in and to any condemnation award (but not any portion of an award to which Tenant may be entitled) which may be payable to Seller on account of such condemnation. If, prior to the Closing Date, one or more portions of the Real Property shall be taken by exercise of right of eminent domain in a manner which does not, as reasonably determined by Buyer, materially interfere with the economic operation or use of the affected Property, then Buyer shall not have the right to terminate its obligations hereunder by reason thereof and at the Closing, Seller shall assign to the Buyer, by written instrument, all of Seller's right, title and interest in and to any condemnation awards which may be payable to Seller (but expressly excluding any amount to which tenant may be entitled) on account of such condemnation. For purposes hereof, the term "taking" shall include any temporary as well as permanent takings.

8.3 Casualty. Seller assumes all risks and liability for damage to or injury occurring to the Property by fire, storm, accident, or any other casualty or cause until the Closing has been consummated. If the Property, or any part thereof, suffers any damage equal to or in excess of One Million and no/100 Dollars ($1,000,000) prior to the Closing from fire or other casualty, Seller shall promptly provide Buyer with written notice thereof and Buyer may either at or prior to Closing (a) terminate this Agreement by notice to Seller and Escrow Agent, in which event the Earnest Money (including the Good Faith Payment) shall be promptly refunded to Buyer, and neither party shall have any further right or obligation hereunder, other than any obligations expressly surviving the termination hereof, or (b) consummate the Closing, in which latter event all of Seller's right, title and interest in and to the proceeds of any insurance covering such damage, and including any and all rent loss insurance proceeds relating to the period from and after the Closing Date, shall be assigned to Buyer at the Closing and Buyer shall receive a credit against the Purchase Price in an amount equal to the sum of (i) Seller's deductible under its insurance policy and (ii) the amount of any uninsured loss. If the Property, or any part thereof, suffers any damage equal to less than One Million and no/100 Dollars ($1,000,000) prior to the Closing, Buyer agrees that it will consummate the Closing and accept the assignment of the proceeds of any insurance covering such damage, including any and all rent loss insurance proceeds relating to the period from and after the Closing Date (plus receive a credit against the Purchase Price in an amount equal to the sum of (i) Seller's deductible under its insurance policy and (ii) the amount of any uninsured loss) and there shall be no other reduction in the Purchase Price.

8.4 Miscellaneous Covenants of the Parties**.** In addition to each of the terms, covenants and conditions herein set forth, the parties hereto do hereby agree as follows:

a. Expenses. Each party shall be responsible for the fees and expenses of their respective counsel and their other out-of-pocket costs and expenses, provision for which is not otherwise herein made.

b. Brokerage. Seller and Buyer each hereby represent and warrant to the other that it has not dealt with any broker or finder in connection with the transactions contemplated hereby other than CBRE (the "Broker"), and each of Seller and Buyer hereby agrees to indemnify, defend and hold the other harmless of and from any and all manner of claims, liabilities, loss, damage, attorneys' fees and expenses incurred by either party and arising out of, or resulting from, any claim by any broker or finder in contravention of its representation and warranty herein contained. Seller shall be solely responsible for the payment of any commission or fees to the Broker, only in the event the transaction described by this Agreement actually closes, with Broker having full responsibility for payments due to any cooperating broker through the Closing escrow. Seller shall request a lien waiver from Broker prior to Closing. Notwithstanding anything set forth in this Agreement to the contrary, the indemnity obligations set forth in this Section 8.4(b) shall survive any termination of this Agreement and Closing.

c. Like-Kind Exchange. Buyer has notified Seller that Buyer intends to acquire the Property in a like-kind exchange" transaction within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended. Upon the request of either party, the other party shall reasonably cooperate, at the sole cost and expense of the requesting party, in facilitating a

"like-kind exchange" of the Property (including the interests held by the investor(s) in Seller) within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"), provided that the non-requesting party shall not be obligated to incur any liability or expense whatsoever in connection therewith unless the requesting party agrees to reimburse the non-requesting party therefor.

ARTICLE 9
Miscellaneous

9.1 Notices**.** Except as otherwise provided in this Agreement, all notices, demands, requests, consents, approvals and other communications required or permitted to be given hereunder, or which are to be given with respect to this Agreement, shall be in writing and shall be deemed delivered upon the personal delivery thereof, or on the next business day following delivery to a reliable and recognized overnight air-freight service (where instructions are included for next day delivery), provided such notices shall be addressed or delivered to the parties at their respective addresses set forth on the first page hereof, or by e-mail addressed or delivered to the parties at their respective addresses set forth on the first page hereof, provided that (a) the word "Notice" is present in the subject line of the e-mail, (b) the sender does not receive a delivery failure notice or other notice indicating that the e-mail has not been delivered, and (c) a confirmation copy is delivered within one (1) business day by one of the other methods set forth in this Section 9.1. All costs and expenses of the delivery of notices hereunder shall be borne and paid for by the delivering party.

9.2 Entire Agreement; Amendments**.** This Agreement and the Exhibits hereto constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior understandings or agreements between the parties with respect to the subject matter hereof. This Agreement may not be altered, modified, extended, revised or changed, nor may any party hereto be relieved of any of its liabilities or obligations hereunder, except by written instrument duly executed by each of the parties hereto. Any such written instrument entered into accordance with the provisions of the preceding sentence shall be valid and enforceable notwithstanding the lack of separate legal consideration therefor.

9.3 Governing Law**.** This Agreement is made pursuant to, and shall be governed by and construed in accordance with, the laws of the state in which the Property is located without reference to the conflicts of laws provisions thereof.

9.4 Headings**.** Section and article headings used herein are for convenience and ease of reference only and are not intended to have any legal effect. Accordingly, no reference shall be made to any such article or section headings for the purpose of interpreting, construing or enforcing any of the provisions of this Agreement.

9.5 Counterparts**.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to be one Agreement. PDF signatures shall be deemed to be the equivalent of original signatures for purposes of this Agreement.

9.6 Time of the Essence; Business Days. Time is of the essence of this Agreement. In the event the parties hereto shall elect to extend the time for performance, or extend the Closing Date, and such election shall be set forth in a written instrument, such election shall nevertheless not be deemed a waiver on the part of either party of time as being of the essence of this Agreement. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday or legal holiday, in which case the period shall be deemed to run until the end of the next day which is not a Saturday, Sunday or legal holiday.

9.7 Binding Effect**.** This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto, and their respective successors, assigns, heirs and legal representatives.

9.8 No Third Party Beneficiary. Each of the covenants, undertakings and agreements of the parties hereto are intended solely for the benefit of the other party and its successors in interests and assigns under the provisions of this Agreement, and are not intended for the benefit of, and may not be enforced by, any third party.

9.9 Survival. Except as otherwise herein expressly provided, all of the representations, warranties, covenants, indemnities, liabilities and obligations of the parties hereto shall survive the Closing hereunder.

9.10 Litigation. In the event of any litigation between Buyer and Seller with respect to the Property, this Agreement or any of the Closing Deliveries (including without limitation with respect to the performance of their respective obligations hereunder or under any of the Closing Deliveries or the breach of any of their respective representations or warranties made herein or in any of the Closing Deliveries), the non-prevailing party shall pay all reasonable costs and expenses incurred by the prevailing party in connection with such litigation including, without limitation, reasonable attorneys' fees. Notwithstanding any provisions of this Agreement to the contrary, the obligations of the parties under this Section 9.10 shall survive any termination of this Agreement and the Closing. Each of Seller and Buyer hereby waives its right to a jury trial in any litigation under this Agreement.

9.11 Construction. This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Seller and Buyer have contributed substantially and materially to the preparation of this Agreement.

9.12 Enforceability. In the event that any provision of this Agreement shall be unenforceable in whole or in part, such provision shall be limited to the extent necessary to render the same valid, or shall be excised from this Agreement, as circumstances require, and this Agreement shall be construed as if said provision had been incorporated herein as so limited, or as if said provision has not been included herein, as the case may be.

9.13 Limitation on Liability**.** The beneficial owner of Seller (and the individuals executing this Agreement or any documents in connection with the transactions set forth hereinon behalf of Seller or such owners) shall have no personal liability with respect to any of the

obligations of Seller hereunder, Buyer hereby agreeing to look solely to Seller (and not to such owners or individuals) and any successor to the interest of Seller hereunder, for the performance of Seller's obligations hereunder.

9.14 Assignment. Buyer shall have the right to assign its right, title and interest in, to or under this Agreement to one or more entities controlled by or under common control with Buyer without the written consent of Seller, provided that no such assignment shall operate to release Buyer from its obligations under this Agreement. In addition, Buyer may designate an entity or entities to take title to the Property upon notice to Seller no less than five (5) days prior to Closing.

9.15 Recordation. Buyer shall not record this Agreement or any memorandum thereof in any public office without the express written consent of Seller, which consent may be granted or withheld by Seller in its sole discretion. A breach by Buyer of this covenant shall constitute a material default by Buyer under this Agreement.

9.16 No Offer or Binding Contract. The parties hereto agree that the submission of an unexecuted copy or counterpart of this Agreement by one party to another is not intended by either party to be, or be deemed to be, a legally binding contract or an offer to enter into a legally binding contract. The parties shall be legally bound pursuant to the terms of this Agreement only if and when the parties have been able to negotiate all of the terms and provisions of this Agreement in a manner acceptable to each of the parties in their respective sole discretion, and both Seller and Buyer have fully executed and delivered this Agreement.

9.17 Confidentiality. Buyer expressly acknowledges and agrees that the transactions contemplated by this Agreement, the Seller Deliveries that are not otherwise known by or readily available to the public and the terms, conditions and negotiations concerning the same shall be held in the strictest confidence by Buyer and shall not be disclosed by Buyer except to its legal counsel, surveyor, lenders, title company, broker, accountants, consultants, officers, partners, directors, shareholders and as may be required by any Federal or State securities laws, rules and regulations (the "Authorized Representatives"). Buyer agrees that it shall instruct each of its Authorized Representatives to maintain the confidentiality of such information. Buyer further acknowledges and agrees that, unless and until the Closing occurs, all information and materials obtained by Buyer in connection with the Property that are not otherwise known by or readily available to the public will not be disclosed by Buyer to any third persons (other than to its Authorized Representatives) without the prior written consent of Seller. If the transaction contemplated by this Agreement does not occur for any reason whatsoever, Buyer shall promptly return to Seller, and shall instruct its Authorized Representatives to return to Seller, all copies and originals of all Seller Deliveries and information provided to Buyer. Nothing contained in this Section 9.17 shall preclude or limit either party from disclosing or accessing any information otherwise deemed confidential under this Section 9.17 in connection with the party's enforcement of its rights following a disagreement hereunder or in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or any filings with governmental authorities required by reason of the transactions provided for herein. Seller shall be permitted to disclose the terms of this transaction and to include a copy of this Agreement in any filing that is required by the Securities and Exchange Commission or any other regulatory agency.

Buyer hereby agrees that it will not release, or cause or permit to be released, to the public any press notices, publicity (oral or written) or advertising promotion relating to, or otherwise publicly announce or disclose, or cause or permit to be publicly announced or disclosed, in any manner whatsoever, (i) the names of Seller respectively, or any of their affiliates or subsidiaries, or (ii) the terms, conditions or substance of this Agreement or the transactions contemplated herein, without first obtaining the consent of the other party hereto. Buyer shall indemnify and hold Sellers and Sellers' affiliates, employees, officers and directors harmless from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) suffered or incurred by Seller and caused by a breach by Buyer, as the case may be, or their respective Authorized Representatives, of the provisions of this Section 9.17. The provisions of this Section 9.17 shall survive any termination of this Agreement.

9.18 Indemnity. From and after the date of Closing, (a) Seller agrees to indemnify, protect, defend and hold Buyer, its directors, officers, employees, partners, lenders and agents harmless from and against all claims, actions, losses, damages, costs and expenses, including, but not limited to, reasonable attorney's fees and court costs and liabilities (except those caused solely by the willful misconduct or grossly negligent acts or omissions of Buyer or its directors, officers, employees, partners, lenders and agents), arising out of the ownership and operation of the Property prior to the date of Closing which arise in tort, or related to the actual or alleged injury to, or death of, any person or loss of or damage to property in or upon the Property; and (b) Buyer agrees to indemnify, protect, defend and hold Seller, its directors, officers, partners, employees, lenders and agents harmless from and against all claims, actions, losses, damages, costs and expenses, including, but not limited to, reasonable attorney's fees and court costs and liabilities (except those caused solely by the willful misconduct or grossly negligent acts or omissions of Seller or its directors, officers, partners, employees, lenders and agents), arising out of the ownership and operation of the Property by Buyer from and after the date of Closing, which arise in tort, or related to the actual or alleged injury to, or death of, any person or loss of or damage to property in or upon the Property. The provisions of this Section 9.18 shall survive Closing.

[PLEASE SEE FOLLOWING PAGE FOR SIGNATURES]

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

SELLER:

IRESI Frederick Market Square, L.L.C., a Delaware limited liability company

By: Inland Residential Operating Partnership, L.P.,a Delaware limited partnership, its sole member

By: Inland Residential Properties Trust, Inc., a Maryland corporation, its general partner

By: /s/ Catherine L. Lynch
Name: Catherine L. Lynch
Its: CFO

BUYER:

515 22ND STREET LIMITED PARTNERSHIP,
a Maryland limited partnership,

By: 515 Corporation,
a District of Columbia corporation,
its General Partner

By: /s/ Ronald D. Paul
Name: Ronald D. Paul
Its: President

EXHIBIT A

Legal Description

All that certain lot or parcel of land together with all improvements thereon located and being in the County of Frederick, Maryland and being more particularly described as follows:

Fee simple parcel:

Lot MF-1 and Lot MF-2, as shown on plat entitled " 'Market Square at Frederick' —Lots MF-1, MF-2 and Neighborhood Pool and Community Amenity Lot" recorded in Plat Book 92 at Pages 46 and 47, among the Land Records of Frederick County, Maryland.

Leasehold parcel:

Neighborhood Pool and Community Amenity Lot, as shown on plat entitled " 'Market Square at Frederick' — Lots MF-1, MF-2 and Neighborhood Pool and Community Amenity Lot" recorded in plat Book 92 at pages 46 and 47, among the Land Records of Frederick County, Maryland.

EXHIBIT B

Leases

(see attached rent roll)

EXHIBIT C

Personal Property

(see attached)

EXHIBIT D

Property Contracts

Party Expiration Date

Comcast Cable – 7/30/2023

Waste Management – 10/1/2019, per (1) year automatic renewal

Otis Elevator – 12/31/2019, per (1) year automatic renewal

All Clean, Inc. – 12/31/2019

Apartment Turnovers – 12/31/2019

GFC Leasing – MTM per automatic renewal

Protection One Alarm Monitoring – 10/20/2019, per (1) year automatic renewal

US Lawns of Frederick – 3/31/2019

EXHIBIT E

Seller Deliverables

1. Copies of the Lease(s) available on-site at the Property;
2. Annual operating statements and capital expenditures for calendar year for 2016, 2017 and 2018 (YTD);
3. Copies of current real estate tax bills and assessment notices including the status of any assessed valuation protest/appeal work;
4. Current aged receivables report;
5. Existing environmental assessment reports;
6. Permits and licenses to which Seller is a party;
7. Existing ALTA survey; and
8. Existing title policy.

EXHIBIT F

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement"), made this _____ day of _____, 201_ by and among _____, a _____ ("Buyer"), and _____, a Delaware statutory trust ("Seller"), and Chicago Title Insurance Company ("Escrow Agent").

WITNESSETH,

WHEREAS, Buyer and Seller have entered into that certain Purchase and Sale Agreement dated _____, 201_ for the sale and purchase of the property commonly known as _____ (the "Property") (the "Contract"); and

WHEREAS, Escrow Agent has agreed to act as the Escrow Agent referred to in the Contract, for the purpose of holding the Earnest Money required thereunder in the principal amount of up to _____ (the "Earnest Money Escrow"), said Earnest Money Escrow to be deposited into an interest bearing account in a depository institution which is federally insured in accordance with Section 3.3(a) of the Contract.

NOW, THEREFORE, in consideration of the terms of the Contract, Buyer and Seller shall and do at all times hereafter well and sufficiently save, defend, keep harmless and indemnify ESCROW AGENT, from all loss, damage, cost, charge, liability or expense, including, but not limited to, court costs and reasonable attorney's fees which may result from the obligation and duty as Escrow Agent, including, but not limited to, situations in which disputes arise concerning amounts of money to be paid over, funds available for such payments, or the proper persons to whom payments should be made, and including, but not limited to, a delay in the electronic wire transfer of funds.

FURTHER, we understand that ESCROW AGENT assumes no responsibility for, nor will Seller and Buyer hold Escrow Agent liable for, any loss occurring which arises from the fact that the amount of the above account may cause the aggregate amount of any individual depositor's accounts to exceed $250,000.00 and that the excess amount is not insured by Federal Deposit Insurance Corporation (FDIC) or that FDIC insurance is not available on certain types of bank instruments.

FURTHER, the parties hereto covenant and agree to the following:

(A) UNLESS OTHERWISE AGREED TO BY BUYER AND SELLER IN THIS AGREEMENT, ESCROW AGENT SHALL RELEASE ESCROWED FUNDS PER THE TERMS OF CONTRACT OR UPON THE MUTUAL CONSENT OF BUYER AND SELLER AS EVIDENCED BY THEIR SIGNED WRITTEN DIRECTIVE.

(B) Escrow Agent may act in reliance upon any writing or instrument or signatures which it, in good faith, believes to be genuine, and may assume the validity and accuracy of any statement or assertion contained in such writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized so to do.

(C) Escrow Agent's duties hereunder shall be limited to the safe-keeping of the Escrow Account deposited with the Escrow Agent and the disposition of the same in accordance with the terms hereof. Escrow Agent shall not mediate or become involved in any controversy or dispute as to any facts between Buyer and Seller.

If Escrow Agent shall be unable to determine at any time whether, when, or to whom all or any part of the Earnest Money shall be paid, or if a dispute shall develop between Seller and Buyer concerning whether, when, or to whom all or any part of the Earnest Money shall be paid, then and in any such event, the Escrow Agent shall pay the amount of the Earnest Money which is subject to such uncertainty or dispute (the "Amount in Controversy") in accordance with the joint written instructions of Seller and Buyer. In the event that such written instructions shall not have been received by the Escrow Agent within fifteen (15) days after the Escrow Agent has served a written request for instruction upon Seller and Buyer, then the Escrow Agent shall have the right by bill of interpleader to pay the Amount in Controversy, less the reasonable expenses of Escrow Agent, as hereinafter set forth, into a court of competent jurisdiction and interplead Seller and Buyer in respect thereof, and thereafter the Escrow Agent shall be discharged of any obligations under this Agreement with respect to the Amount in Controversy.

In the event that the parties cannot reach an agreement among themselves as to the release of the escrowed funds and the Escrow Agent does not exercise its right to file a bill of interpleader and either party seeks to resolve the controversy by seeking redress in a court of law, all parties agree, that in said event, the Escrow Agent shall pay over those funds remaining in escrow as directed by the court. The parties agree not to make the Escrow Agent a party to any such suit.

To the extent Escrow Agent receives reasonable and customary fees or expenses in connection with performing its duties hereunder in anticipation of and as a part of Closing under the Contract, such fees and expenses shall be Buyer's responsibility; however, if costs or expenses are incurred by the Escrow Agent because of the litigation or a dispute between Seller and Buyer arising out of the holding of the Earnest Money in escrow, Seller and Buyer shall each pay the Escrow Agent one-half of such reasonable costs or expenses.

(D) Escrow Agent undertakes to perform only said duties as are expressly set forth herein and no implied duties or obligations shall be read into this Agreement against the Escrow Agent.

(E) Except for acts of willful misconduct or gross negligence of Escrow Agent, Buyer and Seller, jointly and severally, hereby agree to indemnify Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement, and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including reasonable attorney's fees and the cost of defending any action, suit or proceeding or resisting any claim.

(F) Escrow Agent shall not be liable for any mistakes of fact, or error or judgment, or for any acts or omission of any kind unless caused by the willful misconduct or gross negligence of Escrow Agent.

(G) Interest accrued on the Earnest Money deposit shall be payable under the terms of the Contract.

(H) All notices and communications hereunder shall be in writing and shall be deemed to be duly given if hand-delivered or if sent by registered or certified mail, return receipt requested, postage prepaid, or by telecopy, to the following addresses:

Buyer: _____
_____

Seller: _____
_____

Escrow Agent: Chicago Title Insurance Company
10 South LaSalle Street, Suite 3100
Chicago, Illinois 60603
Attention: Nancy Castro
Facsimile: (312) 223-3409

(I) This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

(J) This Agreement shall be construed, enforced and interpreted under the laws of the State of Illinois.

(K) This Agreement may be executed in two or more counterpart copies, all of which counterparts shall have the same force and effect as if all parties hereto had executed a single copy of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

Buyer:

WITNESS:

_____

Name: _____

By: _____

Name:

Title:

Date of Signature: _____ ____, 201 __

Seller:

WITNESS:

_____

Name: _____

By: _____

Name:

Title:

Date of Signature: _____ ____, 201 __

ACCEPTED BY:

CHICAGO TITLE INSURANCE COMPANY

By: _____

Name: _____

Title: _____

EXHIBIT G

SPECIAL WARRANTY DEED

[Form to be confirmed by Title Company and local counsel]

Return to:

_____
_____
_____
_____

SPECIAL WARRANTY DEED

This Special Warranty Deed is made this ____ day of _____, 2019 by and between IRESI FREDERICK MARKET SQUARE, L.L.C., a Delaware limited liability company ("Grantor"), and _____ ("Grantee").

Witnesseth, that in consideration of the sum of $_____, and other good and valuable consideration, Grantor does grant and convey unto Grantee, and assigns, in fee simple, all those parcels of land situate, lying and being in County of Frederick, State of Maryland, described as follows, (the "Real Estate"):

SEE ATTACHED EXHIBIT A

Together with the buildings and improvements thereupon; and the rights, alleys, ways, waters, privileges, appurtenances and advantages to the same belonging or in anywise appertaining (collectively, the "Property"). To have and to hold the Property to the proper use and benefit of the said Grantee, in fee simple.

The Grantor hereby covenants that the Property is free of all liens securing monetary obligations other than the lien for real estate taxes and other assessments not yet due and payable and that the Grantor shall execute further assurances of the Property as may be requisite.

TO HAVE AND TO HOLD the Property, together with any and all rights and appurtenances thereto in anywise belonging to Grantor, subject to those matters shown on Exhibit B attached hereto, which by this reference is incorporated herein (the "Permitted Exceptions") unto the said Grantee, its successors and assigns FOREVER, and Grantor does hereby bind its successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Grantor, but not otherwise.

This conveyance is made and accepted subject to the Permitted Exceptions.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Grantor has caused this Deed to be executed under seal as of the date first above written.

GRANTOR:

IRESI Frederick Market Square, L.L.C., a Delaware limited liability company

By: Inland Residential Operating Partnership, L.P., a Delaware limited partnership, its sole member

By: Inland Residential Properties Trust, Inc., a Maryland corporation, its general partner

By: _____
Name: _____
Its: _____

State of ILLINOIS)
)ss:
County of DUPAGE)

The foregoing instrument was acknowledged before me this ___ day of _____, 2019, by _____, as _____of Inland Residential Properties Trust, Inc., as general partner of Inland Residential Operating Partnership, L.P., as sole member of IRESI Frederick Market Square, L.L.C., a Delaware limited liability company, on behalf of the company.

_____
My Commission Expires: Notary Public

Certification

This is to certify that the within instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

_____
Attorney

Legal Description

EXHIBIT B

Permitted Encumbrances

(see attached)

EXHIBIT H

[*SUBJECT TO REVIEW BY SELLER'S OUTSIDE COUNSEL*]

ASSIGNMENT AND ASSUMPTION OF PERSONAL PROPERTY, SERVICE CONTRACTS, WARRANTIES, LEASES AND OTHER INTANGIBLE RIGHTS

_____ ("**Grantor**"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration to it in hand paid by _____, a(n) _____ _____ ("**Grantee**"), the receipt and sufficiency of which are hereby acknowledged, has Granted, Sold, Assigned, Transferred, Conveyed, and Delivered and does by these presents Grant, Sell, Assign, Transfer, Convey and Deliver unto Grantee, all of Grantor's rights, titles, and interests in and to the following described properties (the "**Assigned Properties**") located in, affixed to, and/or arising or used in connection with the improved property with parking and other amenities (the "**Project**") situated on the land in the County of _____, State of Texas, more particularly described on ***Exhibit H-1*** attached hereto and made a part hereof for all purposes (the "**Land**," which together with the Project is sometimes hereinafter called the "**Property**"):

(a) All fixtures, equipment, machinery, building materials, furniture, furnishings, and other personal property owned by Grantor, (the "**Personal Property**"), including without limitation those items of personal property listed on ***Exhibit H-2*** together with the personal property listed on ***Exhibit H-3*** regarding the model apartment, sales office and misc outdoor, attached hereto and incorporated herein, and located on, attached to, or used in connection with the operation and maintenance of the Property;

(b) Any leases for space in the Project (the "**Leases**"), together with security and other deposits owned or held by Grantor pursuant to the Leases, which Leases and security deposits are described on ***Exhibit H-4*** attached hereto;

(c) Those certain contracts relating to the ownership and operation of the Property (the "**Service Contracts**") described on ***Exhibit H-5***;

(d) Any assignable warranties and guaranties relating to the Property or any portion thereof, (collectively, the "**Warranties**");

(e) All intangible property (the "**Intangible Property**"), if any, owned by Grantor and pertaining to the Land, the Improvements, or the Tangible Personal Property including, without limitation, the name "_____Apartments" transferable utility contracts, transferable telephone exchange numbers, plans and specifications, engineering plans and studies, floor plans, landscape plans, all permits (the "**Permits**"), licenses, certificates of occupancy and governmental approvals; and

(f) The internet web site for the Property (www.retreatmarketsquare.com) and the rights to the name and mark "The Retreat at Market Square".

Grantor shall indemnify, hold harmless and defend Grantee from any claims, causes of action, liabilities, damages and expenses, including reasonable attorneys fees, arising out of any acts or omissions of Grantor regarding the Personal Property, Leases, Service Contracts, Warranties and Intangible Property, to the extent the same relate to periods prior to the date of this instrument. Grantee shall indemnify, hold

harmless and defend Grantor from any claims, causes of action, liabilities, damages and expenses, including reasonable attorneys fees, arising out of any acts or omissions of Grantee regarding the Personal Property, Leases, Service Contracts, Warranties and Intangible Property, to the extent the same relate to periods from and after the date of this instrument.

Neither this Agreement nor any term, provision, or condition hereof may be changed, amended or modified, and no obligation, duty or liability or any party hereby may be released, discharged or waived, except in a writing signed by all parties hereto.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Assignment and Assumption of Personal Property, Service Contracts, Warranties, Leases and Other Intangibles to be effective as of the _____ day of _____, 201_.

GRANTOR:

GRANTEE:

EXHIBIT I

Assignment of Ground Lease

ASSIGNMENT AND ASSUMPTION OF DEED OF LEASE

This Assignment and Assumption of Lease (this "Assignment") is made as of this ___ day of _____, by and between _____, . a _____("Assignor") and _____, a _____("Assignee").

Assignor is the Tenant under that certain Deed of Lease dated February 27, 2013 between The Haven at Market Square, LLC ("Original Tenant") and Market Square at Frederick Community Association, Inc., as Landlord (the "Lease") as evidenced by that certain Memorandum of Deed of Lease dated February 27, 2013 and recorded in Liber 9410 at folio 479 in the records of the Frederick County Circuit Court ("Recording Office"), involving, inter alia, the construction and operation of a swimming pool, cabana and related facilities on real property owned by Landlord more particularly described on Exhibit A attached hereto.

Pursuant to that certain Assignment and Assumption of Deed of Lease dated as of September 30, 2015 and recorded on October 10, 2015 in Book 10795, Page 0051 of the Recording Office, Original Tenant assigned its rights and obligations under the Lease to Assignor.

Assignee accepts the foregoing assignment as of the date hereof and agrees to assume, pay, perform and discharge, as and when due, all of the agreements and obligations of Assignor under the Lease accruing on or after the date hereof and agrees to be bound by all of the terms and conditions of the Lease with respect to the period arising on or after the date hereof.

Assignee agrees to indemnify, protect, defend and hold Assignor harmless from and against any and all claims, demands, liabilities, losses, costs, damages or expenses (including, without limitation, reasonable attorneys' fees and costs at trial and on appeal) arising under the Lease and accruing with respect to the period on or after the date hereof.

Assignor agrees to indemnify, protect, defend and hold Assignee harmless from and against any and all claims, demands, liabilities, losses, costs, damages or expenses (including, without limitation, reasonable attorneys' fees and costs at trial and on appeal) arising under the Lease and accruing with respect to the period prior to the date hereof.

The provisions of this Assignment will be binding upon, and will inure to the benefit of, the successors and assigns of Assignor and Assignee, respectively.

This Assignment may be executed in any number of counterparts, each of which will be deemed an original, but all of which when taken together will constitute one and the same instrument.

This Assignment will be governed by and construed in accordance with the laws of the State of Illinois.

This Assignment is made in accordance with the terms and provisions of the Purchase and Sale Agreement dated February __,. 2019 between Assignor and Assignee. Other than as expressly set forth in the Purchase Agreement, the assignment of the Lease is made "as-is" and "where-is," without any representations or warranties express or implied, including, without limitation, implied warranties of fitness for any particular purpose or merchantability or any other warranties whatsoever.

If any lawsuit or arbitration arises between the parties in connection with this Assignment, the prevailing party therein will be entitled to receive from the other party the prevailing party's costs and expenses, including reasonable attorneys' fees, incurred in connection therewith.

Dated: _____, _____.

ASSIGNOR

_____, a _____

By: _____
Name: _____
Title: _____

ASSIGNEE

_____, a _____

By: _____
Name: _____
Title: _____

EXHIBIT J

Warranties

Nations Roofing Co – relating to work completed in December 2018

(Back To Top)

Section 6: EX-21.1 (EX-21.1)

Exhibit 21.1

Subsidiaries of the Registrant

NAME OF SUBSIDIARY	STATE OF FORMATION
IRESI Frederick Market Square, L.L.C.	Delaware
IRESI Montgomery Mitylene, L.L.C.	Delaware
IRESI Vernon Hills Commons, L.L.C.	Delaware

(Back To Top)

Section 7: EX-31.1 (EX-31.1)

Exhibit 31.1

CERTIFICATION

I, Mitchell A. Sabshon, certify that:

1. I have reviewed this Annual Report on Form 10-K of **Inland Residential Properties Trust, Inc.;**
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially

affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Mitchell A. Sabshon
Name: Mitchell A. Sabshon
Title: President and Chief Executive Officer
(Principal Executive Officer)
Date: March 29, 2019

(Back To Top)

Section 8: EX-31.2 (EX-31.2)

Exhibit 31.2

CERTIFICATION

I, Catherine L. Lynch, certify that:

1. I have reviewed this Annual Report on Form 10-K of **Inland Residential Properties Trust, Inc.;**

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Catherine L. Lynch

Name: Catherine L. Lynch
Title: Chief Financial Officer and Treasurer
(Principal Financial Officer)
Date: March 29, 2019

(Back To Top)

Section 9: EX-32.1 (EX-32.1)

Exhibit 32.1

Certification Pursuant to
18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of **Inland Residential Properties Trust, Inc.** (the "Company") for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Mitchell A. Sabshon, President and Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2019

By: /s/ Mitchell A. Sabshon
Name: Mitchell A. Sabshon
Title: President and Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

(Back To Top)

Section 10: EX-32.2 (EX-32.2)

Exhibit 32.2

Certification Pursuant to
18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of **Inland Residential Properties Trust, Inc.** (the "Company") for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Catherine L. Lynch, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2019

By: /s/ Catherine L. Lynch
Name: Catherine L. Lynch
Title: Chief Financial Officer and Treasurer

(Principal Financial Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

(Back To Top)