Cottonwood Residential, Inc. **Cottonwood Residential O.P., LP**

6340 South 3000 East, Suite 500
Salt Lake City, Utah 84121

To the Stockholders of Cottonwood Residential, Inc. ("CRI") and to the Limited Partners of Cottonwood Residential O.P., LP (the "Operating Partnership"):

NOTICE IS HEREBY GIVEN that on July 30, 2018, the Board of Directors (the "Board" or "Board of Directors") of CRI and a Transaction Committee comprised of independent directors of the Board of CRI (the "Transaction Committee") approved and recommended that CRI enter into a series of transactions to restructure the organization of CRI and its subsidiaries, including the Operating Partnership (the "Transactions"). In connection with the Transactions, the Board and the Transaction Committee unanimously approved the Purchase and Sale Agreement (the "Purchase Agreement"), dated as of August 1, 2018, by and among CRI, Cottonwood Acquisition LLC, a subsidiary of CRI (the "Seller" and, together with CRI, the "Sellers"), and AREG Sunbelt Residential LLC ("Ares Purchaser"), a subsidiary of a real estate fund managed by Ares Management, L.P. (NYSE: ARES), pursuant to which Ares Purchaser has agreed to acquire 12 assets (including interests in entities held through joint ventures) from the Sellers for an aggregate purchase price of approximately $439.7 million, subject to customary prorations and applicable transaction costs and fees (the "Ares Sale"). CRI and the Operating Partnership plan to use a portion of the net proceeds from the Ares Sale to repay the existing debt and other obligations that were issued to CRI and the Operating Partnership's investors, FrontRange Capital Partners and Equity Resource Investments.

As part of the Transactions, the Board and the Transaction Committee also approved a plan of liquidation and dissolution of CRI (the "CRI Plan of Liquidation"). Pursuant to the CRI Plan of Liquidation, CRI plans to sell five assets (the "Liquidation Assets") to third parties in the open market (the "Liquidation Sale" and, together with the Ares Sale, the "Sale"). Assuming that the Liquidation Assets are sold in the Liquidation Sale at fair market value, CRI currently expects that the proceeds from the Ares Sale, together with the proceeds from the Liquidation Sale, will result in distributions to its common stockholders of between $18.75 to $19.57 per share in the aggregate.

In connection with the Transactions, the Operating Partnership will redeem 13,806,678, or 99.9%, of the common general partnership units of the Operating Partnership owned by CRI (the "Redeemed Units") in exchange for the 12 assets to be sold in the Ares Sale and the five Liquidation Assets (the "Redemption Assets") to be sold in the Liquidation Sale (the "Redemption"). Upon completion of the Redemption and the repayment of existing debt and other obligations, the Operating Partnership will be recapitalized, with CRI owning a nominal general partnership interest in the Operating Partnership and a new Maryland corporation ("New CRI"), a wholly owned subsidiary of CRI, being admitted as a new general partner of the Operating Partnership. New CRI will, in connection with the liquidation of CRI, eventually become the sole general partner of the Operating Partnership. It is expected that the executive management team will continue to support the business strategies and continued growth of the recapitalized company.

The Purchase Agreement and the CRI Plan of Liquidation each requires the approval by the holders of a majority of the outstanding shares of CRI's voting common stock. Approval by the non-voting common stockholders of CRI and limited partners of the Operating Partnership is not required to approve the Purchase Agreement and the CRI Plan of Liquidation.

Subject to approval by the holders of a majority of the outstanding shares of CRI's voting common stock, pursuant to the CRI Plan of Liquidation, CRI will not engage in any business activities, except to the extent necessary to preserve the value of CRI's remaining assets, wind up CRI's business and affairs, and discharge, pay or establish a reserve fund for all of CRI's liabilities, including for contingent and unknown liabilities of CRI.

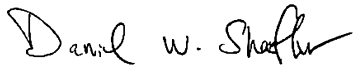
CONFIDENTIAL TREATMENT

If CRI cannot complete the liquidation and dissolution within 24 months of the date CRI's voting common stockholders (the "Voting Common Stockholders") approve the CRI Plan of Liquidation, CRI intends, for tax purposes, to transfer and assign its assets and liabilities to a liquidating trust and distribute beneficial interests in the liquidating trust to its common stockholders in accordance with their respective ownership interests in CRI.

After careful consideration, following the recommendation of the Transaction Committee, the Board has unanimously determined that each of the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein, including the Redemption and the Sale, is advisable and in the best interests of CRI and its stockholders, and the Board recommends that the Voting Common Stockholders approve the Purchase Agreement and the CRI Plan of Liquidation.

BY ORDER OF THE BOARD OF DIRECTORS OF
COTTONWOOD RESIDENTIAL, INC.

Chad Christensen
President and Chairman of the Board of Directors



Daniel Shaeffer
Chief Executive Officer
Cottonwood Residential, Inc.,
general partner of
Cottonwood Residential O.P., LP

Salt Lake City, Utah
August 16, 2018

TABLE OF CONTENTS

	Page
QUESTIONS & ANSWERS ABOUT THE TRANSACTIONS	1
SUMMARY	6
RISK FACTORS	18
FORWARD-LOOKING STATEMENTS	18
THE TRANSACTIONS	19
PRE-CLOSING TRANSACTIONS	46
THE PURCHASE AGREEMENT	49
THE CRI PLAN OF LIQUIDATION	55
MATERIAL FEDERAL INCOME TAX CONSEQUENCES	58

ANNEX A — PURCHASE AND SALE AGREEMENT
ANNEX B — PLAN OF COMPLETE LIQUIDATION AND DISSOLUTION
ANNEX C — OPINION OF HFF SECURITIES L.P.
ANNEX D — OPINION OF HOULIHAN LOKEY CAPITAL, INC.

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QUESTIONS & ANSWERS ABOUT THE TRANSACTIONS

The following are some of the questions that the stockholders of CRI and limited partners of the Operating Partnership may have regarding the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein, including the Ares Sale and the Liquidation Sale, and brief answers to those questions. For more detailed information about the matters discussed in these questions and answers, see "The Transactions" beginning on page 19. These questions and answers, as well as the following summary, are not meant to be a substitute for the information contained in the remainder of this Information Statement, and these questions and answers are qualified in their entirety by the more detailed descriptions and explanations contained elsewhere in this Information Statement. The stockholders of CRI and the limited partners of the Operating Partnership are urged to read this Information Statement in its entirety.

Q: Why am I receiving this Information Statement?

A: The Board of Directors is furnishing this Information Statement to the stockholders of CRI and the limited partners of the Operating Partnership to notify them that, after careful and due consideration of various strategic alternatives for CRI, and following the recommendation of the Transaction Committee, the Board has recommended that CRI enter into a series of transactions to restructure the organization of CRI and its subsidiaries and that in connection therewith, the Board has unanimously approved the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein, including the Ares Sale and the Liquidation Sale. Copies of the Purchase Agreement and the CRI Plan of Liquidation are attached to this Information Statement as Annex A and Annex B, respectively.

Q: Why is the Board recommending approval of the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein, including the Ares Sale and the Liquidation Sale?

A: CRI has conducted a thorough review process of evaluating potential strategic transactions, including considering various alternatives for achieving a liquidity event, such as through a sale of CRI's assets, the sale or merger of CRI, a listing of its common stock on a national securities exchange, or other similar transaction. Other strategic initiatives explored by CRI include raising additional debt financing or issuing additional equity. After a thorough review of the alternatives available to CRI, the Board and the Transaction Committee concluded that, at this time, pursuing the Ares Sale, the Liquidation Sale and adopting the CRI Plan of Liquidation is advisable and in the best interests of CRI and its stockholders.

Q: What will happen in the proposed Ares Sale?

A: Pursuant to the terms of the Purchase Agreement, subject to the satisfaction and waiver of certain conditions set forth in the Purchase Agreement, the Sellers propose to sell 12 assets (including interests in entities held through joint ventures) to Ares Purchaser for an aggregate purchase price of approximately $439.7 million, subject to customary prorations and applicable transaction costs and fees.

Q: When does CRI expect to complete the Ares Sale?

A: CRI and Ares Purchaser are working to complete the Ares Sale as soon as practicable, and CRI currently estimates that the closing will occur in the third quarter of 2018, with the exception of one asset that is expected to be acquired by Ares Purchaser in the fourth quarter of 2018. There can be no assurance regarding the timing of completing the Ares Sale because the transaction is subject to a number of customary closing conditions.

Q: When does CRI expect to complete the Liquidation Sale?

A: CRI has commenced marketing the sale of the Liquidation Assets to third parties. CRI expects to complete the sale of the Liquidation Assets between September 2018 and the first quarter of 2019. There can be no assurance regarding the timing of completing the Liquidation Sale as the sale of the Liquidation Assets in the open market is subject to a variety of factors and contingencies, many of which are outside of CRI's control.

CONFIDENTIAL TREATMENT

Q: What will happen under the CRI Plan of Liquidation?

A: Pursuant to the CRI Plan of Liquidation, effective upon approval by the Voting Common Stockholders, CRI will be authorized to sell all of its remaining assets, liquidate and dissolve CRI and its subsidiaries, and distribute the net proceeds of such liquidation in accordance with the provisions of CRI's Charter and Bylaws and the laws of the State of Maryland. The liquidation and dissolution of CRI will be completed no later than 24 months from the adoption of the CRI Plan of Liquidation by the Voting Common Stockholders.

Q: What is the range of net cash proceeds estimated by the Board to be available for distribution pursuant to the CRI Plan of Liquidation and how were those estimates determined?

A: The amount of cash that ultimately will be distributed to CRI's common stockholders is not yet known. However, CRI currently estimates that the net cash proceeds available for distribution to its common stockholders pursuant to the CRI Plan of Liquidation will be between $18.75 and $19.57 per share in the aggregate. The estimated range of the aggregate distributions expected to be made to CRI's common stockholders was based upon, among other things, (i) the assumed consummation of the Ares Sale, (ii) management's estimate of the range of sales proceeds expected to be received in connection with the Liquidation Sale which was, in part, based upon valuation opinions provided by third-party brokers, (iii) the amount of indebtedness encumbering the assets to be sold in the Sale; (iv) deferred maintenance and other property capital needs of CRI and the Operating Partnership; (v) CRI's and the Operating Partnership's ownership interest in each of its properties and the economic terms of any interests held by other parties in such properties; (vi) the number of shares of CRI's common stock outstanding; (vii) the balance sheet value determinations for non-real estate assets and liabilities of CRI and the Operating Partnership; and (viii) estimated taxes, transaction fees and expenses relating to the Sale and the liquidation and dissolution of CRI.

There are many other factors that may affect the amount of cash available for distribution to CRI's common stockholders, including, among other things, prorations that may be payable to Ares Purchaser pursuant to the Purchase Agreement, inaccuracies in the cost estimates to resolve currently known contingent liabilities, and unanticipated or contingent liabilities arising after the Sale. If CRI has underestimated its existing obligations and liabilities or if unanticipated or contingent liabilities arise, the amount ultimately distributed to its common stockholders could be less than that set forth above. In addition, management's estimate of the range of sales proceeds expected to be received in connection with the Liquidation Sale was based, in part, on management's internal financial analyses and projections of property-level net operating income and cash flows that reflect management's views of capital markets activity, capital improvement plans and recent lease signings, which are dependent on market, economic, financial and other conditions that are outside of management's control. Real estate market values may fluctuate with changes in interest rates, availability of financing, changes in general economic conditions and real estate tax rates, competition in the real estate market, the availability of suitable buyers, the perceived quality, consistency and dependability of income flows from tenants and a number of other local, regional and national factors. In addition, environmental contamination, potential major repairs, increased operating costs or other unknown liabilities, including in connection with non-compliance with applicable laws, if any, may adversely impact the sales proceeds management expects to receive in connection with the Liquidation Sale. As a result, the actual prices at which CRI is able to sell the Liquidation Assets may be less than management's estimate, which can affect the amount of cash proceeds distributed to CRI's common stockholders. No assurance can be given as to the amounts CRI's common stockholders will ultimately receive pursuant to the CRI Plan of Liquidation.

Q: How will the range above differ from CRI's net asset value per share, as calculated as of December 31, 2017?

A: CRI's net asset value ("NAV"), calculated as of December 31, 2017, is $19.11. The NAV per share falls within the range of the aggregate distributions expected to be made to CRI's common stockholders in connection with the Sale and the dissolution and liquidation of CRI.

Q: When will the common stockholders of CRI receive cash distributions?

A: CRI has not established a definitive timetable for liquidating distributions to its common stockholders. However, CRI intends, subject to contingencies inherent in the winding up of CRI's business and the payment of CRI's obligations and liabilities, to completely liquidate as soon as practicable after the adoption of the CRI Plan of Liquidation. CRI expects to authorize an initial cash distribution to be paid to its common stockholders in the fourth quarter of 2018. After CRI settles all of its post-closing obligations in connection with the Sale and reconciles all expenses related to its liquidation and dissolution, CRI expects to make one or more subsequent distributions as part of its final dissolution. The CRI Plan of Liquidation requires CRI to use commercially reasonable efforts to cause the liquidation and dissolution of CRI to occur and to complete the distribution of all of CRI's assets to the holders of its outstanding shares of common stock no later than the second anniversary of the effective date of the CRI Plan of Liquidation.

If the Board decides it would not be feasible for CRI to pay, or adequately provide for, all debts and liabilities of CRI (including costs and expenses incurred and anticipated to be incurred in connection with the liquidation of CRI) at the time the final distribution is to be paid, the Board of Directors may establish a liquidating trust and CRI may transfer its remaining assets and liabilities to that liquidating trust. CRI would then distribute beneficial interests in the liquidating trust to its common stockholders. If CRI establishes a reserve fund, CRI may pay a final distribution from any funds remaining in the reserve fund after it determines that all of CRI's liabilities and obligations have been paid.

The actual amounts and timing of the liquidating distributions will be determined by the Board of Directors or, if a liquidating trust is formed, by the trustees of the liquidating trust, in their discretion. CRI cannot predict the timing or amount of any cash distributions, as uncertainties exist regarding the precise value of any remaining assets after the Sale, the final amount of CRI's liabilities and obligations, the operating costs and the amounts to be set aside in a reserve fund for claims, obligations and provisions during the liquidation and dissolution process.

Q: What is a liquidating trust?

A: A liquidating trust is a trust organized for the primary purpose of liquidating and distributing the assets transferred to it. Pursuant to applicable rules relating to entities that qualify as a real estate investment trust for U.S. federal income tax purposes ("REIT"), in order to deduct liquidating distributions as dividends, CRI must complete the liquidation and dissolution within 24 months of the date the CRI Plan of Liquidation is approved by the Voting Common Stockholders. If CRI is unable to do so, it may satisfy this requirement by transferring and assigning its remaining assets and liabilities to a liquidating trust prior to the end of the 24-month period. This is necessary for CRI to meet the annual distribution requirement and not be subject to U.S. federal income tax on the amount of liquidating distributions. If CRI forms a liquidating trust, CRI would then distribute beneficial interests in the liquidating trust to its common stockholders. If a stockholder of CRI transfers his, her or its shares during the liquidation, the right to receive liquidating distributions will transfer with those shares. A stockholder's interests in a liquidating trust generally will be non-transferable, except by will, intestate succession or operation of law.

Q: Do CRI's executive officers and directors have interests in the Transactions that may differ from those of CRI's stockholders and the Operating Partnership's limited partners?

A: Certain of CRI's executive officers and directors may have interests in the Transactions that are different from, or in addition to, the interests of CRI's stockholders and the Operating Partnership's limited partners. The Transaction Committee was aware of and considered these interests, among other matters, in evaluating and approving the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein. For a description of these interests, see the section entitled "The Transactions—Interests of CRI's Executive Officers and Directors" in this Information Statement.

Q: Are there any risks related to the Sale or the CRI Plan of Liquidation?

A: Yes. You should carefully review the section entitled "Risk Factors" in this Information Statement.

CONFIDENTIAL TREATMENT

Q: What are the U.S. federal income tax consequences of the Transactions described in this Information Statement?

A: For a discussion of the U.S. federal income tax consequences of the Transactions described in this Information Statement, see the section entitled "Material Federal Income Tax Consequences."

Q: Will I still be able to sell or transfer my shares of stock or partnership units following the effectiveness of the CRI Plan of Liquidation?

A: There is no established public trading market for shares of CRI's preferred or common stock because CRI's securities are not listed on a stock exchange. However, shares of CRI's stock will be transferable up until CRI files its Articles of Dissolution. If the CRI Plan of Liquidation is approved by the Voting Common Stockholders, the Board will then decide when to file the Articles of Dissolution with the State Department of Assessments and Taxation of Maryland (the "SDAT"). From and after the date CRI files the Articles of Dissolution with the SDAT, CRI will close its stock transfer books and discontinue recording transfers of shares of its stock. Thereafter, certificates representing shares of stock will not be assignable or transferable on CRI's books.

Limited partners holding common limited partnership units in the Operating Partnership ("OP Units") may transfer their OP Units to another holder thereof following the effectiveness of the CRI Plan of Liquidation in accordance with and subject to the Fourth Amended and Restated Limited Partnership Agreement of the Operating Partnership (as amended and supplemented from time to time, the "Partnership Agreement").

Q: Will I continue to receive regular distributions on my shares of stock or OP Units prior to the completion of the dissolution?

A: CRI expects to pay regular monthly cash distributions of $0.002438 per share per day to its common stockholders until August 31, 2018. In light of the pending Sale and the CRI Plan of Liquidation, the Board will reassess whether to continue to pay cash distributions on CRI's common stock commencing September 1, 2018. The declaration and payment of distributions on CRI's common stock will be at the discretion of the Board of Directors.

CRI will continue to pay regular monthly cash distributions of (i) $0.001781 per share per day to its holders of preferred stock classified and designated as "Series 2016 Preferred Stock" ("CRI Series 2016 Preferred Stock") and (ii) $0.002055 per share per day to its holders of preferred stock classified and designated as "Series 2017 Preferred Stock" ("CRI Series 2017 Preferred Stock").

The Operating Partnership will also continue to pay distributions on the OP Units held by the limited partners.

Q: What will happen to my shares of stock in CRI or OP Units in connection with the CRI Plan of Liquidation?

A: If the Voting Common Stockholders approve the CRI Plan of Liquidation, after the closing of the Sale, the satisfaction of CRI's liabilities and the final liquidating distribution to CRI's common stockholders, all shares of CRI's common stock will be cancelled. All shares of CRI's preferred stock will become shares of New CRI's preferred stock, with the same identical designations as the existing preferred stock, pursuant to a merger of a subsidiary of CRI with and into CRI prior to the Sale. See "Pre-Closing Transactions—New CRI Merger."

The limited partners will continue to hold OP Units in the Operating Partnership.

Q: Who can help answer my questions?

A: We have engaged DST Systems, Inc. to serve as information agent in connection with the Transactions. If you have any questions about the Transactions, you should contact:

DST Systems, Inc.
430 W. 7th Street, Suite #219065
Kansas City, Missouri 64105
Telephone: (844) 422-2584

SUMMARY

This summary highlights selected information from this Information Statement. It may not contain all of the detailed information that may be important to you. To understand the Transactions fully and for a more complete description of the legal terms of the Transaction, you should carefully read this entire Information Statement and the other documents to which referenced herein, including the Purchase Agreement, a copy of which is attached to this Information Statement as Annex A, and the CRI Plan of Liquidation, a copy of which is attached to this Information Statement as Annex B.

The Entities

Cottonwood Residential, Inc. ("CRI")
Cottonwood Residential O.P., LP ("Operating Partnership")

6340 South 3000 East, Suite 500
Salt Lake City, Utah 84121

CRI, formed on September 23, 2009, is a self-managed and administered Maryland corporation that has elected to be taxed as a REIT for U.S. federal income tax purposes. CRI is structured as an umbrella partnership real estate investment trust or "UPREIT" and owns and operates multifamily properties and other assets through the Operating Partnership. CRI is the sole general partner of the Operating Partnership which has been formed primarily for the principal purpose of acquiring, through contribution or purchase, direct or indirect ownership interests in multifamily rental properties. CRI also makes direct and indirect investments through preferred equity investments or mezzanine loans in entities that own multifamily properties and through joint ventures. CRI also provides, through one or more taxable REIT subsidiaries, third party property and asset management related services to properties and other assets it owns as well as third-party owners and operators of multifamily properties in which CRI has no ownership interest. CRI is a fully integrated operator and owner of multifamily real estate. As of June 30, 2018, CRI, through the Operating Partnership, had ownership interests or structured investment interests in 44 properties (including three development properties), aggregating approximately 12,973 apartment units.

To find out more about CRI, visit CRI's website at www.cottonwoodres.com. The information contained on CRI's website is not intended to be a part of this Information Statement.

Cottonwood Acquisition LLC ("Seller")

6340 South 3000 East, Suite 500
Salt Lake City, Utah 84121

The Seller is a newly formed, wholly owned subsidiary of CRI. CRI formed the Seller for the purpose of consummating the Transactions, including consummating the transactions contemplated by the Purchase Agreement and the CRI Plan of Liquidation. Prior to the closing of the Ares Sale, CRI will contribute to the Seller the interests to be sold to Ares Purchaser pursuant to the Purchase Agreement. Except for such interests, the Seller will have no other assets or operations other than those incident to its formation.

AREG Sunbelt Residential LLC ("Ares Purchaser")

c/o Ares Management, L.P.
245 Park Avenue, 43rd Floor
New York, New York 10167

AREG Sunbelt Residential LLC is a subsidiary of a real estate fund managed by Ares Management, L.P. ("Ares"). Ares is a publicly traded, leading global alternative asset manager with approximately $112.5 billion of

assets under management as of March 31, 2018 and 18 offices in the United States, Europe, Asia and Australia. Since its inception in 1997, Ares has adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles. Ares believes each of its three distinct but complementary investment groups in Credit, Private Equity and Real Estate is a market leader based on assets under management and investment performance. Ares was built upon the fundamental principle that each group benefits from being part of the greater whole. For more information, visit www.aresmgmt.com. The information contained on Ares' website is not intended to be a part of this Information Statement.

The Purchase Agreement

Ares Sale **(see page 49)**

On August 1, 2018, CRI and the Seller entered into the Purchase Agreement with Ares Purchaser. Pursuant to the terms of the Purchase Agreement, and subject to the satisfaction or waiver of certain conditions set forth in the Purchase Agreement, Ares Purchaser has agreed to acquire interests in (including interests in entities held through joint ventures) or assets and liabilities of certain of CRI's subsidiaries owning the following assets (collectively, the "Target Companies"):

Property Name	Property Location
1070 Main	Hendersonville, TN
4804 Haverwood	Dallas, TX
The Oaks of North Dallas	Dallas, TX
Blue Swan	San Antonio, TX
Bluffs Vista Ridge	Lewisville, TX
Midtown Crossing	Raleigh, NC
Retreat at River Park	Sandy Springs, GA
Spring Pointe	Richardson, TX
Arbors at Fairview	Simpsonville, SC
Plantations at Haywood	Greenville, SC
Retreat at Stafford	Stafford, TX
Waterford Creek	Charlotte, NC

As consideration for the Ares Sale, Ares Purchaser has agreed to pay an aggregate purchase price of approximately $439.7 million, subject to customary prorations and applicable transaction costs and fees. Approximately $38.5 million of the purchase price will be distributed by CRI to third-party joint venture members for the interests held by such joint ventures in certain of the Target Companies acquired by Ares Purchaser, subject to reduction by the joint ventures members' share of liabilities attributable to their interests in such Target Companies, including applicable transaction costs and fees. An initial deposit of $8.0 million was paid by Ares Purchaser upon the signing of the Purchase Agreement, with the balance of the purchase price to be paid by Ares Purchaser on the date of the closing (the "Closing Date").

Closing **(see page 43)**

The closing of the Ares Sale (with the exception of the sale of the Retreat at Stafford) will occur on the third business day after all of the closing conditions set forth in the Purchase Agreement (except those required to be satisfied or waived in writing at the closing) have been satisfied or waived; provided, however, that the closing cannot occur prior to September 10, 2018, unless otherwise mutually agreed upon by the parties. The Closing Date may be extended by Ares Purchaser, with notice properly given; provided, however that the closing may not be extended later than September 30, 2018 (the "Outside Date").

The closing of the sale of the Retreat at Stafford is scheduled to occur on October 9, 2018.

Closing Conditions **(see page 50)**

The closing of the Ares Sale is subject to the satisfaction or (to the extent permitted by applicable law) waiver by each of the parties, at or prior to the Closing Date, of the following conditions:

- the approval of the Purchase Agreement and the other transactions contemplated therein, including the Ares Sale, by the holders of a majority of the outstanding shares of CRI's voting common stock;
- no law or judgment, order or decree of a governmental authority (whether temporary, preliminary or permanent) or other legal restraint or prohibition having been entered, enacted, promulgated, enforced or issued by any governmental authority of competent jurisdiction in effect prohibiting, making illegal, enjoining, or otherwise restricting, preventing or prohibiting the consummation of the Ares Sale or the other transactions contemplated by the Purchase Agreement;
- the Sellers and Ares Purchaser having made all deliveries required to be made at or prior to the closing pursuant to the Purchase Agreement;
- the performance in all material respects by the Sellers and Ares Purchaser of all of their obligations under the Purchase Agreement to be performed by them prior to the Closing Date;
- the accuracy, as of the closing, of the representations and warranties made by the Sellers and Ares Purchaser in the Purchase Agreement;
- no Company Material Adverse Effect or Purchaser Material Adverse Effect (each as defined in the Purchase Agreement) having occurred since the effective date of the Purchase Agreement and continuing on the Closing Date; and
- CRI having delivered to Ares Purchaser executed copies of the debt pay-off letters and having paid or causing to be paid the indebtedness amount at the closing as set forth in the Purchase Agreement.

Prohibition from Soliciting Other Offers **(see page 52)**

Pursuant to the terms of the Purchase Agreement, the Sellers have agreed not to solicit, initiate, knowingly induce, knowingly encourage or knowingly facilitate any inquiry, discussion, offer or request that constitutes, or could reasonably be expected to lead to, a Company Acquisition Proposal (as defined in the Purchase Agreement) or to enter into or otherwise participate in any discussions or negotiations regarding, or furnish to any third party any non-public information in connection with, or otherwise cooperate in any way with, or knowingly facilitate in any way any effort by, any third party in connection with any Company Acquisition Proposal. CRI may, however, respond to an unsolicited bona fide third party written Company Acquisition Proposal if the Board determines in good faith, after consulting with its legal and financial advisors, that such Company Acquisition Proposal is or is reasonably expected to lead to a Superior Proposal (as defined in the Purchase Agreement) and the Board determines in good faith following consultation with outside legal counsel that the failure to do so would be inconsistent with the directors' duties. CRI has the right to terminate the Purchase Agreement in order to enter into an alternative transaction that is considered a Superior Proposal, following a prescribed process described in the Purchase Agreement.

Termination of the Purchase Agreement **(see page 50)**

The Sellers and Ares Purchaser may terminate the Purchase Agreement, if the Sellers and Ares Purchaser mutually agree to terminate the Purchase Agreement.

Ares Purchaser or CRI may also terminate the Purchase Agreement if:

- the closing has not occurred on or before 11:59 p.m. New York time on the Outside Date; provided, however, that a party may not terminate the Purchase Agreement on this basis if the failure of the Ares Sale and the other transactions contemplated by the Purchase Agreement to be consummated on or before the Outside Date was principally caused by, or resulted from, such party's failure to perform any of its obligations under the Purchase Agreement;

- a final, non-appealable judgment or governmental order is issued prohibiting the Ares Sale or any other transaction contemplated by the Purchase Agreement; provided, however, that if the issuance of such judgment or order was primarily due to a party's failure to perform any of the terms of the Purchase Agreement, such party will not have a right to terminate the Purchase Agreement as a result of the issuance of such judgment or order; or
- approval by the Voting Common Stockholders of the Purchase Agreement and the transactions contemplated by the Purchase Agreement is not obtained; provided, however, that the Sellers cannot terminate based on the failure to obtain such stockholder approval if such failure was primarily due to CRI's action or failure to perform any of its obligations under the Purchase Agreement.

CRI may also terminate the Purchase Agreement:

- if Ares Purchaser breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the Purchase Agreement and Ares Purchaser fails to cure such breach on or before the Outside Date, or if curable, is not cured by Ares Purchaser within the earlier of (x) ten calendar days of receipt by Ares Purchaser of written notice of such breach or failure, or (y) three business days before the Outside Date;
- in order to enter into an alternative acquisition agreement with respect to a Superior Proposal in accordance with the terms of the Purchase Agreement; or
- in the event of Ares Purchaser's failure to consummate the closing on or before the third business day after delivery of written notice by CRI to Ares Purchaser stating that all of the conditions (other than those required to be satisfied or waived at the closing) have been satisfied or waived in writing by Ares Purchaser and that the Sellers are prepared to consummate the closing.

Ares Purchaser also may terminate the Purchase Agreement:

- if CRI breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the Purchase Agreement and CRI fails to cure such breach on or before the Outside Date, or if curable, is not cured by CRI within the earlier of (x) ten calendar days of receipt by CRI of written notice of such breach or failure, or (y) three business days before the Outside Date;
- if (i) the Board of Directors makes certain recommendations, as set forth in the Purchase Agreement, that are adverse to CRI consummating the Ares Sale and the other transactions contemplated by the Purchase Agreement or (ii) CRI enters into an Alternative Acquisition Agreement (as defined in the Purchase Agreement); provided, however that Ares Purchaser's right to terminate the Purchase Agreement on the basis of clause (i) or (ii) of this paragraph expires at 5:00 p.m. New York time on the tenth business day following the date on which CRI notifies Ares Purchaser that the events described in (i) or (ii) has occurred; or
- if an event or occurrence, individually or in the aggregate, has occurred and is continuing that would have had or would reasonably be expected to have a Company Material Adverse Effect.

In the event of a termination by virtue of a default by Ares Purchaser, CRI will be entitled to retain the deposit as a termination fee in the amount of $8.0 million. In the event of a termination by CRI under certain circumstances, CRI may be required to: (i) refund the deposit of $8.0 million to Ares Purchaser; (ii) pay Ares Purchaser a termination fee in the amount of $8.0 million; and/or (iii) reimburse Ares Purchaser for all expenses incurred by Ares Purchaser up to an amount equal to $1.25 million (or $110,000 with respect to the sale of the Retreat at Stafford).

The CRI Plan of Liquidation (see page 55)

General

On July 30, 2018, the Board of Directors also approved the CRI Plan of Liquidation, pursuant to which CRI will be liquidated and dissolved. In connection with the CRI Plan of Liquidation, CRI has commenced marketing the sale of the following Liquidation Assets to third parties and intends to enter into one or more open market transactions for the sale of these Liquidation Assets.

Property Name	Property Location
Brentridge	Nashville, TN
Broadstone Lakeside	Tempe, AZ
Legacy Heights	San Antonio, TX
Heights at Meridian	Durham, NC
Broadstone Stetson	Scottsdale, AZ

Following the closing of the Ares Sale and the Liquidation Sale, CRI's assets will primarily consist of (i) approximately $439.7 million in cash, subject to adjustment in accordance with the terms of the Purchase Agreement, (ii) any unsold Liquidation Assets and (iii) any additional cash and cash equivalents, including any cash proceeds received from the sale of the Liquidation Assets. At or promptly following the closing of the Ares Sale, CRI expects that it will:

- repay the outstanding mortgage loans securing the Ares Assets, including prepayment penalties related to the early payoff of such mortgage loans;
- distribute to the third-party joint venture members an aggregate amount of approximately $38.5 million in connection with the sale of such joint ventures' interests in the Target Companies (reduced by the joint venture members' share of liabilities attributable to their interests in the Target Companies and applicable transaction costs and fees);
- repay existing debt and other obligations held by CRI and the Operating Partnership's investors, FrontRange Capital Partners and Equity Resource Investments, in the aggregate amount of approximately $186.5 million;
- pay all outstanding transaction fees and expenses payable to its legal and financial advisors; and
- pay or provide for its liabilities and expenses, which may include the purchase of insurance or the establishment of a reserve fund to provide for payment of contingent or unknown liabilities.

In accordance with the CRI Plan of Liquidation, CRI will commence a formal process whereby it will give notice of its liquidation and dissolution and allow its creditors an opportunity to come forward to make claims for amounts owed to them. Once CRI has complied with the applicable statutory requirements and either repaid its creditors or reserved amounts for payment to its creditors, including amounts required to cover as-yet unknown or contingent liabilities, CRI will distribute any remaining amount of its assets, less any reserved amounts for the payment of its ongoing expenses, to its common stockholders. CRI currently expects that the remaining net proceeds from the Ares Sale and the Liquidation Sale will result in distributions to its common stockholders of between $18.75 and $19.57 per share in the aggregate.

Upon approval of the CRI Plan of Liquidation by the holders of a majority of the outstanding shares of CRI's voting common stock, the Board will take such actions as it deems, in its absolute discretion, necessary, appropriate or advisable to effect the liquidation and dissolution of CRI.

Within 30 days of the date of approval of the CRI Plan of Liquidation by the holders of a majority of the outstanding shares of CRI's voting common stock, CRI will file a Form 966 with the Internal Revenue Service

("IRS"), together with a certified copy of the CRI Plan of Liquidation. Not less than 20 days before the filing of the Articles of Dissolution with the SDAT, CRI will mail a notice of dissolution to all known creditors of CRI. CRI's dissolution will become effective, in accordance with the Maryland General Corporation Law ("MGCL"), upon proper filing of the Articles of Dissolution with, and acceptance for record of the Articles of Dissolution by, the SDAT, or upon such later date as may be specified in the Articles of Dissolution not exceeding 30 days from the date of filing, which is referred to as the dissolution date. From and after the dissolution date, CRI will not engage in any business activities except to the extent necessary to preserve the value of its assets, wind-up its business and affairs, and distribute its assets in accordance with the CRI Plan of Liquidation and pursuant to the MGCL.

Under the CRI Plan of Liquidation, the Board of Directors may modify, amend or abandon the CRI Plan of Liquidation, notwithstanding stockholder approval, to the extent permitted by the MGCL. CRI will not amend or modify the CRI Plan of Liquidation without complying with the MGCL and the federal securities laws.

The CRI Plan of Liquidation requires the approval by the holders of a majority of the outstanding shares of CRI's voting common stock.

Conduct Following the Dissolution Date **(see page 56)**

Following the dissolution date, CRI's activities will be limited to winding up its affairs, taking such actions as may be necessary to preserve the value of its assets and distributing its assets in accordance with the CRI Plan of Liquidation. CRI will seek to distribute or liquidate all of its assets in such a manner and upon such terms as the Board of Directors determines to be in the best interests of CRI's stockholders.

The Board of Directors and officers will oversee the dissolution and liquidation for a period of time following the closing of the Sale.

Opinion of CRI's Financial Advisor (see page 29 and Annex C)

In connection with the Ares Sale, the Redemption and the CRI Plan of Liquidation, the Board's financial advisor, HFF Securities L.P. ("HFF"), orally rendered its opinion on July 30, 2018 (which was subsequently confirmed in writing by delivery of HFF's written opinion addressed to the Board dated July 30, 2018), as to the fairness, from a financial point of view and as of such date, to (i) the Operating Partnership of the Redemption Consideration (defined below), consisting of the Redemption Assets, paid to CRI in the Redemption of the Redeemed Units and (ii) CRI of the Redemption Consideration, consisting of the Redemption Assets, to be received by CRI in the Redemption of the Redeemed Units. For purposes of HFF's opinion, Redemption Consideration means the value of the Redemption Assets at $19.16 per Redeemed Unit of the Operating Partnership. In addition, HFF delivered an opinion as to the reasonableness, from a financial point of view, of the estimates prepared by CRI of the range of expected per share aggregate liquidation distributions from the CRI Plan of Liquidation to be received by CRI's common stockholders (the "Estimated Range of Per Share Liquidating Distributions").

The full text of HFF's written opinion, dated July 30, 2018, is attached as Annex C to this Information Statement and sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations and qualifications on the review undertaken by HFF in rendering its opinion, and is hereby incorporated by reference thereto in its entirety. HFF delivered its opinion to the Board for the benefit and use of the Board in connection with and for purposes of its evaluation of the Redemption Consideration and the Estimated Range of Per Share Liquidating Distributions. HFF's opinion did not address any other terms or other aspects or implications of the Transactions or related transactions and no opinion or view was expressed as to the relative merits of the Transactions or related transactions in comparison to other strategies or transactions that might be available to CRI or in which CRI might engage or as to the underlying business decision of CRI to proceed with or effect the Transactions or any

related transaction. HFF also expressed no opinion or recommendation as to how any Voting Common Stockholder should vote or act in connection with the Transactions, any related transactions or any other matter.

Opinion of the Transaction Committee's Financial Advisor (see page 38 and Annex D)

On July 30, 2018, Houlihan Lokey Capital, Inc. ("Houlihan Lokey") orally rendered its opinion to the Transaction Committee of the Board of Directors of CRI in CRI's capacity as the general partner of the Operating Partnership (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to the Transaction Committee dated July 30, 2018), as to, as of July 30, 2018, the fairness, from a financial point of view, to the Operating Partnership of the exchange of the Redemption Assets by the Operating Partnership for the Redeemed Units in the Redemption.

Houlihan Lokey's opinion was directed to the Transaction Committee (solely in its capacity as the Transaction Committee of the Board of Directors of CRI in CRI's capacity as the general partner of the Operating Partnership) and only addressed the fairness, from a financial point of view, to the Operating Partnership of the exchange of the Redemption Assets by the Operating Partnership for the Redeemed Units in the Redemption and did not address any other aspect or implication of the Redemption or any related or unrelated agreement, arrangement or understanding entered into in connection therewith or otherwise. The summary of Houlihan Lokey's opinion in this Information Statement is qualified in its entirety by reference to the full text of its written opinion, which is attached as Annex D to this Information Statement and describes the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in connection with the preparation of its opinion. However, neither Houlihan Lokey's opinion nor the summary of its opinion and the related analyses set forth in this Information Statement are intended to be, and do not constitute, advice or a recommendation to the Transaction Committee, the Board, CRI, the Operating Partnership, any of their respective security holders or any other party as to how to act or vote with respect to any matter relating to the Redemption or any related or unrelated transaction or otherwise.

Risk Factors (see page 18)

In evaluating the Sale and the CRI Plan of Liquidation, you should carefully read this Information Statement and especially consider the factors discussed in the section entitled "Risk Factors" beginning on page 18 of this Information Statement.

Material Federal Income Tax Considerations (see page 58)

You are urged to read the discussion in the section titled "Material Federal Income Tax Consequences" beginning on page 58 of this Information Statement and to consult your tax advisor as to the U.S. federal income tax consequences of the Sale and the CRI Plan of Liquidation, as well as the effects of state, local and foreign tax laws.

RISK FACTORS

The following risks address risks related to CRI in connection with the Purchase Agreement, the CRI Plan of Liquidation and transactions contemplated therein, including the Ares Sale and the Liquidation Sale. The occurrence of any of the risks discussed below could have a material adverse effect on CRI's business, results of operations, financial condition and the value of your investment.

Failure to complete the Ares Sale and the Liquidation Sale on a timely basis or at all may have adverse consequences for CRI.

If the Ares Sale is not completed for any reason, CRI would be subject to a number of other material risks, including that:

- CRI may need to continue exploring one or more strategic transactions, which could result in the Board of Directors and management devoting time to that process instead of CRI's operations, and there can be no assurance that an alternative strategic transaction would be available on equal or better terms and conditions than the Transactions, including the Ares Sale or the Liquidation Sale, if at all;
- CRI would be required to pay expenses incurred in connection with the contemplated Transactions, including financial advisory, legal and accounting fees; and
- if the Purchase Agreement is terminated under certain circumstances, CRI may be required to: (i) refund the deposit of $8.0 million to Ares Purchaser; (ii) pay Ares Purchaser a termination fee in the amount of $8.0 million; and/or (iii) reimburse Ares Purchaser for all expenses incurred by Ares Purchaser up to an amount equal to $1.25 million (or $110,000 with respect to the sale of the Retreat at Stafford).

The Ares Sale is subject to a number of conditions and the failure to satisfy any of these conditions could jeopardize CRI's ability to complete the Ares Sale.

The Ares Sale is subject to certain customary closing conditions set forth in the Purchase Agreement, some of which are out of CRI's control. There can be no assurance when or whether these closing conditions will be satisfied or, to the extent waivable, waived or the occurrence of any effect, event, development or change will not transpire. If any of these closing conditions are not satisfied or waived prior to September 30, 2018, it is possible that the Purchase Agreement may be terminated. Although the Sellers and Ares Purchaser have agreed in the Purchase Agreement to use reasonable best efforts to complete the Ares Sale as promptly as practicable, these and other conditions to the completion of the Ares Sale may fail to be satisfied.

The pendency of the Ares Sale could adversely affect the business and operations of CRI.

In connection with the pending Ares Sale, some tenants or vendors of CRI may delay or defer decisions because of uncertainty concerning the outcome of the Ares Sale, which could negatively impact the revenues, earnings, cash flows and expenses of CRI, regardless of whether the Ares Sale is completed. In addition, due to operating covenants in the Purchase Agreement, CRI may be unable, during the pendency of the Ares Sale, to pursue certain other strategic transactions, undertake significant capital projects, undertake significant financing transactions and otherwise pursue other actions that are not in the ordinary course of business, even if these actions would prove beneficial to CRI and its stockholders.

Certain of CRI's executive officers and directors may have interests in the Transactions that may be different from, or in addition to, those of CRI's other stockholders and the Operating Partnership's limited partners.

Certain of CRI's executive officers and directors may have interests in the Transactions that are different from, or in addition to, the interests of CRI's stockholders and the Operating Partnership's limited partners. The Transaction Committee was aware of and considered these interests, among other matters, in evaluating the

Redemption, the Ares Sale, the Liquidation Sale and the CRI Plan of Liquidation, and in approving the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein. For a description of these interests, see the section entitled "The Transaction—Interests of CRI's Executive Officers and Directors" in this Information Statement.

The Purchase Agreement contains provisions that could discourage a potential competing acquiror or could result in any competing proposal being at a lower price than it might otherwise be.

The Purchase Agreement contains "no shop" provisions that, subject to limited exceptions, restrict CRI from initiating, soliciting, knowingly encouraging or facilitating any inquiries or the making of any proposal, offer or other action that constitutes, or may reasonably be expected to lead to, any competing third-party proposals to acquire all or a significant part of CRI.

These provisions could discourage a potential acquiror that might have an interest in acquiring all or a significant part of CRI or its assets from considering or proposing an acquisition, even if the potential acquiror were prepared to pay a higher consideration than the purchase price agreed to by Ares Purchaser, or might result in a potential competing acquiror proposing to pay a lower amount than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

CRI cannot determine at this time the amount or timing of any liquidating distributions to its common stockholders.

The timing or amount of cash that will be ultimately distributed to CRI's common stockholders is not yet known. However, CRI currently estimates that the net cash proceeds available for distribution to its common stockholders pursuant to the CRI Plan of Liquidation will be between $18.75 and $19.57 per share in the aggregate, with an initial cash distribution expected to be made in the fourth quarter of 2018. The estimated range of the aggregate distributions expected to be made to CRI's common stockholders was based upon, among other things, (i) the assumed consummation of the Ares Sale, (ii) management's estimate of the range of sales proceeds expected to be received in connection with the Liquidation Sale which was, in part, based upon valuation opinions provided by third-party brokers, (iii) the amount of indebtedness encumbering the assets to be sold in the Sale; (iv) deferred maintenance and other property capital needs of CRI and the Operating Partnership; (v) CRI's and the Operating Partnership's ownership interest in each of its properties and the economic terms of any interests held by other parties in such properties; (vi) the number of shares of CRI's common stock outstanding; (vii) the balance sheet value determinations for non-real estate assets and liabilities of CRI and the Operating Partnership; and (viii) estimated taxes, transaction fees and expenses relating to the Sale and the liquidation and dissolution of CRI.

There are many other factors that may affect the amount of cash available for distribution to CRI's common stockholders, including, among other things, prorations that may be payable to Ares Purchaser pursuant to the Purchase Agreement, inaccuracies in the cost estimates to resolve currently known contingent liabilities, and unanticipated or contingent liabilities arising after the Sale. CRI will continue to incur liabilities and expenses from operations prior to the Sale and prior to the liquidation and dissolution of CRI. Any unexpected claims, liabilities or expenses that arise between the date of this Information Statement and the consummation of CRI's liquidation and dissolution, or any claims, liabilities or expenses that exceed CRI's estimates, could delay the timing of and reduce the amount of cash available for distribution to CRI's common stockholders. Further, if cash to be received in the Sale is not adequate to provide for all of CRI's obligations, liabilities, expenses and claims, CRI will not be able to distribute any amount at all to its common stockholders. In addition, CRI may be required under Maryland law to hold back for distribution at a later date some or all of the estimated amounts that CRI currently expects to distribute to its common stockholders.

In some circumstances, CRI's stockholders could be held liable for amounts they received from CRI in connection with its liquidation and dissolution.

If CRI fails to create an adequate reserve to pay its expenses and liabilities, or if CRI transfers its assets to a liquidating trust and the reserve and the assets held by the liquidating trust are less than the amount ultimately

required to pay expenses and liabilities, each stockholder or holder of a beneficial interest in the liquidating trust could be held liable to creditors for such holder's pro rata portion of any excess amounts owed to the creditor, albeit limited to the amounts previously received by such stockholder in liquidating distributions from CRI or the liquidating trust, as applicable. Accordingly, a stockholder could be required to return all liquidating distributions received from CRI or the liquidating trust. If a stockholder has paid taxes on distributions previously received, a repayment of all or a portion of the amount of a distribution could result in a stockholder incurring a net tax cost if the stockholder's repayment does not cause a commensurate reduction in taxes payable.

If CRI fails to adequately provide for its expenses and liabilities or if the amount ultimately required to be paid in respect of the liabilities exceeds the amount available from the contingency reserve and the assets of the liquidating trust, CRI's creditors could seek an injunction to prevent CRI or liquidating trust, as applicable, from paying distributions under the CRI Plan of Liquidation on the grounds that the amounts to be distributed are needed to provide for the payment of expenses and liabilities. Any such action could delay or substantially diminish the cash distributions that CRI pays to its stockholders or holders of beneficial interests of any liquidating trust.

The Board of Directors may abandon or delay implementation of the CRI Plan of Liquidation.

The Board of Directors has adopted and approved the CRI Plan of Liquidation, but may terminate the CRI Plan of Liquidation for any reason until the time that the Articles of Dissolution have been filed with, and accepted for record by, the SDAT. The Board of Directors may modify or amend the CRI Plan of Liquidation without further action by the stockholders to the extent permitted under then current law.

The members of the Board of Directors may conclude that abandoning the CRI Plan of Liquidation is otherwise in the best interests of CRI and its stockholders. If the Board of Directors elects to pursue an alternative to the CRI Plan of Liquidation, stockholders may not receive any of the distributions of net proceeds from the Ares Sale and the Liquidation Sale currently estimated to be available for distribution to CRI's common stockholders.

An adverse judgment in a lawsuit challenging the Redemption, the Sale or the CRI Plan of Liquidation may prevent the Sale from closing or from closing within the expected timeframe, if at all, or prohibit CRI from completing the Redemption or the CRI Plan of Liquidation.

There may be lawsuits filed challenging the Redemption, the Sale or the CRI Plan of Liquidation, which could, among other things, result in CRI incurring costs associated with defending these claims or any other liabilities that may be incurred in connection with these claims. Further, an injunction could be issued, prohibiting CRI from completing the Redemption, the Ares Sale, the Liquidation Sale or the CRI Plan of Liquidation in the expected time frame, may prevent it from being completed altogether and may prevent CRI from paying liquidating distributions to its stockholders.

There can be no assurance that the price per unit at which CRI's common general partnership units of the Operating Partnership will be redeemed represents the fair market value of the Redemption Assets.

CRI intends to have 13,806,678, or 99%, of the common general partnership units of the Operating Partnership owned by CRI redeemed at $19.16 per unit in exchange for the Operating Partnership's 100% interests in the 12 Target Companies to be sold in the Ares Sale and the five Liquidation Assets to be sold in the Liquidation Sale. The Redemption Consideration was based, with respect to the Ares Sale, on the aggregate purchase price to be paid by Ares Purchaser pursuant to the Purchase Agreement and, with respect to the Liquidation Sale, upon valuation opinions provided by third-party brokers as well as, in part, on management's internal financial analyses and projections of property-level net operating income and cash flows that reflect management's views of capital markets activity, capital improvement plans and recent lease signings, which are dependent on market, economic, financial and other conditions that are outside of management's control. Accordingly, although the Board of Directors received a written opinion, dated July 30, 2018, from its financial

advisor as to the fairness, from a financial point of view and as of such date, to (i) the Operating Partnership of the Redemption Consideration, consisting of the Redemption Assets, paid to CRI in the Redemption of the Redeemed Units and (ii) CRI of the Redemption Consideration, consisting of the Redemption Assets, to be received by CRI in the Redemption of the Redeemed Units, the Redemption Consideration does not purport to be appraisals or to reflect the prices at which a company might actually be sold or acquired or the prices at which any securities have traded or may trade at any time in the future.

Pursuing the CRI Plan of Liquidation may cause CRI to fail to qualify as a REIT, which would dramatically lower the amount of liquidating distributions to its common stockholders.

For so long as CRI qualifies as a REIT and distributes all of its taxable income, CRI generally is not subject to U.S. federal income tax. Although the Board does not presently intend to terminate CRI's REIT status prior to the final distribution of its assets and dissolution, the Board may take actions pursuant to the CRI Plan of Liquidation that would result in a loss of REIT status. Upon the final distribution of CRI's assets and dissolution, CRI's existence and REIT status will terminate. However, there is a risk that CRI's actions in pursuit of the CRI Plan of Liquidation may cause CRI 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 CRI Plan of Liquidation. For example, to qualify as a REIT, at least 75% of CRI's gross income must come from real estate sources and 95% of CRI's gross income must come from real estate sources and certain other sources that are itemized in the REIT tax laws, mainly interest and dividends. CRI may encounter difficulties satisfying these requirements as part of the liquidation process. In addition, in connection with that process, CRI may recognize ordinary income in excess of the cash received. The REIT rules require CRI to pay out a large portion of its ordinary income in the form of a dividend to its stockholders. However, to the extent that CRI recognizes ordinary income without any cash available for distribution, and If CRI were unable to borrow to fund the required dividend or find another way to meet the REIT distribution requirements, CRI may cease to qualify as a REIT. While CRI expects to comply with the requirements necessary to qualify as a REIT in any taxable year, if it is unable to do so, CRI will, among other things (unless entitled to relief under certain statutory provisions):

- not be allowed a deduction for dividends paid to stockholders in computing CRI's taxable income;
- be subject to U.S. federal income tax, including any applicable alternative minimum tax, on CRI's taxable income at regular corporate rates;
- be subject to increased state and local taxes; and
- be disqualified from treatment as a REIT for the taxable year in which CRI loses its qualification and for the four following taxable years.

As a result of these consequences, CRI's failure to qualify as a REIT could substantially reduce the funds available for liquidating distributions to its stockholders.

Pursuing the CRI Plan of Liquidation may increase the risk that CRI will be liable for U.S. federal income and excise taxes, which could reduce the amount of liquidating distributions to its common stockholders.

CRI generally is not subject to U.S. federal income tax to the extent that CRI distributes to stockholders during each taxable year (or, under certain circumstances, during the subsequent taxable year) dividends equal to CRI's taxable income for the year (determined without regard to the deduction for dividends paid and by excluding any net capital gain). However, CRI is subject to U.S. federal income tax to the extent that its taxable income exceeds the amount of dividends paid to stockholders for the taxable year. In addition, CRI is subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by CRI with respect to any calendar year are less than the sum of 85% of its ordinary income for that year, plus 95% of CRI's capital gain net income for that year, plus 100% of CRI's undistributed taxable income from prior years. While CRI intends to make distributions to its stockholders sufficient to avoid the imposition of any U.S. federal income tax on CRI's taxable income and the imposition of the excise tax, differences in timing between CRI's actual cash

flow and the recognition of its taxable income, could cause CRI 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 of 1986, as amended (the "Code"), would be subject to a 100% excise tax. The cost of borrowing or the payment of U.S. federal income and/or excise taxes would reduce the funds available for distribution to stockholders.

The sale of CRI's assets may cause it to be subject to a 100% excise tax on the net income from "prohibited transactions," which could reduce the amount of liquidating distributions to its common stockholders.

REITs are subject to a 100% excise tax on any net income from "prohibited transactions," which include sales or other dispositions of property held for sale to customers in the ordinary course of the REIT's trade or business which is not a foreclosure property. The determination of whether property is held for sale to customers in the ordinary course of a trade or business is inherently factual in nature and, thus, cannot be predicted with certainty. The Code provides a "safe harbor" which, if all its conditions are met, would protect a REIT's property sales from being considered prohibited transactions. The conditions include, among other things, that the property be held by a REIT for at least two years for the production of rental income and that the REIT does not have more than seven property sales in any taxable year (there are alternative conditions to this seven sales condition, but those alternatives could not be met in the context of a complete liquidation). CRI does not expect that all of its properties will have been held for two years for the production of rental income at the time the Ares Sale closes. Accordingly, CRI does not expect to satisfy the safe harbor with respect to all of its properties and will have to rely on an examination of the facts and circumstances to support its position that its properties are held for investment and not for sale to customers in the ordinary course of its trade or business. If CRI were subject to this excise tax, it would reduce the amount of liquidating distributions to its common stockholders.

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

The REIT provisions of the Code generally require that each year CRI distribute as a dividend to its stockholders 90% of its REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain). Liquidating distributions CRI makes pursuant to the CRI Plan of Liquidation will qualify for the dividends paid deduction, provided that they are made within 24 months of adoption of the CRI Plan of Liquidation. However, conditions may arise that cause CRI not to be able to liquidate within a 24-month period. In such event, rather than retain CRI's assets and risk losing its status as a REIT, CRI may elect to contribute its remaining assets and liabilities to a liquidating trust in order to meet the 24-month requirement. CRI may also elect to contribute its remaining assets and liabilities to a liquidating trust within the 24-month period to avoid the costs of operating as a public company. Such a contribution would be treated for U.S. federal income tax purposes as a distribution of CRI's remaining assets to its stockholders, followed by a contribution of the assets to the liquidating trust. As a result, a stockholder would recognize gain to the extent that the stockholder's share of the cash and the fair market value of any assets received by the liquidating trust was greater than the stockholder's basis in the stock (reduced by the amount of all prior liquidating distributions made to the stockholder during the liquidation period), notwithstanding that the stockholder would not contemporaneously receive a distribution of cash or any other assets with which to satisfy the resulting tax liability. In addition, it is possible that the fair market value of the assets received by the liquidating trust, as estimated for purposes of determining the extent of the stockholder's gain at the time interests in the liquidating trust are distributed to the stockholders, will exceed the cash or fair market value of property received by the liquidating trust on a sale of the assets.

In this case, the 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 Code. Any 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.

FORWARD-LOOKING STATEMENTS

This Information Statement contains certain forecasts and other forward-looking statements. Generally, the words "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," variations of these words and similar expressions identify forward-looking statements and any statements regarding the benefits of the Redemption, the Ares Sale, the Liquidation Sale, the CRI Plan of Liquidation or the other transactions contemplated by the Purchase Agreement, CRI's future financial condition, and business or the timing, amount and ability of CRI to pay distributions are also forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, most of which are difficult to predict and many of which are beyond CRI's control. These include the factors described above in "Risk Factors," as well as:

- CRI's success in completing the Sale and implementing the CRI Plan of Liquidation;
- risks and uncertainties associated with CRI's ability to complete the Sale and the CRI Plan of Liquidation including the timing of completing the Sale and the CRI Plan of Liquidation;
- the timing and amount of liquidating distributions that may be paid to stockholders;
- unexpected costs or liabilities that may arise from the Ares Sale, the Liquidation Sale, the liquidation and dissolution of CRI or other transactions, whether or not consummated;
- the impact of any financial, accounting, legal or regulatory issues or litigation that may affect CRI; and
- CRI's ability to maintain its qualification as a REIT.

In light of these risks, uncertainties, assumptions and factors, actual results and plans could differ materially from those expressed in any forward-looking statements. All forward-looking statements, expressed or implied, included in this Information Statement are expressly qualified in their entirety by this cautionary statement.

Except as otherwise required by applicable law, CRI disclaims any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section.

Background of the Transactions

The following chronology summarizes the key meetings and events that led to the signing of the Purchase Agreement and the approval of the CRI Plan of Liquidation. The following chronology does not purport to catalogue every conversation among our Board, the Transaction Committee, members of our management or our representatives and other parties.

Our senior management and board of directors periodically review, with the assistance of financial and legal advisors, and, when advisable revise, our long-term strategy and objectives in light of developments in the real estate markets, capital market conditions and our business and capabilities. Beginning in 2017, we considered various potential strategic alternatives with the goal of maximizing value for all stockholders, including potential acquisitions, dispositions, business combination transactions, or the listing of CRI's common stock on a national securities exchange. During this time, HFF, one of the largest commercial real estate capital intermediaries serving the United States and Western Europe, conducted preliminary outreach to potential third parties that it considered most likely to have an interest in a potential transaction with CRI.

After identifying potential financial advisor candidates and interviewing such candidates, on March 4, 2018, CRI formally engaged HFF as financial advisor to CRI to assist management and the CRI Board of Directors in their evaluation of various strategic alternatives. CRI also instructed its principal outside counsel, Goodwin Procter LLP ("Goodwin"), to provide legal assistance to it in connection with its strategic alternatives process.

Over the course of the next two months, following on the CRI Board of Directors' initial discussions with CRI's management and its advisors regarding the strategic alternatives process, the CRI Board of Directors considered the possibility that one or more of the possible strategic alternatives could implicate potential interests of CRI management who also served on the CRI Board of Directors, which interests could be in addition to, different from or otherwise adverse to the interests of CRI and its non-voting common stockholders. Such CRI management members also hold a majority of the voting power of CRI. In light of these considerations, the CRI Board of Directors determined, in the event that a transaction materialized in the upcoming weeks, to form a transaction committee of the CRI Board of Directors consisting of members of the CRI Board of Directors unaffiliated with CRI's management and who otherwise did not, with respect to any possible strategic alternative, have a material interest adverse to the interests of CRI and its non-voting common stockholders.

Also during this time, the CRI Board of Directors engaged in general discussions concerning whether and when it might be advisable to approach and explore a potential strategic transaction with third parties, noting the scope of any such process and the potential disruptions to CRI's business. Representatives of HFF presented their views on the parties that it considered most likely to have an interest in a potential transaction with CRI, as well as their views on such parties' ability to fund a transaction. HFF also discussed with the CRI Board of Directors that in view of the varied nature of the assets owned by CRI, certain potential acquirors might seek to submit offers for all or multiple assets of CRI while other potential acquirors would likely seek to submit offers only for a single or small number of assets. Based on the risks discussed, the CRI Board concluded that the most prudent approach at this time would be to contact parties that the Board and HFF believed could likely make the financial commitment necessary to transact with CRI and consummate a transaction expeditiously, and the CRI Board directed the representatives of HFF to begin such outreach.

Between March 2018 and April 2018, HFF began the process of contacting 22 potential acquirors that, based on the foregoing factors deemed relevant by the Board, HFF believed might have an interest in pursuing a strategic transaction with CRI. Of these parties, 11 expressed further interest.

Based on such interest, initial process letters and non-disclosure agreements ("NDAs"), including customary non-disclosure provisions and standstill provisions that allowed the respective counterparties to make confidential proposals to CRI at any time, were sent to such parties, and an electronic data room was opened to the parties that responded with signed NDAs. Seven parties executed NDAs and received access to the data

room: Ares Purchaser, Party B, Party C, Party D, Party E, Party F and Party G. Two additional parties, Party H and Party I, executed NDAs and received access to specific information pertaining to select real estate asset-level transactions.

Between March 2018 and April 2018, multiple in-person and telephonic discussions were held among CRI, HFF and various parties remaining in the process, including with Ares Purchaser. During this time HFF, at the direction of CRI, provided each such party the CRI Projections that had been prepared by CRI management, as more fully described and defined under the heading "—*Certain Projections*" below.

Party B expressed interest and held multiple calls with CRI and HFF. While Party B acknowledged management's track-record and the portfolio's value-add potential, and initiated conversations around transaction structuring, Party B informed CRI that it would not submit a written offer due to a discrepancy on pricing resulting from Party B's views on the CRI Projections, primarily relating to property tax reassessment, tax indemnification, complicated asset-level governance structures and transaction expenses.

During this time, Party C discontinued its participation in the process because of its lack of interest in CRI's portfolio of vintage assets.

During this time, Party H evaluated a subportfolio of five of CRI's properties. CRI and HFF discontinued discussions with Party H given the discrepancy of Party H's views with the CRI Projections.

During this time, Party I evaluated a subportfolio of three of CRI's properties. CRI and HFF discontinued discussions with Party I given the discrepancy of Party I's views with the CRI Projections.

On April 2, 2018, HFF received an oral indication of interest from Party G of $15.75 per unit in cash, net of transaction costs. Given the significant valuation variance between their indication of interest and the CRI Projections, CRI decided to discontinue discussions with Party G.

Also on April 2, 2018, Ares Purchaser submitted a letter of intent to acquire CRI for $18.76 per unit in cash, subject to confirmatory due diligence and structuring negotiations.

Also on April 2, 2018, Party D submitted a letter of intent to acquire CRI at a range of $15.25 to $16.50 per unit in cash, subject to confirmatory due diligence.

On April 9, 2018, HFF received an oral indication of interest from Party F of approximately $1.65 billion for CRI's 39 stabilized assets, or an implied per unit price of $14.90 in cash. Given the significant valuation variance between their indication of interest and the CRI Projections, CRI decided to discontinue discussions with Party F.

Between April 2018 and May 2018, each of Ares Purchaser and Party D remained active in conversations with CRI and HFF following their respective initial indications of interest. Additionally, Party E expedited its underwriting to enable it to deliver a written valuation of a select subportfolio of CRI's assets and demonstrated an interest in a strategic transaction with CRI.

During this time, Ares Purchaser held multiple conversations with CRI and HFF regarding asset valuation, non-real estate components of NAV, various transaction structures and further steps in the transaction process. On April 18, 2018, representatives of Ares Purchaser met in person with representatives of CRI and HFF at CRI's principal offices in Salt Lake City, Utah.

On May 7, 2018, Ares Purchaser initiated property tours led by CRI.

Also during this time, Party D held multiple conversations with CRI and HFF regarding pricing (with particular discussions around tax reassessment issues), and underwriting of "core" vs. "non-core" assets and

various transaction structures. Between April 13, 2018 and May 20, 2018, HFF shared with Party D estimations of tax indemnities and a model analyzing joint venture and deal structuring. Party D twice revised its initial bid, first to a range of between $15.25 to $17.50 per unit on April 25, 2018 and later to a range of $15.25 to $17.00 per unit on May 10, 2018 when Party D informed HFF that based on Party D's updated analysis on tax and transaction costs, they were decreasing the high end of their range from $17.50 to $17.00.

On April 6, 2018, CRI and HFF held a telephone call with Party E to discuss corporate structure, portfolio history, value-add opportunities and non-real estate NAV components in an effort to expedite Party E's participation in the process. On May 3, 2018, Party E submitted a letter of intent to acquire a subportfolio of seven assets for $280 million.

On May 9, 2018, the CRI Board of Directors met with representatives of Goodwin and HFF to discuss updates to CRI's strategic process, the indications of interest from Ares Purchaser, Party D and Party E and to discuss the formation of an independent transaction committee of the CRI Board of Directors. Representatives of HFF then discussed their view of CRI's market positioning and the recent mergers and acquisitions activity levels involving multifamily REITs.

On May 15, 2018, the CRI Board formed a transaction committee (the "Transaction Committee") authorized to consider and evaluate any proposals that might be received by CRI regarding a potential strategic transaction, participate in and direct the negotiation of the material terms and conditions of any such transaction, select and retain, at the expense of CRI, such advisors, including legal counsel and independent financial advisors, as the Transaction Committee deemed appropriate, and recommend to the Board the advisability of entering into any such transaction or pursuing another strategic alternative. The Transaction Committee consisted of William Andrews and Kurt Spring, representatives from Equity Resource Investments, one of CRI's private equity investors which holds non-voting common stock of CRI. Throughout the Transaction Committee's evaluation of potential transactions, the Transaction Committee conducted formal meetings, but its members were also in regular informal communication with CRI's advisors and with each other. In addition, the Transaction Committee frequently met in executive session with only the independent directors and outside counsel present. The Transaction Committee engaged Morgan, Lewis & Bockius LLP ("Morgan Lewis") as independent counsel to the Transaction Committee.

Later on May 15, 2018, the Transaction Committee held a telephonic meeting attended by representatives of Morgan Lewis and Goodwin. Goodwin led a discussion regarding the duties of directors in the context of their consideration of CRI's strategic alternatives, including a stand-alone strategy, and the potential sale of CRI to, or another strategic transaction with, a third party. The meeting participants also discussed information previously provided by the Transaction Committee members regarding their eligibility to serve on the Transaction Committee as independent and disinterested directors.

On May 22, 2018, the Transaction Committee held an in-person meeting in Boston, Massachusetts at Goodwin's offices, attended by Goodwin, HFF and Morgan Lewis. In advance of the meeting, HFF provided a disclosure letter confirming that HFF's Investment Banking Division had not performed any financial advisory or underwriting services to Party D or Party E, or any of their respective affiliates, during the past two years, nor did it have any direct investments in such parties or related parties. The letter further indicated that, among other things, HFF and its affiliates, as a full-service investment bank, had from time to time been engaged to provide financing services for Ares and its affiliates during the prior two years. See the section entitled "—Opinion of CRI's Financial Advisor—General," for further information. The CRI Board of Directors considered such relationships and determined that it was appropriate for HFF to continue to act as its financial advisor based on HFF's qualifications, experience and reputation. Representatives of HFF provided a presentation to the Transaction Committee regarding the strategic alternatives review process and certain initial considerations in connection with possible alternatives, including CRI's consideration of whether an externalization of management would be required if certain alternatives were pursued. HFF also provided an overview of the initial indications of interest received and the transaction structure. HFF discussed the continued focus on a company-level merger transaction rather than a transaction for the disposition of certain of CRI's real estate assets. The

Transaction Committee approved the continued pursuit of the proposed merger transaction structure and instructed HFF to distribute final process letters to Ares Purchaser, Party D and Party E. The Transaction Committee informed HFF that it was authorized to instruct the parties that CRI was willing to move forward to negotiate a transaction at not less than CRI's current NAV per share cash price of $19.11.

Following the meeting, on May 22, 2018, HFF delivered process letters to Ares Purchaser, Party D and Party E requesting submission by each party of its best and final offer as to purchase price, structure and other key terms.

Also following the May 22, 2018 meeting of the Transaction Committee, the members of the Transaction Committee worked with Morgan Lewis to identify potential financial advisor candidates to advise the Transaction Committee and conducted interviews of such candidates, including Houlihan Lokey Capital, Inc.

On May 25, 2018, Ares Purchaser submitted a revised written offer proposing an acquisition of 12 of CRI's assets as well as a potential investment of up to $75 million in the remaining post-transaction enterprise, which proposal represented an implied value of $19.20 per unit. The acquisition of the 12 assets was valued at $408.85 million (not including certain interests held by third party joint venture partners). The offer was subject to confirmatory due diligence and a 30-day exclusivity period to negotiate the definitive transaction documentation.

On May 29, 2018, Party D submitted a revised written offer proposing an acquisition of 13 of CRI's assets and a subsequent investment of up to $50 million in the remaining post-transaction enterprise. The acquisition of the 13 assets was valued at $430 million (not including certain interests held by third party joint venture partners). The offer was subject to confirmatory due diligence. Party D's offer to acquire the 13 assets, after considering the discount that Party D applied to the fair market value of such assets (as estimated by CRI), represented an implied value of the post-transaction enterprise of $16.95 unit.

On May 29, 2018, CRI entered into an NDA with Houlihan Lokey in connection with Houlihan Lokey's possible engagement as independent financial advisor to the Transaction Committee.

On May 31, 2018, Party E submitted a revised written offer proposing an acquisition of 14 of CRI's assets through a to-be-formed joint venture and a subsequent investment of up to $93 million in the remaining entity. The acquisition of the 14 assets was valued at $463 million (not including certain interests held by third party joint venture partners). The offer was subject to confirmatory due diligence. Party E's offer to acquire the 14 assets, after considering the discount that Party E applied to the fair market value of such assets (as estimated by CRI), represented an implied value of the post-transaction enterprise of $15.34 per unit.

On June 3, 2018, the Transaction Committee held a telephonic meeting with representatives of Goodwin, Morgan Lewis and HFF. At the meeting, HFF provided an updated overview to the Transaction Committee of CRI's long-term outlook, associated business plans, underlying assumptions and timelines and key risks that could affect CRI's ability to achieve the long-term plan. The Transaction Committee also discussed with HFF the ongoing talks between HFF, and each of Ares Purchaser, Party D and Party E. The Transaction Committee discussed with HFF the implied valuations of $16.95 and $15.34 per unit of the Party D and Party E offers, respectively. The Transaction Committee determined not to solicit proposals from other third parties after considering that the price proposed by Ares Purchaser exceeded all other offers received to date and likely exceeded the price level that any other third party would offer, including compared to the offers made by Party D and Party E and discussing the views of HFF and CRI management regarding interest from Party D, Party E and other parties throughout the process. The Transaction Committee discussed the Ares Purchaser proposal received relative to the various alternatives available to CRI, the challenges in the industry and sector in which CRI operates and the risks associated with CRI's long-term outlook. Following discussion, the Transaction Committee approved entering into an exclusivity agreement with Ares Purchaser and authorized HFF to inform Party D and Party E that CRI was unwilling to move forward with Party D based on the $16.95 proposed price and Party E based on the $15.34 proposed price.

CONFIDENTIAL TREATMENT

On June 4, 2018, HFF informed Party D and Party E that the Transaction Committee would not move forward with either party unless either party could increase the price of their May 29 and May 31 respective offers. Both Party D and Party E declined to make a proposal at an increased price.

On June 6, 2018, Daniel Shaeffer, CRI's Chief Executive Officer and Director, and William Andrews, member of the Transaction Committee, met with Steven Wolf, Vice President of Ares Purchaser, in-person in New York City to discuss transaction structure, including the proposed investment by Ares Purchaser in the post-transaction CRI enterprise. At the conclusion of the meeting, the parties agreed that Mr. Wolf would discuss any further transactional matters with Mr. Andrews in his capacity as a member of the Transaction Committee.

On June 15, 2018, Ares Purchaser and CRI executed an exclusivity agreement pursuant to which the parties agreed to negotiate exclusively until July 20, 2018.

On June 25, 2018, Mr. Wolf contacted Mr. Andrews and Mr. Shaeffer to discuss progress regarding the transaction, including the status of the definitive transaction documents.

On June 26, 2018, Goodwin sent a draft purchase agreement to representatives of Levenfeld Pearlstein, LLC ("Levenfeld"), Ares Purchaser's legal counsel.

On June 28, 2018, upon Ares Purchaser's request, CRI and the Transaction Committee granted a waiver to CRI's engagement letter with HFF permitting HFF's Capital Markets Division to arrange Ares Purchaser's financing of the Ares Sale, and acknowledging that an affiliate of HFF would be entitled to receive certain compensation from Ares Purchaser in connection with arranging for such financing. HFF also provided the CRI Board with an updated disclosure letter confirming that HFF's Investment Banking Division working on the transaction with Ares Purchaser would not receive any information regarding, or be involved with any matters relating to the Ares Purchaser financing.

Over the course of the next week and a half, the parties continued due diligence investigation, and Goodwin (with input from Morgan Lewis) and Levenfeld continued to negotiate the terms of the Purchase Agreement.

On July 9, 2018, the Transaction Committee met in-person in Boston, Massachusetts at Goodwin's offices, together with the other members of the CRI Board of Directors, Daniel Shaeffer, Chad Christensen and Gregg Christensen, and representatives of Goodwin and Morgan Lewis, to discuss negotiations with Ares Purchaser and certain management compensation matters as well as a business plan with respect to the remaining enterprise following consummation of the Ares Sale. Representatives from HFF participated telephonically during portions of the meeting concerning the status of negotiations of the Purchase Agreement with Ares Purchaser. Representatives from Goodwin led a discussion of the draft Purchase Agreement, particularly the changes proposed by Ares Purchaser regarding CRI's right to receive a reverse termination fee if the Purchase Agreement is terminated under certain circumstances. Messrs. Schaeffer, C. Christensen and G. Christensen also discussed with the Transaction Committee certain benefits to be received by the CRI management in connection with the Ares Sale and the CRI Plan of Liquidation and compensation benefits for CRI management in the enterprise following the completion of such transactions.

On July 11, 2018, Mr. Shaeffer received a telephone call from Mr. Wolf, during which Mr. Wolf reiterated Ares' continued interest in a transaction. During the call, Mr. Wolf proposed CRI would receive an $8 million reverse termination fee payable if the Purchase Agreement is terminated in certain circumstances, which amount would be deposited in an escrow account upon signing of the transaction.

On July 13, 2018, the Transaction Committee met telephonically with representatives of Goodwin and Morgan Lewis to further discuss CRI management compensation matters in connection with the Ares Sale and the CRI Plan of Liquidation and compensation benefits for CRI management in the enterprise following the completion of such transactions. Goodwin also provided an update regarding the negotiations with Levenfeld, including the remaining open issues on the Purchase Agreement, particularly the changes proposed by Ares regarding the reverse termination fee if the Purchase Agreement is terminated under certain circumstances, which amount would be deposited in an escrow account by Ares at signing.

Later on July 13, 2018, Mr. Andrews contacted Mr. Wolf to discuss the reverse termination fee and agreed to the $8 million fee.

Over the course of the next two weeks, the parties continued the confirmatory due diligence investigation, and Goodwin (with input from Morgan Lewis) and Levenfeld continued to negotiate the terms of the Purchase Agreement.

On July 20, 2018, CRI and Ares Purchaser entered into an amended exclusivity agreement extending the exclusivity period until July 27, 2018.

On July 27, 2018, Goodwin contacted Levenfeld to review a list of open issues with respect to the Purchase Agreement. These items included: (1) certain covenants, including those regarding title insurance and related conditions to closing; (2) the size of the termination fee payable by Ares and CRI, respectively; and (3) remedies available to Ares in the event of breach by CRI under certain circumstances.

On July 29, 2018, Goodwin sent Levenfeld a revised draft of the Purchase Agreement and other transaction documents and engaged in various telephonic discussions to negotiate the unresolved issues in those documents, and CRI facilitated the final due diligence requests of Ares.

Also on July 29, 2018, Houlihan Lokey, the Transaction Committee and CRI signed an engagement letter pursuant to which Houlihan Lokey was engaged as the independent financial advisor to the Transaction Committee of the Board of Directors of CRI in CRI's capacity as the general partner of the Operating Partnership. In connection with such engagement, Houlihan Lokey provided a letter to the Transaction Committee regarding certain relationships between Houlihan Lokey and Ares and CRI. As more fully disclosed in the section entitled "—Opinion of the Transaction Committee's Financial Advisor—Other Matters," the letter disclosed that, among other things, Houlihan Lokey had provided certain financial advisory services to or for the benefit of Ares and its affiliates during the prior two years. The Transaction Committee did not believe such relationships would impair Houlihan Lokey's ability to provide the Transaction Committee with objective advice and determined to engage Houlihan Lokey to act as its independent financial advisor based on Houlihan Lokey's qualifications, experience and reputation.

On July 30, 2018, *Bloomberg*, quoting an unidentified source, published an article indicating that an Ares Management LP affiliate was nearing a deal to buy the 12 multifamily properties from CRI for $440 million.

On July 30, 2018, the Transaction Committee held a telephonic meeting together with representatives of Goodwin, Morgan Lewis and Houlihan Lokey, to discuss and review the draft Purchase Agreement and to consider the proposed Redemption and Asset Sale. Representatives of Houlihan Lokey first reviewed with the Transaction Committee Houlihan Lokey's financial analyses with respect to the Redemption. At the request of the Transaction Committee, Houlihan Lokey then rendered its oral opinion to the Transaction Committee of the Board of Directors of CRI in CRI's capacity as the general partner of the Operating Partnership (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to the Transaction Committee dated July 30, 2018), as to, as of July 30, 2018, the fairness, from a financial point of view, to the Operating Partnership of the exchange of the Redemption Assets by the Operating Partnership for the Redeemed Units in the Redemption. Goodwin also provided an update regarding its negotiations with Levenfeld, including the remaining open issues on the Purchase Agreement.

Following the Transaction Committee meeting, on July 30, 2018, the board of directors and the Transaction Committee held a joint telephonic meeting together with representatives of Goodwin, Morgan Lewis and HFF, to discuss and review the draft Purchase Agreement and to consider the proposed transaction. Representatives of HFF reviewed with the board of directors HFF's financial analyses of the consideration proposed in the Ares Sale. HFF then rendered its oral opinion, subsequently confirmed in writing by delivery of a written opinion to our board of directors dated July 30, 2018, that as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of

review undertaken by HFF as set forth in the written opinion, (1) the Redemption Consideration, consisting of the Redemption Assets, to be paid to CRI in the Redemption of the Redeemed Units was fair, from a financial point of view, to the Operating Partnership, (2) the Redemption Consideration, consisting of the Redemption Assets, to be paid by the Operating Partnership in the Redemption of the Redeemed Units was fair, from a financial point of view, to CRI and (3) CRI's Estimated Range of Per Share Liquidating Distributions was reasonable from a financial point of view. Goodwin also provided an update regarding its negotiations with Levenfeld, including the remaining open issues on the Purchase Agreement for the benefit of the full CRI Board of Directors.

On July 31, 2018, the Transaction Committee executed a unanimous written consent, recommending that the CRI Board of Directors unanimously adopt resolutions to approve and declare advisable and in the best interests of CRI and the stockholders of CRI, the Redemption, the Ares Sale, the Purchase Agreement, the CRI Plan of Liquidation and the other transactions contemplated by the Purchase Agreement and resolve to recommend that the Voting Common Stockholders vote for the approval of the Purchase Agreement, the CRI Plan of Liquidation and the other transactions contemplated by the Purchase Agreement. The Transaction Committee also approved certain compensation matters in connection with the Ares Sale and the CRI Plan of Liquidation as well as compensation benefits for CRI management in the enterprise following the completion of such transactions.

Later on July 31, 2018, upon recommendation of the Transaction Committee, the CRI Board of Directors unanimously adopted a written consent which, among other things, approved and declared advisable and in the best interests of CRI and the stockholders of CRI, the Redemption, the Ares Sale, the Purchase Agreement, the CRI Plan of Liquidation and the other transactions contemplated by the Purchase Agreement and resolved to recommend that the voting common stockholders of CRI vote for the approval of the Purchase Agreement, the CRI Plan of Liquidation and the other transactions contemplated by the Purchase Agreement.

Following the approvals of the Transaction Committee and the CRI Board of Directors, the parties completed the transaction documents. In the morning of August 1, 2018, the parties executed and delivered the Purchase Agreement and other transaction documents.

Recommendation of the Transaction Committee and the Board of Directors; Reasons for the Transactions

The Board of Directors unanimously approved the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein, including the Redemption and the Sale, and recommended that the Voting Common Stockholders approve the Purchase Agreement and the CRI Plan of Liquidation. In reaching its determination to recommend that the Voting Common Stockholders approve the Purchase Agreement and the CRI Plan of Liquidation, the Board of Directors considered a number of factors, including the following:

- the unanimous recommendation of the Transaction Committee that the Board of Directors approve the Purchase Agreement and the CRI Plan of Liquidation, and that:
  - the Transaction Committee is comprised entirely of independent directors appointed by the Board of Directors to represent the interests of the non-voting common stockholders and the interests of the limited partners of the Operating Partnership;
  - the Transaction Committee retained and was advised by its own independent counsel, Morgan, Lewis & Bockius LLP;
  - the Transaction Committee retained and was advised by its own independent financial advisor, Houlihan Lokey; and
  - the Transaction Committee engaged in extensive deliberations in evaluating the Transactions;
- the belief that the Ares Sale was more favorable to CRI's common stockholders than other strategic alternatives available to CRI after considering indications of interest from other parties and conducting comprehensive reviews of strategic alternatives with CRI's management and its financial and legal advisors;

- the extensive solicitation effort that was undertaken by CRI and its financial advisor, commencing in 2017, to explore a possible sale of CRI's assets to third parties;
- the belief that the repayment of CRI and the Operating Partnership's existing debt and other obligations and the recapitalization of the Operating Partnership in connection with the Transactions will result in an recapitalized enterprise with an improved secured leverage profile;
- the belief that the Transactions will achieve a tax-efficient liquidity event for CRI's common stockholders;
- the fact that CRI's most recent NAV of $19.11, calculated as of December 31, 2017, falls within the estimated range of total liquidating distributions to CRI's common stockholders of between $18.75 and $19.57;
- the financial analysis of HFF summarized under the caption "—Opinion of the Financial Advisor to CRI," and the oral opinion of HFF rendered to the Board of Directors on July 30, 2018, which opinion was subsequently confirmed in writing, that, as of that date, based upon and subject to the conditions, limitations, qualifications and assumptions set forth in its opinion, among other things, CRI's estimated range of liquidating distributions of between $18.75 to $19.57 per share is reasonable from a financial point of view;
- the fact that the Purchase Agreement affords the Board of Directors with the flexibility to negotiate and consider a Superior Proposal;
- the likelihood that the Ares Sale would be completed based on, among other things, Ares Purchaser's ability in the past to complete large acquisition transactions and its extensive experience in the real estate industry and the lack of a financing condition; and
- the terms and conditions of the Purchase Agreement and the fact that such terms were the product of arm's-length negotiations between the parties and their respective legal advisors.

The Board of Directors also considered the following risks and other countervailing factors in its deliberations concerning the Transactions:

- the risk that not all of the conditions to the parties' obligations to complete the Ares Sale will be satisfied or waived in a timely manner or at all;
- the possibility that the Ares Sale or the Liquidation Sale may not be completed;
- the fact that CRI is obligated to pay a termination fee to Ares Purchaser under certain circumstances, and that such termination fee could reduce the incentive for a third party to make a competing bid for CRI;
- the restrictions on the management and operation of the Target Companies prior to the completion of the Ares Sale, which may delay or prevent CRI from undertaking business opportunities that may arise pending the completion of the Ares Sale;
- the estimated range of liquidating distributions is based, in part, on estimates of the costs and expenses of liquidating and operating CRI, and, if actual costs and expenses exceed such estimated amounts, aggregate distributions to CRI's common stockholders from the liquidation could be less than the estimated range of liquidating distributions;
- if liabilities, unknown or contingent at the time of the delivery of this Information Statement, later arise which must be satisfied or reserved for as part of the CRI Plan of Liquidation, the aggregate amount of distributions to CRI's common stockholders as a result of the CRI Plan of Liquidation could be less than estimated; and
- if the Liquidation Assets are not sold by the times and at prices CRI currently expects, the liquidation may yield aggregate distributions to CRI's common stockholders in an amount less than currently estimated.

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The Transaction Committee's recommendation to the Board of Directors was based on its consideration of the factors referred to above that were considered by the Board of Directors, as well as the Committee's consideration of the following additional factors:

- the financial analysis of Houlihan Lokey and the oral opinion of Houlihan Lokey rendered to the Transaction Committee(solely in its capacity as the Transaction Committee of the Board of Directors of CRI in CRI's capacity as the general partner of the Operating Partnership) on July 30, 2018, which opinion was subsequently confirmed in writing, that, as of the date of such opinion, based upon and subject to the assumptions made, procedures followed, factors considered and limitations on the review set forth in its opinion, the fairness, from a financial point of view, to the Operating Partnership of the exchange of the Redemption Assets by the Operating Partnership for the Redeemed Units in the Redemption;
- any actual or potential conflicts of interest which certain of executive officers and directors of CRI may have in connection with the Transactions and any other transactions related thereto;
- the active monitoring by the Transaction Committee's financial and legal advisors for any actual or potential conflicts of interest; and
- the Transaction Committee's determination, together with its legal advisor, that the authority delegated to the Transaction Committee by the Board of Directors was sufficient for the Transaction Committee to discharge its duties under Maryland law.

The foregoing discussion of the factors considered by the Board of Directors and the Transaction Committee is not intended to be exhaustive, but does set forth the principal factors considered by the Board of Directors and the Transaction Committee. The Transaction Committee collectively reached the unanimous conclusion to recommend to the Board of Directors for approval the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein, and the Board of Directors collectively reached the unanimous conclusion to recommend to the Voting Common Stockholders the approval of the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein, in light of the various factors described above and the other factors that each member of the Transaction Committee and the Board of Directors, as applicable, believed were appropriate. In view of the wide variety of factors considered by the Board of Directors and the Transaction Committee in connection with their respective evaluation of the Transactions and the complexity of these matters, neither the Board of the Directors nor the Transaction Committee considered it practical, and did not attempt, to quantify, rank, or otherwise assign relative weight to any specific factor considered in reaching their respective decisions and did not undertake to make any specific determination as to whether any one particular factor, or any aspect of any one particular factor, was favorable or unfavorable to their respective ultimate determination. Rather, each of the Board of Directors and the Transaction Committee made their respective determinations based on the totality of information presented to it and the investigation conducted by it. In considering the factors discussed above, individual directors may have given different weight to different factors.

After evaluating these factors and consulting with its legal and financial advisors and the Transaction Committee, the Board of Directors unanimously determined that the each of the Purchase Agreement, the CRI Plan of Liquidation and the transactions contemplated therein, including the Redemption and the Sale, is, from a financial point of view, fair to, advisable and in the best interests of CRI and its stockholders. Accordingly, the Board of Directors unanimously recommends that the Voting Common Stockholders approve the Purchase Agreement and the CRI Plan of Liquidation.

Certain Projections

CRI does not, as a matter of course, make public forecasts as to future performance, total income, total operating expenses, net operating income or other results or metrics in light of, among other reasons, the uncertainty, unpredictability and subjectivity of any assumptions and estimates underlying any forecast. In connection with evaluating a possible transaction, however, CRI's management prepared and has assumed responsibility for certain non-public unaudited prospective financial information of CRI covering multiple years,

which is referred to herein as the CRI Projections. The CRI Projections were provided to the Transaction Committee and the CRI Board of Directors in connection with their review of the proposed transaction with Ares and also were provided to HFF and Houlihan Lokey who were authorized to use and rely upon the CRI Projections for purposes of performing their financial analyses. The CRI Projections were not prepared by CRI's management with a view toward disclosure.

A summary of the CRI Projections is not being included in this Information Statement to influence the vote on the matters being presented to the Voting Common Stockholders. Instead, CRI is disclosing the CRI Projections because they were made available to the Transaction Committee, the CRI Board of Directors, HFF and Houlihan Lokey. CRI's disclosure of this information does not indicate that the Transaction Committee, the CRI Board of Directors, their respective advisors or any other person considered, or now considers, the CRI Projections to be material or to be necessarily predicative of actual future results and the CRI Projections should not be relied upon as such. The internal prospective financial information used by CRI's management to prepare the CRI Projections is subjective in many respects. There can be no assurance that the CRI Projections will be realized or that actual results will not be significantly higher or lower than forecasted. The CRI Projections cover multiple years and thus, by their very nature, are subject to greater uncertainty with each succeeding year. As a result, the CRI Projections in this Information Statement are not necessarily predictive of future performance or future operations.

In addition, the CRI Projections were not prepared with a view toward complying with U.S. generally accepted accounting principles ("GAAP") or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither CRI's independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the CRI Projections contained in this Information Statement, nor have they expressed any opinion or any other form of assurance on the information or the potential for CRI to achieve the projections.

The CRI Projections include certain non-GAAP financial measures. These non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. The non-GAAP financial measures as presented in the CRI Projections may not be comparable to similarly titled amounts used by other companies.

Additionally, although the CRI Projections presented below are presented with numerical specificity, these projections are not factual. The CRI Projections were based on numerous variables and assumptions that were deemed to be reasonable as of the respective dates when the projections were finalized. These assumptions are inherently uncertain and may be beyond the control of CRI. Important factors that may affect actual results and cause CRI to fail to meet the CRI Projections include, but are not limited to, risks and uncertainties relating to CRI's business (including its ability to achieve strategic goals, objectives and targets), industry performance, the legal and regulatory environment, general business and economic conditions and other factors described or referenced under the sections entitled "Forward-Looking Statements" and "Risk Factors" in this Information Statement. The CRI Projections reflect assumptions that are subject to change and do not reflect revised prospects for CRI's business, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the CRI Projections were prepared. CRI has not prepared revised projections to take into account other variables that have changed since the dates on which the CRI Projections were finalized. There can be no assurance that the CRI Projections will be realized or that CRI's future financial results will not materially vary from the CRI Projections. By including the CRI Projections in this Information Statement, neither CRI, CRI's management, HFF, Houlihan Lokey nor any of their respective representatives has made or makes any representation to any person regarding the ultimate performance of CRI compared to the information contained in the CRI Projections or that projected results will be achieved. CRI has not made representations in the Purchase Agreement or otherwise concerning the CRI Projections.

CRI does not intend to, and expressly disclaims any responsibility to, update or otherwise revise the CRI Projections to reflect circumstances existing after the date such CRI Projections were made or to reflect the

occurrence of future events, even in the event that any or all of the assumptions underlying the CRI Projections are no longer appropriate.

In developing the CRI Projections, CRI's management made numerous material assumptions with respect to CRI for the periods covered by the CRI Projections.

The following is a summary of the CRI Projections (in millions):

	Years Ending December 31,							
	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Total Income(1)	$135.4	$142.8	$154.0	$165.0	$177.4	$195.6	$213.7	$225.0
Total Operating Expenses(2)	$ 58.0	$ 57.9	$ 61.1	$ 64.1	$ 69.0	$ 76.5	$ 84.0	$ 88.6
Net Operating Income(3)	$ 77.4	$ 84.9	$ 92.8	$100.9	$108.4	$119.1	$129.6	$136.4

(1) Total Income includes rental income and other property-level income.

(2) Total Operating Expenses includes property-level expenses related to payroll and benefits, grounds and landscaping, contract services, repairs and maintenance, utilities, and advertising and marketing. Also includes property management fees, allocable general and administrative expenses, legal and professional expenses, insurance and real estate taxes.

(3) Net Operating Income is calculated as Total Income less Total Operating Expenses.

Opinion of CRI's Financial Advisor

CRI has retained HFF to act as CRI's financial advisor in connection with the Transactions. HFF is the real estate investment banking affiliate of HFF, Inc., which focuses on providing mergers and acquisitions advisory, equity placement and corporate finance services with core expertise and a depth of knowledge in the institutional real estate marketplace, and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions and valuations for corporate and other purposes. CRI selected HFF to act as CRI's financial advisor in connection with the Transactions on the basis of HFF's experience with similar transactions, its reputation in the investment community and its familiarity with CRI and its business.

On July 30, 2018, at a meeting of the Board held to evaluate the Transactions, HFF delivered to the Board an oral opinion, which was confirmed by delivery of a written opinion dated July 30, 2018, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, (i) the Redemption Consideration, consisting of the Redemption Assets, to be paid to CRI in the Redemption of the Redeemed Units was fair, from a financial point of view, to the Operating Partnership, (ii) the Redemption Consideration, consisting of the Redemption Assets, to be paid by the Operating Partnership in the Redemption of the Redeemed Units was fair, from a financial point of view, to CRI and (iii) CRI's Estimated Range of Per Share Liquidating Distributions was reasonable from a financial point of view.

The full text of HFF's written opinion to the Board, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this Information Statement and is incorporated by reference herein in its entirety. The following summary of HFF's opinion is qualified in its entirety by reference to the full text of the opinion. HFF delivered its opinion to the Board for the benefit and use of the Board (in its capacity as such) in connection with and for purposes of its evaluation of the Redemption Consideration and the Estimated Range of Per Share Liquidating Distributions. HFF's opinion does not address any other terms or aspects of the Transactions and no opinion or view was expressed as to the relative merits of the Transactions in comparison to other strategies or transactions that might be available to CRI or in which CRI might engage or as to the underlying business decision of CRI to proceed with or effect the Transactions. HFF's opinion does not constitute a recommendation to any Voting Common Stockholder as to how to vote or act in connection with the proposed Transactions or any related matter.

In connection with rendering its opinion, HFF:

(i) reviewed documentation provided by management of CRI and the Operating Partnership, including historical audited financial statements and certain internal financial statements and other operating data concerning CRI and the Operating Partnership prepared by the management of CRI and the Operating Partnership;

(ii) analyzed certain financial forecasts prepared by the management of CRI and the Operating Partnership, which forecasts CRI and the Operating Partnership have represented to HFF are consistent with the best judgments of management of CRI and the Operating Partnership as to the future financial performance of CRI and the Operating Partnership and are the best currently available forecasts with respect to such future financial performance of CRI and the Operating Partnership;

(iii) reviewed registration statements and other SEC filings that were made available by CRI and the Operating Partnership;

(iv) reviewed rent rolls of CRI's and the Operating Partnership's properties;

(v) discussed the past and current operations, capitalization and financial condition and the prospects of CRI and the Operating Partnership with senior executives of CRI and the Operating Partnership;

(vi) reviewed third-party brokers' opinions of value conducted by various third-party brokers throughout 2017 and 2018;

(vii) reviewed the financial terms, to the extent publicly available, of certain publicly-traded multifamily real estate investment trusts, "REITs," that HFF considered to be generally relevant and compared to CRI and the Operating Partnership;

(viii) performed site visits to a majority of the Redemption Assets;

(ix) reviewed third-party research on the multifamily real estate sector from Green Street Advisors and other reputable sources;

(x) reviewed the financial terms, to the extent publicly available, of certain transactions that HFF considered to be relevant and compared findings to the Sale;

(xi) reviewed the draft Purchase Agreement dated July 30, 2018 and certain related documents;

(xii) reviewed the draft CRI Plan of Liquidation dated July 30, 2018 and certain related documents;

(xiii) performed financial analyses including net asset value and discounted cash flow analyses and considered other factors as HFF deemed appropriate;

(xiv) analyzed precedent portfolio and single asset multifamily transactions as HFF deemed relevant;

(xv) reviewed the internal financial analyses and projections prepared by CRI and the Operating Partnership in order to calculate the Estimated Range of Per Share Liquidating Distributions, which estimate is based in part on CRI's and the Operating Partnership's estimated range of CRI's and the Operating Partnership's property values; and

(xvi) performed such other analyses, studies and investigations, and considered such other factors, as HFF has deemed appropriate.

HFF assumed and relied upon without independent verification the accuracy and completeness of the financial, legal, regulatory, tax, accounting and other information provided to, reviewed by or discussed with HFF (including information that is available from generally recognized public sources) for the purposes of its opinion. With respect to the financial projections provided to HFF, with CRI's consent, HFF assumed that they have been reasonably prepared and are consistent with the best currently available estimates and judgments of senior management of CRI and the Operating Partnership as to the future financial performance of CRI and the Operating Partnership and the other matters covered thereby. HFF assumes no responsibility for and expresses no

view as to such forecasts or any other forward-looking information or the assumptions on which they are based, and HFF has relied upon the assurances of the senior management of CRI and the Operating Partnership that they are unaware of any facts that would make the information provided to or reviewed by HFF incomplete or misleading. In rendering HFF's opinion, HFF expresses no view as to the reasonableness of such forward-looking information or any estimate, judgment or assumption on which it is based. HFF has not performed an independent appraisal of the assets and liabilities (contingent, derivative, off-balance-sheet or otherwise) of CRI and the Operating Partnership, including its real estate portfolio, nor has HFF been furnished with any such appraisals, and with CRI's consent, HFF has relied upon and assumed the accuracy of information provided by CRI and the Operating Partnership concerning: (i) potential environmental liabilities; (ii) deferred maintenance and other property capital needs; (iii) CRI's and the Operating Partnership's ownership interest in each of its properties and the economic terms of any interests held by other parties in such properties; (iv) the number of shares of CRI's common stock outstanding; and (v) the balance sheet value determinations for non-real estate assets and liabilities of CRI and the Operating Partnership and any transaction expense and other adjustments to determine the Estimated Range of Per Share Liquidating Distributions. In particular, HFF does not express any opinion as to the value of any asset or liability of CRI and the Operating Partnership or any of its respective subsidiaries, whether at current market prices or in the future. HFF has not assumed any obligation to conduct, nor has HFF conducted, any building inspections of the properties or facilities of CRI and the Operating Partnership. In arriving at its opinion, HFF has not taken into account any litigation that is pending or may be brought against CRI and the Operating Partnership or any of its respective affiliates or representatives. HFF has been advised by CRI and the Operating Partnership that CRI, through the Operating Partnership, has operated in conformity with the requirements for qualification as a REIT for U.S. federal income tax purposes since its formation as a REIT and further has assumed, at the direction of CRI and the Operating Partnership, that the Transactions will not adversely affect such status or operations of the Operating Partnership. In addition, HFF has not evaluated the solvency of any party to (i) the agreement between the Operating Partnership and CRI relating to the redemption of Redeemed Units and (ii) the Purchase Agreement (collectively, the "Transaction Agreements") under any state or federal laws or rules, regulations, guidelines or principles relating to bankruptcy, insolvency or similar matters.

For purposes of rendering its opinion, HFF has assumed that there has not occurred any material change in the assets, liabilities, financial condition, results of operations, business or prospects of CRI and the Operating Partnership or any of their respective subsidiaries since the respective dates on which the most recent financial statements or other information, financial or otherwise, relating to CRI and the Operating Partnership or any of their respective subsidiaries, was made available to HFF. HFF has also assumed, with CRI's consent, that the final executed Transaction Agreements would not differ in any material respect from the draft Transaction Agreements reviewed by HFF, that the representations and warranties of each party set forth in the Transaction Agreements are true and correct, that each party to the Transaction Agreements will perform all of the covenants and agreements required to be performed by it thereunder and that all conditions to the Transactions set forth in the Transaction Agreements will be timely satisfied and not modified or waived and that the Transactions will be consummated in accordance with the terms set forth in the Transaction Agreements without modification, waiver or delay, except, in each case, as would not be material to HFF's analyses. In addition, HFF has assumed, with CRI's consent, that any governmental, regulatory or third-party consents, approvals or agreements necessary for the consummation of the Transactions will be obtained without any imposition of a delay, limitation, restriction or condition that would, in any respect be material to HFF's analyses, have an adverse effect on CRI or the Operating Partnership, or the contemplated benefits of the Transactions. Furthermore, HFF has assumed, with CRI's consent, that CRI and the Operating Partnership will not incur any fees or costs associated with liabilities, reserves or insurance for liabilities, contingent or otherwise, during the term of the CRI Plan of Liquidation which are not accrued in or anticipated to be paid during the CRI Plan of Liquidation and, therefore, considered in the Estimated Range of Per Share Liquidating Distributions, and further, that the timing of the CRI Plan of Liquidation will occur consistent with management's best estimates for the CRI Plan of Liquidation and as reflected in the calculations of the Estimated Range of Per Share Liquidating Distributions. In addition, HFF is not a legal, accounting, regulatory or tax expert and with CRI's consent HFF has relied, without independent verification, on the assessment of CRI and the Operating Partnership and its advisors with respect to such matters. HFF's opinion is necessarily based on economic, market and other conditions as in effect on, and the

information made available to HFF as of, July 30, 2018. It should be understood that, although subsequent developments may affect this opinion and the assumptions used in preparing it, HFF does not have any obligation to update, revise or reaffirm its opinion. The credit, financial and stock markets as well as industries in which CRI and the Operating Partnership operate have experienced, and continue to experience, volatility and HFF expresses no opinion or view as to any potential effects of such volatility on CRI and the Operating Partnership or the Transactions.

HFF's opinion addresses only (i) the fairness from a financial point of view to (a) the Operating Partnership of the Redemption Consideration, consisting of the Redemption Assets, paid to CRI in the Redemption of the Redeemed Units and (b) CRI of the Redemption Consideration, consisting of the Redemption Assets, to be received by CRI in the Redemption of the Redeemed Units, and (ii) the reasonableness, from a financial point of view, of the Estimated Range of Per Share Liquidating Distributions, and HFF does not express any view as to the fairness or reasonableness of the Transactions to, or any consideration of, the holders of any other class of securities of CRI and the Operating Partnership, creditors or other constituencies of CRI and the Operating Partnership or their respective subsidiaries or any other term of the proposed Transactions or the other matters contemplated by the Transactions Agreements. HFF has not been asked to, nor does it, offer any opinion as to any other term or aspect of the Transaction Agreements or any other agreement or instrument contemplated by or entered into in connection with the Transactions or the form or structure of the Transaction Agreements or the likely timeframe in which the Transactions will be consummated. Furthermore, HFF expresses no opinion with respect to the amount or nature of any compensation to any officers, directors or employees of any party to the Transactions, or any class of such persons, relative to the Redemption Consideration to be received by CRI's common stockholders in the Transactions or with respect to the fairness of any such compensation. HFF does not express any opinion as to any tax or other consequences that may result from the transactions contemplated by the Transaction Agreements, nor does its opinion address any legal, tax, regulatory or accounting matters, as to which HFF understands CRI and the Operating Partnership have received such advice as they deem necessary from qualified professionals, and which advice HFF has relied upon in rendering its opinion. HFF expresses no view or opinion as to the financing of the Transactions or the terms or conditions upon which it is obtained. HFF's opinion does not address the underlying business decision of CRI and the Operating Partnership to engage in the Transactions or the relative merits of the Transactions as compared to any strategic alternatives that may be available to CRI and the Operating Partnership.

Summary of Financial Analysis

The following is a summary of the material financial analyses provided by HFF to the Board in connection with the proposed Transactions. The summary set forth below does not purport to be a complete description of the financial analyses performed by, and underlying the opinions of, HFF, nor does the order of the financial analyses described represent the relative importance or weight given to those financial analyses by HFF.

The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by HFF, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by HFF. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by HFF.

For purposes of the analyses described below, (i) the term "Redemption Consideration" refers to the Redemption Assets, at a value of $19.16 per Redeemed Unit, (ii) the term "25th percentile" refers to the high end of the lowest 25% of the applicable observed overall range and (iii) the term "75th percentile" refers to the low end of the highest 25% of the applicable observed overall range and (iv) the term "50th percentile" refers to average of observed overall range.

Redemption Analysis

Value Range of Redemption Assets Being Redeemed

HFF calculated the implied value of the Redemption Assets to be paid to CRI in the Redemption of the Redeemed Units as follows:

HFF Real Estate Value Analysis

HFF calculated the gross real estate asset value of the Redemption Assets based on property-level net operating income and cash flows as provided by management, which reflect management's views of capital markets activity, capital improvement plans and recent lease signings across the properties. HFF accounted for recent capital markets trends and adjusted for potential tax reassessment upon sale of the properties as relevant and adjusted for CRI's unowned interest in select properties. Further adjustments to the gross real estate value were made to deduct the estimated market value of the mortgage debt encumbering the assets, pay down of certain other liabilities and transaction-related expenses to determine the implied net value related to the Redemption Assets. This analysis indicated an approximate implied net value range of $222 million to $276 million.

Comparable Single Asset Transactions

HFF reviewed comparable multifamily single-asset transactions completed since 2013 within each of the markets comprising the Redemption Assets (the "Asset Deals"). HFF selected the Asset Deals based on a number of factors, including proximity as determined by metro statistical area ("MSA"), age as determined by the year the asset was built, and size as measured by number of units of the Asset Deals as compared to the Redemption Assets. HFF analyzed selected Asset Deals per Redemption Asset of three at the low end and 12 at the high end.

HFF determined the value per unit of each transaction analyzed and determined the range of gross real estate value by applying the 25th percentile value per unit at the low end and 75th percentile at the high end and multiplying the range of value per unit with the number of units encompassing the Redemption Assets. HFF made adjustments to deduct CRI's unowned interest in select properties. Further adjustments to the gross real estate value were made to deduct estimated market value of the mortgage debt encumbering the assets, pay down of certain other liabilities and transaction-related expenses to determine the implied net value related to the Redemption Assets. This analysis indicated an approximate implied net value range of $197 million to $310 million.

No transaction and the underlying assets involving such transactions in this analysis is identical or directly comparable to CRI, the Operating Partnership or the Transactions being contemplated. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the analysis.

Comparable Portfolio Transactions

HFF performed an analysis of selected precedents including certain comparable multifamily portfolio transactions completed since 2015. HFF selected portfolio transactions that were comparable in quality, location and size to the Redemption Assets in aggregate. The portfolio transactions ranged from 1,627 units to 6,294 units and involved purchase prices ranging from approximately $280 million to approximately $7.9 billion.

HFF calculated the gross real estate value range by applying the 50th percentile range of value per unit at the low end and 75th percentile at the high end and multiplying the range of value per unit determined with the number of units encompassing the Redemption Assets.

HFF made adjustments to deduct the unowned interest in select properties. Further adjustments to the gross real estate value were made to deduct estimated market value of the mortgage debt encumbering the assets, pay

down of certain other liabilities and transaction-related expenses to determine the implied net value related to the Redemption Assets. This analysis indicated an approximate implied net value range of $182 million to $362 million.

No transaction and the underlying assets involving such transactions in this analysis is identical or directly comparable to CRI, the Operating Partnership or the Transactions being contemplated. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the analysis.

Based on the analyses described above and after consideration of the results derived, HFF determined the range of net value of Redemption Assets of $220 million ("Low Range") to $285 million ("High Range") that was applied to the value range of Redeemed Units as described below.

Value Range of Redeemed Units Being Redeemed

Net Asset Value Analysis

HFF performed a net asset value analysis of CRI's units in the Operating Partnership being redeemed by calculating the gross real estate asset value of CRI and the Operating Partnership based on property-level net operating income and cash flows as provided by management, which reflect management's views on capital markets activity, capital improvement plans and recent lease signings across the properties. HFF accounted for recent capital markets trends and adjusted for potential tax reassessment upon the sale of the properties as relevant. An implied per Redeemed Unit equity value range for CRI's interest in the Operating Partnership was then calculated based on total implied gross real estate value, estimated cash and cash equivalents, restricted cash, other real estate related assets in the Operating Partnership which include certain structured investments, property management platform as well as development in progress and land holdings, and other tangible assets as of June 2018, as estimated by CRI's and the Operating Partnership's management. Further adjustments were made to deduct the fair value of CRI's and the Operating Partnership's liabilities as well as estimated transaction expenses as provided by CRI's and the Operating Partnership's management. This analysis indicated the approximate implied per Redeemed Unit equity value range of $17.12 to $20.46.

Discounted Cash Flow Analysis

HFF performed a discounted cash flow analysis of CRI's units in the Operating Partnership by calculating the estimated present value as of December 2018 of the stand-alone unlevered, after-tax free cash flows that CRI and the Operating Partnership was forecasted to generate, according to management projections, during the twelve-month periods ending December 31, 2019 through December 31, 2025. HFF calculated terminal values by applying a selected range of perpetuity growth rates of 2.00% to 2.50% to stand-alone terminal unlevered, after-tax free cash flows. The unlevered, after-tax free cash flows and terminal values were then discounted to present value (as of December 31, 2018) using a selected range of discount rates of 7.4% to 7.6%. This analysis indicated the approximate implied per Redeemed Unit equity value range of $17.26 to $22.54.

Comparable Public Companies Analysis

HFF reviewed publicly available financial and other operational information of CRI and the following seven selected companies that HFF viewed as generally relevant as U.S. publicly traded REITs with exposure to secondary markets (in contrast to gateway markets like New York City, Boston or San Francisco), exposure to a limited number of markets (in contrast to exposure to a large and diverse number of markets) and took into account other factors like average age of the assets as well as other qualitative factors as deemed relevant. The comparable companies are collectively referred to as the selected REITs:

- Mid-America Apartment Communities, Inc.
- Camden Property Trust

- Independence Realty Trust, Inc.
- Bluerock Residential Growth REIT, Inc.
- NexPoint Residential Trust, Inc.
- BRT Apartments Corp.
- Preferred Apartment Communities Inc.

HFF reviewed, among other things, the closing stock prices as of July 29, 2018 of the selected REITs as a multiple of calendar year 2019 estimated funds from operations ("2019 FFO Multiple"). HFF also reviewed the selected REITs' multiple of calendar year 2020 estimated funds from operations ("2020 FFO Multiple"). HFF also analyzed the premium or discount represented by the ratio of the closing stock prices as of July 29, 2018 to Wall Street Research estimated NAV. Financial data of CRI and the Operating Partnership were based on estimates provided by management for funds from operations and NAV.

The implied overall low to high 2019 FFO Multiples for the selected REITs as determined by HFF were 15.0x to 18.0x. The implied overall low to high 2020 FFO Multiples for the selected REITs as determined by HFF were 13.0x to 17.0x. The implied overall discount to NAV was 14% at the low end and a premium to NAV of 0% at the high end, when compared to the closing stock prices as of July 29, 2018 of the selected REITs.

HFF then applied selected ranges of 2019 FFO Multiples and 2020 FFO Multiples derived from the selected REITs and estimated NAV. The following table reflects the results of this analysis:

	Range		Implied Valuation Range	
	Low	High	Low	High
2019E FFO per unit	15.0x	18.0x	$16.83	$20.19
2020E FFO per unit	13.0x	17.0x	$14.76	$19.31
NAV per unit	(14%)	0%	$16.42	$19.11

This analysis indicated the approximate implied per Redeemed Unit equity value of $14.76 to $20.19.

No company or business used in this analysis is identical or directly comparable to CRI or the Operating Partnership. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies or businesses to which CRI or the Operating Partnership was compared.

Utilizing the Value Range of Redemption Assets being Redeemed and Value Range of Redeemed Units Being Redeemed as described above, HFF calculated the number of CRI's units in the Operating Partnership being redeemed in exchange for the Redemption Assets and compared to the actual units redeemed of 13,806,678. The range of units redeemed was calculated by dividing the High Range and Low Range of the net value of the Redemption Assets calculated above with the range of values of the Redeemed Units being redeemed based on the various analyses conducted above. The table below provides a summary of the analysis:

	Range of Units Redeemed (in millions)		Actual Units Redeemed (in millions)
	Low	High	
Net Asset Value	10.8	16.6	13.8
Discounted Cash Flow	9.8	16.5	13.8
2019E FFO Multiple	10.9	16.9	13.8
2020 FFO Multiple	11.4	19.3	13.8
NAV per unit	11.5	17.4	13.8

CONFIDENTIAL TREATMENT

Liquidation Analysis

In order to calculate the implied net proceeds per share to be received by CRI's common stockholders in the sale of the Redemption Assets, HFF conducted the below analyses:

HFF Real Estate Value Analysis

HFF calculated gross real estate value of the Redemption Assets based on property-level net operating income and cash flows as provided by management, which reflect management's views of capital markets activity, capital improvement plans and recent lease signings across the properties. HFF accounted for recent capital markets trends and adjusted for potential tax reassessment upon sale of the properties as relevant and adjusted for CRI's unowned interest in select properties. Further adjustments to the gross real estate value were made to deduct the estimated market value of the mortgage debt encumbering the assets, pay down of certain other liabilities and transaction-related expenses to determine the implied net value related to the Redemption Assets. The net value was divided by 13,806,678, which represents the number of CRI's shares being redeemed for cash consideration. The range of net value per share was compared to the range of liquidating distributions per share as estimated by CRI's and the Operating Partnership's management.

Implied Net Value Per Share Range	Liquidating Distributions Per Share Range
$16.06 – $19.97	$18.75 – $19.57

Comparable Single Asset Transactions

HFF reviewed the Asset Deals. HFF selected the Asset Deals based on a number of factors, including proximity as determined by MSA, age as determined by the year the asset was built and size as measured by number of units of the Asset Deals as compared to the Redemption Assets. The table below provides a summary of the transactions analyzed per Redemption Asset. HFF analyzed selected Asset Deals per Redemption Asset of three at the low end and 12 at the high end.

HFF determined the value per unit of each transaction analyzed and determined the range of gross real estate value by applying the 25th percentile value per unit at the low end and 75th percentile at the high end and multiplying the range of value per unit with the number of units encompassing the Redemption Assets. HFF made adjustments to deduct CRI's unowned interest in select properties. Further adjustments to the gross real estate value were made to deduct estimated market value of the mortgage debt encumbering the assets, pay down of certain other liabilities and transaction-related expenses to determine the implied net value related to the Redemption Assets. This net value range was divided by 13,806,678, which represents the number of CRI's shares being redeemed for cash consideration. The range of net value per share was compared to the range of liquidating distributions per share as estimated by CRI and the Operating Partnership management.

Implied Net Value Per Share Range	Liquidating Distributions Per Share Range
$14.25 – $22.42	$18.75 – $19.57

No transaction and the underlying assets involving such transactions in this analysis is identical or directly comparable to CRI, the Operating Partnership or the Transactions being contemplated. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the analysis.

Comparable Portfolio Transactions

HFF also performed an analysis of selected precedents including certain comparable multifamily portfolio transactions completed since 2015. HFF selected portfolio transactions that were comparable in quality, location and size to the Redemption Assets in aggregate. The portfolio transactions ranged from 1,627 units to 6,294 units and involved purchase prices ranging from approximately $280 million to approximately $7.9 billion.

HFF calculated the gross real estate value range by applying the 50th percentile range of value per unit at the low end and 75th percentile at the high end and multiplying the range of value per unit determined with the number of units encompassing the Redemption Assets.

HFF made adjustments to deduct the unowned interest in select properties. Further adjustments to the gross real estate value were made to deduct estimated market value of the mortgage debt encumbering the assets, pay down of certain other liabilities and transaction-related expenses to determine the implied net value related to the Redemption Assets. This net value range was divided by 13,806,678, which represents the number of CRI's shares being redeemed for cash consideration. The range of net value per share was compared to the range of liquidating distributions per share as estimated by CRI's and the Operating Partnership's management.

Implied Net Value Per Share Range	Liquidating Distributions Per Share Range
$13.21 – $26.24	$18.75 – $19.57

No transaction and the underlying assets involving such transactions in this analysis is identical or directly comparable to CRI, the Operating Partnership or the Transactions contemplated herein. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the analysis.

Other Factors

HFF also noted for the Board certain additional factors that were not considered part of HFF's financial analysis with respect to its opinion but were referenced for informational purposes, including, among other things:

- the latest indicated values per unit received from various bidders as part of the marketing process, as described in the section entitled "Background of the Transactions"; and
- historical net asset value per share since December 2011 of CRI and the Operating Partnership, as provided by management.

General

As noted above, the discussion set forth above is a summary of the material financial analyses and other factors reviewed by HFF with the Board in connection with the Transactions and is not a comprehensive description of all analyses undertaken or factors considered by HFF. The preparation of a financial opinion or analyses is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. HFF believes that the analyses summarized above must be considered as a whole. HFF further believes that selecting portions of its analyses considered or focusing on information presented in tabular format, without considering all analyses or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying HFF's analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, HFF considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of CRI and the Operating Partnership. The estimates of the future performance of CRI and the Operating Partnership in or underlying HFF's analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by HFF's analyses. These analyses were prepared solely as part of HFF's analysis of the fairness, from a financial point of view, of the Redemption Consideration and the Estimated Range of Per Share Liquidating Distributions and were provided to the Board in connection with its evaluation of the

Transactions. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or acquired or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be HFF's view of the actual value of the Redemption Consideration and the Estimated Range of Per Share Liquidating Distributions.

The type and amount of consideration payable in the Transactions were determined through negotiations between the Board and CRI, rather than by any financial advisor, and were approved by the Board. The decision to enter into the Purchase Agreement was solely that of the Board. As described above, HFF's opinion and analyses were only one of many factors considered by the Board in its evaluation of the Transactions and should not be viewed as determinative of the views of the Board, management or any other party with respect to the Transactions or the consideration payable in connection with the Transactions.

CRI has agreed to pay HFF for its services as financial advisor to the Board in connection with the Transactions an aggregate fee currently estimated to be approximately $4.45 million, of which $1.5 million was paid upon execution of the engagement letter, $1.5 million was payable upon delivery of its opinion and the balance is contingent upon consummation of the Transactions. In addition, an affiliate of HFF may arrange debt financing to Ares Purchaser in connection with the consummation of the Transactions, for which such affiliate will receive a customary fee for such services. In addition, CRI has agreed to reimburse HFF for its reasonable expenses incurred in connection with HFF's engagement and to indemnify HFF and certain related parties against specified liabilities, including liabilities under the federal securities laws.

HFF's opinion was approved by a committee of HFF's investment banking and other professionals in accordance with its customary practice. HFF and its affiliates comprise a full-service securities firm engaged in investment, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies and individuals.

HFF and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to CRI, the Operating Partnership and certain of their affiliates and have received or in the future may receive compensation for the rendering of these services. During the same period, certain affiliates of HFF have been engaged as a financial advisor to Ares and its affiliates. Such relationships have included (but are not necessarily limited to): (i) providing investment advisory services on behalf of an Ares affiliate in respect of two property sale transactions in August 2016, (ii) arranging for placement of debt financing on behalf of an Ares affiliate in September 2016, (iii) providing investment advisory services on behalf of an Ares affiliate in respect of a property sale transactions in November 2016, (iv) arranging for placement of debt financing on behalf of an Ares affiliate in September 2017, (v) providing investment advisory services on behalf of an Ares affiliate in respect of a property sale transaction in November 2017, (vi) providing investment advisory services on behalf of an Ares affiliate in respect of a property sale transaction in December 2017 and (vii) arranging for placement of debt financing on behalf of an Ares affiliate in April 2018, each of which has been completed and paid as of the date hereof. HFF and its affiliates may in the future provide, financial advice and services to CRI, the Operating Partnership, Ares, Ares Purchaser or their respective affiliates for which HFF and its affiliates would expect to receive compensation.

Opinion of the Transaction Committee's Financial Advisor

On July 30, 2018, Houlihan Lokey orally rendered its opinion to the Transaction Committee of the Board of Directors of CRI in its capacity as the general partner of the Operating Partnership (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to the Transaction Committee dated July 30, 2018), as to, as of July 30, 2018, the fairness, from a financial point of view, to the Operating Partnership of the exchange of Redemption Assets by the Operating Partnership for the Redeemed Units in the Redemption.

Houlihan Lokey's opinion was directed to the Transaction Committee (solely in its capacity as the Transaction Committee of the Board of Directors of CRI in CRI's capacity as the general partner of the

Operating Partnership) and only addressed the fairness, from a financial point of view, to the Operating Partnership of the exchange of the Redemption Assets by the Operating Partnership for the Redeemed Units in the Redemption and did not address any other aspect or implication of the Redemption or any related or unrelated agreement, arrangement or understanding entered into in connection therewith or otherwise. The summary of Houlihan Lokey's opinion in this Information Statement is qualified in its entirety by reference to the full text of its written opinion, which is attached as Annex D to this Information Statement and describes the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in connection with the preparation of its opinion. However, neither Houlihan Lokey's opinion nor the summary of its opinion and the related analyses set forth in this Information Statement are intended to be, and do not constitute, advice or a recommendation to the Transaction Committee, the Board, CRI, the Operating Partnership, any of their respective security holders or any other party as to how to act or vote with respect to any matter relating to the Redemption or any related or unrelated transaction or otherwise.

In connection with its opinion, Houlihan Lokey made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Among other things, Houlihan Lokey

- reviewed the steps memorandum provided to Houlihan Lokey by CRI summarizing in sequence the steps to be effected in connection with the Transactions (the "transaction steps");
- reviewed certain publicly available business and financial information relating to the Redemption Assets, the other real property and other assets of the Operating Partnership, and the Operating Partnership, that Houlihan Lokey deemed to be relevant;
- reviewed certain information relating to the historical, current and future operations, financial condition, capitalization and prospects of the Redemption Assets, the other real property and other assets of the Operating Partnership, and the Operating Partnership, incorporated in a financial model prepared by the management of CRI in its dual capacities as management of CRI and management of the Operating Partnership (the "Financial Model") made available to Houlihan Lokey by the Operating Partnership, including financial projections (and adjustments thereto) prepared by such management relating to the Redemption Assets, the other real property and other assets of the Operating Partnership, and the Operating Partnership;
- spoke with certain members of the management of the Operating Partnership and certain of the Transaction Committee's representatives and advisors regarding the business, operations, financial condition and prospects of the Redemption Assets, the other real property and other assets of the Operating Partnership, and the Operating Partnership, the Redemption and related matters;
- considered the publicly available financial terms of certain transactions that Houlihan Lokey deemed to be relevant; and
- conducted such other financial studies, analyses and inquiries and considered such other information and factors as Houlihan Lokey deemed appropriate.

Houlihan Lokey relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to it, discussed with or reviewed by it, or publicly available, and did not assume any responsibility with respect to such data, material and other information. In addition, management of the Operating Partnership advised Houlihan Lokey, and Houlihan Lokey assumed, that the financial projections for the Redemption Assets, the other real property and other assets of the Operating Partnership, and the Operating Partnership included in the Financial Model (and adjustments thereto) reviewed by Houlihan Lokey were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of such management as to the future financial results and condition of the Redemption Assets, the other real property and other assets of the Operating Partnership, and the Operating Partnership. Houlihan Lokey expressed no view or opinion with respect to the Financial Model, the financial projections included therein or the assumptions or methodologies upon which they were based, and Houlihan Lokey was directed to assume and did assume that the Financial Model and the financial projections for the Operating Partnership included therein were a reasonable basis upon which to evaluate the Redemption

Assets, the other real property and other assets of the Operating Partnership, the Operating Partnership and the Redemption and used and relied upon such information for purposes of its analyses and opinion. Houlihan Lokey relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Redemption Assets, the other real property and other assets of the Operating Partnership, or the Operating Partnership, since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Houlihan Lokey that would be material to its analyses or opinion, and that there was no information or any facts that would make any of the information reviewed by Houlihan Lokey incomplete or misleading in any material respect.

As the Transaction Committee was aware, Houlihan Lokey was advised by CRI that drafts of the documentation for the Redemption were not available and, consequently, Houlihan Lokey did not have the opportunity to review any such documentation. As a consequence, for purposes of its analyses and opinion, Houlihan Lokey was, among other things, directed to assume that the terms of the Redemption pursuant to definitive documentation would not conflict or otherwise be inconsistent with the assumptions and analyses performed by Houlihan Lokey in connection with the rendering of its opinion. As the Transaction Committee was further aware, Houlihan Lokey was directed to assume and did assume that the ordinary course redemption of OP Units from the holders thereof other than CRI would not result in an adjustment to the number of Redeemed Units or liabilities assumed by CRI material to Houlihan Lokey's analyses or opinion. Houlihan Lokey relied upon and assumed, without independent verification, that, except as would not be material to its analyses or opinion (a) each party to the Redemption would fully and timely perform all of the covenants and agreements required to be performed by such party, (b) all conditions to the consummation of the Redemption would be satisfied in all respects without waiver thereof, and (c) the Redemption would be consummated in a timely manner in accordance with the terms described in the transaction steps, without any additional terms, amendments or modifications thereto. Houlihan Lokey was advised by CRI that the OP Units were the only outstanding equity securities of the Operating Partnership other than preferred limited OP Units of the Operating Partnership which, for purposes of its analyses and opinion, Houlihan Lokey was advised by CRI and assumed were treated as debt equivalent liabilities of CRI. As the Transaction Committee was aware, Houlihan Lokey was further advised by CRI that the common general partnership units owned by CRI represented approximately 49% of the outstanding OP Units in the Operating Partnership by percentage equity interest in the Operating Partnership and value. Houlihan Lokey was also advised by CRI and assumed that, except as would not be material to its financial analyses or opinion, the exchange of the Redemption Assets for the Redeemed Units would not result in the Operating Partnership's recognition of a taxable gain on the Redemption Assets under applicable law. Houlihan Lokey relied upon and assumed, without independent verification, that, except as would not be material to its analyses or opinion (i) the Redemption would be consummated in a manner that complies in all respects with all applicable federal and state statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the Redemption would be obtained and no delay, limitations, restrictions or conditions would be imposed or amendments, modifications or waivers made that would result in the disposition of any assets of the Operating Partnership or otherwise have an effect on the Redemption, the Operating Partnership or any expected benefits of the Redemption. In addition, Houlihan Lokey relied upon and assumed, without independent verification, that the final form of the definitive documentation in connection with the Redemption would not contain any new or different terms from those set forth in the transaction steps that would be material to its analyses or opinion.

Furthermore, in connection with its opinion, Houlihan Lokey was not requested to, and did not, make any physical inspection or independent appraisal of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of the Operating Partnership or any other party. Houlihan Lokey's analyses with respect to the real property directly or indirectly owned by the Operating Partnership or in which the Operating Partnership had a direct or indirect investment was not intended to, and did not, constitute an appraisal conducted in accordance with professional appraisal standards that might otherwise be applicable thereto. Houlihan Lokey did not estimate, and expressed no opinion regarding, the liquidation value of any assets, entity or business. Houlihan Lokey did not undertake any independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities to which the Redemption Assets, the other real property and other assets of the Operating Partnership, or the Operating Partnership, was or

may have been a party or was or may have been subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which the Redemption Assets, the other real property and other assets of the Operating Partnership, or the Operating Partnership, was or may have been a party or was or may have been subject.

Houlihan Lokey was not requested to, and did not, (a) initiate or participate in any discussions or negotiations with, or solicit any indications of interest from, third parties with respect to the Redemption Assets, the Redemption or any related or unrelated transaction, the securities, assets, business or operations of the Operating Partnership or any other party, or any alternatives to the Redemption or any related or unrelated transaction, (b) negotiate the terms of the Redemption or any related or unrelated transaction, or (c) advise the Transaction Committee, the Board, the Operating Partnership or any other party with respect to alternatives to the Redemption or any related or unrelated transaction. Houlihan Lokey's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Houlihan Lokey as of, the date of its opinion. Houlihan Lokey did not undertake, and was under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring or coming to its attention after the date of its opinion. Houlihan Lokey did not express any opinion as to what the value of any OP Units or the Redemption Assets actually would be when the Redeemed Units are exchanged for the Redemption Assets pursuant to the Redemption or the price or range of prices at which any Redemption Assets or OP Units may be purchased or sold, or otherwise be transferable, at any time.

Houlihan Lokey's opinion was furnished solely for the use of the Transaction Committee (solely in its capacity as the Transaction Committee of CRI in CRI's capacity as the general partner of the Operating Partnership) in connection with its evaluation of the Redemption and may not be relied upon by any other person or entity (including, without limitation, security holders, creditors or other constituencies of the Operating Partnership or its general partner) or used for any other purpose without Houlihan Lokey's prior written consent. Houlihan Lokey's opinion should not be construed as creating any fiduciary duty on Houlihan Lokey's part to any person or party. Houlihan Lokey's opinion was not intended to be, and did not constitute, a recommendation to the Transaction Committee, the Board, CRI, the Operating Partnership, any of their respective security holders or any other party as to how to act or vote with respect to any matter relating to the Redemption or any related or unrelated transaction or otherwise.

Houlihan Lokey's opinion only addressed whether the exchange of the Redemption Assets by the Operating Partnership for the Redeemed Units in the Redemption was fair, from a financial point of view, to the Operating Partnership and did not address any other aspect or implication of the Redemption or any related or unrelated agreement, arrangement or understanding entered into in connection therewith or otherwise, including, without limitation, the proposed redemption of CRI's remaining OP Units for cash or CRI's sale of certain of the assets to Ares Purchaser. Houlihan Lokey was not requested to opine as to, and its opinion did not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of the Transaction Committee, the Board, CRI, the Operating Partnership, their respective security holders or any other party to proceed with or effect the Redemption or any related or unrelated transaction, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion or aspect of, the Redemption, any related or unrelated transaction, or otherwise, (iii) the fairness of any portion or aspect of the Redemption or any related or unrelated transaction to the holders of any class of securities, creditors or other constituencies of CRI or the Operating Partnership, or to any other party, except if and only to the extent expressly set forth in the last sentence of its opinion, (iv) the relative merits of the Redemption as compared to any alternative business strategies or transactions that might have been available for CRI, the Operating Partnership or any other party, (v) the fairness of any portion or aspect of the Redemption to any one or more classes or group of CRI's, the Operating Partnership's or any other party's security holders or other constituents vis-à-vis any other class or group of CRI's, the Operating Partnership's or such other party's security holders or other constituents, including, without limitation, the fairness to CRI of the Redemption Assets to be received by CRI in exchange for the Redeemed Units in the Redemption, (vi) whether or not CRI, the Operating Partnership, their respective security holders or any other party was receiving or paying reasonably equivalent value in the Redemption or any related or unrelated transaction for purposes of any applicable laws relating to bankruptcy, insolvency, fraudulent

conveyance or similar matters, (vii) the solvency, creditworthiness or fair value of CRI, the Operating Partnership or any other participant in the Redemption or any related or unrelated transaction, or any of their respective assets (including, without limitation, any of the Redemption Assets), under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or (viii) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of any party to the Redemption or any related or unrelated transaction, any class of such persons or any other party, relative to the Redemption Assets or the Redeemed Units or otherwise. Furthermore, no opinion, counsel or interpretation was intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. Houlihan Lokey assumed that such opinions, counsel or interpretations had been or would be obtained from the appropriate professional sources. Furthermore, Houlihan Lokey relied, with the consent of the Transaction Committee, on the assessments by the Transaction Committee, the Board, the Operating Partnership, its general partner and their respective advisors, as to all legal, regulatory, accounting, insurance, tax and other similar matters with respect to the Operating Partnership and the Redemption or otherwise.

In preparing its opinion to the Transaction Committee, Houlihan Lokey performed a variety of analyses, including those described below. The summary of Houlihan Lokey's analyses is not a complete description of the analyses underlying Houlihan Lokey's opinion. The preparation of such an opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytical methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither Houlihan Lokey's opinion nor its underlying analyses is readily susceptible to summary description. Houlihan Lokey arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, methodology or factor. While the results of each analysis were taken into account in reaching Houlihan Lokey's overall conclusion with respect to fairness, Houlihan Lokey did not make separate or quantifiable judgments regarding individual analyses. Accordingly, Houlihan Lokey believes that its analyses and the following summary must be considered as a whole and that selecting portions of its analyses, methodologies and factors, without considering all analyses, methodologies and factors, could create a misleading or incomplete view of the processes underlying Houlihan Lokey's analyses and opinion.

In performing its analyses, Houlihan Lokey considered general business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. No company, transaction or business used in Houlihan Lokey's analyses for comparative purposes is identical to the Redemption Assets, the Redeemed Units or the proposed Redemption and an evaluation of the results of those analyses is not entirely mathematical. The estimates contained in the Financial Model and the implied reference range values indicated by Houlihan Lokey's analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the control of the Operating Partnership and CRI. Much of the information used in, and accordingly the results of, Houlihan Lokey's analyses are inherently subject to substantial uncertainty.

Houlihan Lokey's opinion was only one of many factors considered by the Transaction Committee in evaluating the proposed Redemption. Neither Houlihan Lokey's opinion nor its analyses were determinative of the Redemption Assets or the number of common general partnership units to be redeemed in exchange for the Redemption Assets or of the views of the Transaction Committee with respect to the Redemption or the Redemption Assets or the number of common general partnership units to be redeemed in exchange for the Redemption Assets. The Redemption Assets or the number of common general partnership units to be redeemed in exchange for the assets in the Redemption were determined by CRI and the Operating Partnership, and the decision to recommend to the Board, as general partner of the Operating Partnership, that the Operating Partnership engage in the Redemption was solely that of the Transaction Committee.

CONFIDENTIAL TREATMENT

Financial Analyses

The following is a summary of the material financial analyses performed by Houlihan Lokey in connection with the preparation of its opinion and reviewed with the Transaction Committee on July 30, 2018. The order of the analyses does not represent relative importance or weight given to those analyses by Houlihan Lokey.

Redeemed Units. Houlihan Lokey performed a sum-of-the-parts analysis of the Operating Partnership based on the Financial Model and discussions with management of the Operating Partnership and CRI and taking into account the following: (i) the implied NAV reference ranges of the Operating Partnership's properties indicated by Houlihan Lokey's financial analyses, (ii) the Operating Partnership's cash and cash equivalents, (iii) the Operating Partnership's structured investments, (iv) the Operating Partnership's land and development assets, (v) the Operating Partnership's ancillary business and management fee streams, and (vi) the Operating Partnership's preferred equity, which Houlihan Lokey was advised by CRI and assumed were treated as debt equivalent liabilities of CRI. Taking into account the number of common general partnership units outstanding and assuming for purposes of its analyses that 13,806,678 common general partnership units would be redeemed, this analysis indicated an aggregate implied valuation reference range for the Redeemed Units of $224,200,000 to $302,700,000.

Redemption Assets. Houlihan Lokey performed a sum-of-the-parts analysis of the Redemption Assets based on the Financial Model and discussions with management of the Operating Partnership and CRI and taking into account the following: (i) the implied equity value reference ranges of the Redemption Assets indicated by Houlihan Lokey's financial analyses, (ii) the cash and cash equivalents included in the Redemption Assets, and (iii) assuming for purposes of its analyses that $62,700,000 of note obligations would be assumed by CRI as part of the Redemption. This analysis indicated an aggregate implied valuation reference range for the Redemption Assets (subject to the assumed liabilities) of $226,800,000 to $305,000,000.

Other Matters

Houlihan Lokey was engaged by the Transaction Committee to provide an opinion to the Transaction Committee as to the fairness, from a financial point of view, to the Operating Partnership of the exchange of the Redemption Assets by the Operating Partnership for the Redeemed Units in the Redemption. The Transaction Committee engaged Houlihan Lokey based on Houlihan Lokey's experience and reputation. Houlihan Lokey is regularly engaged to render financial opinions in connection with mergers, acquisitions, divestitures, leveraged buyouts, and for other purposes. Pursuant to Houlihan Lokey's engagement by the Transaction Committee, Houlihan Lokey is entitled to an aggregate fee of $600,000 for its services, a half of which became payable upon the execution of Houlihan Lokey's engagement letter and the balance of which became payable upon the delivery of Houlihan Lokey's opinion. No portion of Houlihan Lokey's fee is contingent upon the successful completion of the Redemption. CRI has also agreed to reimburse Houlihan Lokey for certain expenses and to indemnify Houlihan Lokey and certain related parties for certain potential liabilities and arising out of Houlihan Lokey's engagement.

In the ordinary course of business, certain of Houlihan Lokey's employees and affiliates, as well as investment funds in which they may have financial interests or with which they may co-invest, may acquire, hold or sell, long or short positions, or trade, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, the Redemption Assets, the other real property and other assets of the Operating Partnership or CRI, the Operating Partnership or any other party that may be involved in the Redemption or any related or unrelated transaction and their respective affiliates or security holders or any currency or commodity that may be involved in the Redemption or any related or unrelated transaction.

Houlihan Lokey and certain of its affiliates have in the past provided and are currently providing investment banking, financial advisory and/or other financial or consulting services unrelated to the Redemption to Ares or one or more security holders or affiliates of, and/or portfolio companies of investment funds affiliated or associated with, Ares (collectively, with Ares, the "Ares Group"), a counterparty to CRI in connection with a

related transaction, or one or more members of the Ares Group, for which Houlihan Lokey and its affiliates have received, and may receive, compensation, including, among other things (but not necessarily limited to): (i) having acted as financial advisor to Guitar Center, Inc., a member of the Ares Group, in connection with its exchange offer, which closed in April 2018, and (ii) having provided certain valuation advisory services to various members of the Ares Group. Houlihan Lokey and certain of its affiliates may in the future provide investment banking, financial advisory and/or other financial or consulting services unrelated to the Redemption to CRI, the Operating Partnership, members of the Ares Group, other participants in the Redemption or any related or unrelated transaction or certain of their respective affiliates or security holders, for which Houlihan Lokey and its affiliates may receive compensation. In addition, Houlihan Lokey and certain of its affiliates and certain of its and their respective employees may have committed to invest in private equity or other investment funds managed or advised by Ares, other participants in the Redemption or any related or unrelated transaction or certain of their respective affiliates or security holders, and in portfolio companies of such funds, and may have co-invested with members of the Ares Group, other participants in the Redemption or any related or unrelated transaction or certain of their respective affiliates or security holders, and may do so in the future. Furthermore, in connection with bankruptcies, restructurings, distressed situations and similar matters, Houlihan Lokey and certain of its affiliates may have in the past acted, may currently be acting and may in the future act as financial advisor to debtors, creditors, equity holders, trustees, agents and other interested parties (including, without limitation, formal and informal committees or groups of creditors) that may have included or represented and may include or represent, directly or indirectly, or may be or have been adverse to, CRI, the Operating Partnership, members of the Ares Group, other participants in the Redemption or any related or unrelated transaction or certain of their respective affiliates or security holders, for which advice and services Houlihan Lokey and its affiliates have received additional fees and may receive additional compensation.

Interests of CRI's Executive Officers and Directors

The following table sets forth the executive officers and directors of CRI as of the date of this Information Statement:

Name	Title
Chad Christensen	President and Chairman of the Board of Directors
Daniel Shaeffer	Chief Executive Officer and Director
Gregg Christensen	Executive Vice President, Secretary, General Counsel and Director
Susan Hallenberg	Chief Financial Officer
Kurt Spring	Director
William Andrews	Director

Stockholders of CRI and limited partners of the Operating Partnership should be aware that executive officers and directors of CRI have certain interests in the Transactions that may be different from, or in addition to, the interests of stockholders of CRI and limited partners of the Operating Partnership generally. These interests may create potential conflicts of interest. The Board of Directors, including the independent directors comprising the Transaction Committee, was aware of those interests and considered them, among other matters, in reaching its decision to approve the Purchase Agreement and the CRI Plan of Liquidation and the transactions contemplated therein, including the Redemption and the Sale. These interests include the following:

Upon approval of the CRI Plan of Liquidation by the holders of a majority of the outstanding shares of CRI's voting common stock, (i) time-based long-term incentive plan units ("LTIP Units") held by management and employees of CRI will accelerate and vest in full; and (ii) performance-based LTIP Units will accelerate and vest at the greater of (x) target performance or (y) actual performance, with the actual performance measured from the period elapsed between the beginning of the applicable performance period through the date the CRI Plan of Liquidation is approved by the Voting Common Stockholders. Both time and performance-based LTIP Units that have vested will automatically convert into OP Units on a one-for-one basis.

OP Units are convertible into shares of CRI's voting common stock on a one-for-one basis in the event that the following conditions have been satisfied: (i) CRI has elected REIT status (which has occurred), (ii) the shares

of CRI's common stock are listed on a national securities exchange, (iii) the limited partner has held his, her or its OP Units for at least one year, (iv) the shares of CRI's common stock to be issued pursuant to the redemption have been registered with the Securities and Exchange Commission and the registration statement has been declared effective, or an exemption from registration is available and (v) the exchange would not result in a violation of the restrictions on stock ownership set forth in CRI's charter.

Subsequent to the issuance of OP Units following the conversion of vested and/or earned LTIP Units (after giving effect to any acceleration of such LTIP Units in connection with the CRI Plan of Liquidation), the holders of such OP Units may elect to put the OP Units back to the Operating Partnership. If holders of such OP Units elect to put the OP Units back to the Operating Partnership, the Operating Partnership will repurchase the OP Units for a repurchase price equal to $19.16 per OP Unit.

In connection with the Transactions and the continuing operations of the Operating Partnership, the three key principals of CRI, Daniel Shaeffer, Chad Christensen and Gregg Christensen (the "Key Principals"), are expected to, in addition to entering into other compensation arrangements, receive retention equity awards in the form of time-based limited partnership units of the Operating Partnership ("New CRI LTIP Units"). An aggregate amount of 236,250 New CRI LTIP Units is expected to be granted to the Key Principals as of the liquidation and dissolution of CRI (the "Grant Date"). These New CRI LTIP Units will be deemed fully vested as of the Grant Date, but will be subject to forfeiture as follows: (i) 100% of the New CRI LTIP Units granted to a Key Principal will be subject to forfeiture if either a change in control of the Operating Partnership occurs or a Key Principal's employment is terminated by a Key Principal without "Good Reason" or is terminated for "Cause," in any case, within 20 months of the Grant Date, and (ii) one-third of the New CRI LTIP Units granted to a Key Principal will be subject to forfeiture if either a change in control of the Operating Partnership occurs or a Key Principal's employment is terminated by a Key Principal without "Good Reason" or is terminated for "Cause," in any case, between months 21 to 30 following the Grant Date; provided, however, that ten percent of such remaining New CRI LTIP Units shall become unrestricted and no longer subject to forfeiture at the end of each month beginning with the 21st month.

In connection with the continuing operations of the Operating Partnership, each of the Key Principal's salary is expected to be increased (to $550,000, in the case of Chad Christensen and Daniel Shaeffer, and $375,000, in the case of Gregg Christensen). In addition, the existing employment agreements of each of the Key Principals will be assigned by CRI to New CRI. CRI currently does not expect there to be any amendments to the employment agreements in connection with the Transactions, except to reflect the increases in the base salaries of each of the Key Principals.

Following the consummation of the Transactions, CRI intends for New CRI to engage FPL Associates L.P. ("FPL"), an independent executive compensation consulting firm, to provide the compensation committee of the Board of Directors of New CRI (the "New CRI Compensation Committee") with recommendations with respect to certain terms and conditions of a new equity incentive program. This equity incentive program will provide for the grant of New CRI LTIP Units comprised of both service-based and performance-based vesting components, and the New CRI Compensation Committee will be responsible for setting the appropriate performance targets. FPL will provide the New CRI Compensation Committee with appropriate equity compensation benchmarking data summarizing the compensation practices among the publicly traded peer companies of New CRI in the multi-family REIT sector, including recommendations with respect to the amounts of equity awards that the Key Principals and other members of management will be eligible to receive.

PRE-CLOSING TRANSACTIONS

In order to effectuate the Transactions, CRI and the Operating Partnership intend to complete a series of transactions on or prior to the closing of the Ares Sale, which are described below.

The Redemption

CRI intends to have 13,806,678, or 99%, of the common general partnership units of the Operating Partnership owned by CRI redeemed at $19.16 per unit in exchange for the Operating Partnership's 100% interests in the 12 Target Companies to be sold in the Ares Sale and the five Liquidation Assets to be sold in the Liquidation Sale.

Formation of Target, LLC

Sunbelt Residential Target LLC ("Target LLC"), a wholly owned subsidiary of the Operating Partnership, was formed on July 18, 2018. The Operating Partnership intends to contribute its interests in the Target Companies (other than interests in the joint ventures and the one asset being deeded to Ares Purchaser) to Target LLC and the Operating Partnership intends to distribute 100% of the capital interests in Target LLC to CRI. CRI intends to distribute to the Seller 100% of its interests in Target LLC, the interests of the joint ventures in certain Target Companies and the Liquidation Assets.

Formation of New CRI and CRI Merger Subsidiary

CRI intends to form (i) a new wholly owned subsidiary, a Maryland corporation ("New CRI"), which will be admitted as co-general partner of the Operating Partnership, and (ii) CRI Merger Subsidiary, Inc., a Maryland corporation ("CRI Merger Subsidiary"), which will be 99% owned by CRI and 1% owned by New CRI. Upon the formation of New CRI, CRI intends to transfer to New CRI substantially all of its general partnership interests in the Operating Partnership by transferring substantially all of its partnership units designated as "Series 2016 Preferred Partnership Units" and its partnership units in the Operating Partnership designated as "Series 2017 Preferred Partnership Units" in accordance with the Partnership Agreement.

New CRI Merger

Prior to the closing of the Ares Sale, CRI intends to merge with CRI Merger Subsidiary, with CRI surviving the merger (the "New CRI Merger"). Upon the consummation of the New CRI Merger:

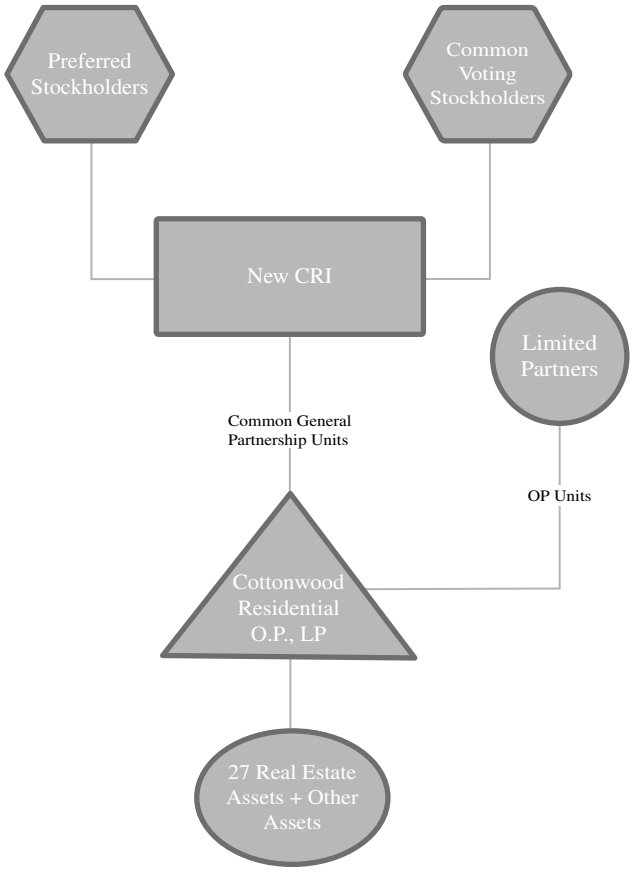
(i) the shares of CRI Series 2016 Preferred Stock and CRI Series 2017 Preferred Stock will be converted into identical series of preferred stock of New CRI with the same designations (referred to herein as "New CRI Series 2016 Preferred Stock" and "New CRI Series 2017 Preferred Stock," respectively);

(ii) the shares of common stock of CRI Merger Subsidiary held by CRI and New CRI will be cancelled for no consideration;

(iii) each share of voting common stock held by a CRI stockholder will, at the election of such stockholder, remain outstanding or be converted into an identical share of voting common stock in New CRI; and

(iv) the shares of common stock of CRI will remain outstanding.

Below is a diagram illustrating the new structure of the recapitalized company following the consummation of the Transactions:



New Property Management and Investment Agreements

Cottonwood Capital Property Management II, LLC, an affiliate of the Operating Partnership ("CCPM II"), intends to enter into (i) property management agreements with each of the Target Companies to be sold in the Ares Sale and (ii) an investment allocation or investment fee agreement with an affiliate of Ares Purchaser. Pursuant to the property management agreements, CCPM II will be entitled to receive an annual management fee equal to 3% of the gross revenues with respect to management and other services rendered under the agreements, with such fee to be paid in monthly installments. Pursuant to the investment allocation or investment fee agreement, CCPM II will be entitled to receive a performance-based fee based on the performance of the Target Companies managed by CCPM II.

Bylaws Amendment to Designate Exclusive Forum for Certain Litigation

In recent years, corporations increasingly have been exposed to multi-forum stockholder litigation. Stockholder class actions or derivative actions have been commenced in both the state courts in a corporation's state of incorporation and in the state courts in the state where the corporation's headquarters are located. Sometimes, additional actions have been commenced in federal court. Multi-forum stockholder litigation is more burdensome and expensive to defend than traditional, single-forum stockholder litigation. A risk of inconsistent rulings arises when multiple forums become involved. The existence of litigation in multiple forums also complicates settlement negotiations and can make settlements more expensive.

On July 30, 2018, the Board of Directors determined that it is desirable and in the best interests of CRI and its stockholders to avoid the cost and disruption of multi-forum litigation, and adopted the First Amendment to

the Second Amended and Restated Bylaws of CRI (the "Bylaws Amendment"), which amends the Bylaws to provide that, unless CRI consents in writing to an alternative forum, the Circuit Court for Baltimore City, Maryland (or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division), will be the sole and exclusive forum involving the following types of claims against CRI:

- any derivative action or proceeding brought on behalf of CRI;
- any action asserting a claim of breach of any duty owed by any director or officer or other employee of CRI to CRI or to the stockholders of CRI;
- any action asserting a claim against CRI or any director or officer or other employee of CRI arising pursuant to any provision of the MGCL, CRI's Charter or Bylaws;
- any action asserting a claim against CRI or any director or officer or other employee of CRI that is governed by the internal affairs doctrine; or
- any other action asserting a claim of any nature brought by or on behalf of any stockholder, in such stockholder's capacity as such, of CRI against CRI or any director or officer or other employee of CRI.

The Board of Directors believes that amending CRI's Bylaws to include this exclusive forum provision will eliminate the increased expense and burden associated with potential multi-forum litigation that may be brought against CRI in the future. Any increased expense resulting from multi-forum litigation could materially reduce the amount of cash available for distribution, which could reduce the amount CRI's common stockholders will receive in liquidating distributions. Additionally, the Bylaws Amendment helps to ensure that questions of Maryland corporate law, the law under which CRI is incorporated, would be decided by Maryland judges. Although the Board of Directors believes that the designation of the Circuit Court for Baltimore City (or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division) as the exclusive forum serves the best interests of CRI and its stockholders as a whole, the Board of Directors also believes that CRI should retain the ability to consent to an alternative forum on a case-by-case basis. Specifically, where the Board of Directors determines that CRI's interests and those of its stockholders are best served by permitting a dispute to proceed in a forum other than the Circuit Court for Baltimore City or, as applicable, the United States District Court for the District of Maryland, Baltimore Division, the Bylaws Amendment permits CRI to consent to the selection of such alternative forum. The Bylaws Amendment will only regulate the forum where CRI's stockholders may file certain claims against CRI, as discussed above. The Bylaws Amendment does not restrict the ability of CRI's stockholders to bring such claims, nor the remedies available if such claims are ultimately successful.

The following is a summary of the material provisions of the Purchase Agreement, but does not describe all of the provisions of the Purchase Agreement. The full text of the Purchase Agreement is attached to the back of this Information Statement as Annex A and is incorporated by reference into this Information Statement. We urge you to read the Purchase Agreement in its entirety because it is the legal document that governs the Ares Sale.

The Ares Sale

Pursuant to the terms of the Purchase Agreement, and subject to the satisfaction or waiver of certain conditions set forth in the Purchase Agreement, Ares Purchaser has agreed to acquire interests in (including interests in entities held through joint ventures) or assets and liabilities of certain of CRI's subsidiaries owning the following assets:

Property Name	Property Location
1070 Main	Hendersonville, TN
4804 Haverwood	Dallas, TX
The Oaks of North Dallas	Dallas, TX
Blue Swan	San Antonio, TX
Bluffs Vista Ridge	Lewisville, TX
Midtown Crossing	Raleigh, NC
Retreat at River Park	Sandy Springs, GA
Spring Pointe	Richardson, TX
Arbors at Fairview	Simpsonville, SC
Plantations at Haywood	Greenville, SC
Retreat at Stafford	Stafford, TX
Waterford Creek	Charlotte, NC

Closing

The closing of the Ares Sale (with the exception of the sale of the Retreat at Stafford) will occur on the third business day after all of the closing conditions set forth in the Purchase Agreement (except those required to be satisfied or waived in writing at the closing) have been satisfied or waived; provided, however, that the closing cannot occur prior to September 10, 2018, unless otherwise mutually agreed upon by the parties. The Closing Date may be extended by Ares Purchaser, with notice properly given; provided, however that the closing may not be extended later than September 30, 2018 (the "Outside Date"). The closing of the sale of the Retreat at Stafford is scheduled to occur on October 9, 2018 as described below.

Consideration

As consideration for the Ares Sale, Ares Purchaser has agreed to pay an aggregate purchase price of approximately $439.7 million, subject to customary prorations and applicable transaction costs and fees. Approximately $38.5 million of the purchase price will be distributed by CRI to third-party joint venture members for the interests held by such joint ventures in certain of the Target Companies acquired by Ares Purchaser, subject to reduction by the joint ventures members' share of liabilities attributable to their interests in such Target Companies, including applicable transaction costs and fees. An initial deposit of $8.0 million was paid by Ares Purchaser upon the signing of the Purchase Agreement, with the balance of the purchase price to be paid by Ares Purchaser on the Closing Date.

Representations and Warranties

The Purchase Agreement contains a number of representations and warranties made by the Sellers and Ares Purchaser. The representations and warranties were made by these parties as of the date of the Purchase

Agreement and survive for 180 days following the Closing Date. Certain of these representations and warranties are subject to specified exceptions and qualifications contained in the Purchase Agreement and qualified by the information in the disclosure letters delivered in connection with the Purchase Agreement.

Closing Conditions

Conditions to the Obligations of Each Party. The respective obligations of each party to effect the Ares Sale and to consummate the other transactions contemplated by the Purchase Agreement is subject to the satisfaction or (to the extent permitted by applicable law) waiver by each of the parties, at or prior to the Closing Date, of the following conditions:

- the approval of the Purchase Agreement and the other transactions contemplated therein, including the Ares Sale, by the holders of a majority of the outstanding shares of CRI's voting common stock; and
- no law or judgment, order or decree of a governmental authority (whether temporary, preliminary or permanent) or other legal restraint or prohibition having been entered, enacted, promulgated, enforced or issued by any governmental authority of competent jurisdiction in effect prohibiting, making illegal, enjoining, or otherwise restricting, preventing or prohibiting the consummation of the Ares Sale or the other transactions contemplated by the Purchase Agreement.

Conditions to the Obligations of Ares Purchaser. The obligation of Ares Purchaser to consummate the closing is subject to additional conditions (unless waived), including, among other things:

- the Sellers having made all deliveries required to be made at or prior to the closing pursuant to the Purchase Agreement;
- the performance in all material respects by the Sellers of all of their obligations under the Purchase Agreement to be performed by them prior to the Closing Date;
- the accuracy, as of the closing, of the representations and warranties made by the Sellers in the Purchase Agreement;
- no Company Material Adverse Effect (as defined in the Purchase Agreement) having occurred since the effective date of the Purchase Agreement and continuing on the Closing Date; and
- CRI having delivered to Ares Purchaser executed copies of the debt pay-off letters and having paid or causing to be paid the indebtedness amount at the closing as set forth in the Purchase Agreement.

Conditions to the Obligations of the Sellers. The obligation of the Sellers to consummate the closing is subject to additional conditions (unless waived), including, among other things:

- Ares Purchaser having made all deliveries required to be made at or prior to the closing pursuant to the Purchase Agreement;
- the performance in all material respects by Ares Purchaser of all of its obligations under the Purchase Agreement required to be performed by it prior to the Closing Date;
- the accuracy, as of the closing, of the representations and warranties made by Ares Purchaser in the Purchase Agreement; and
- no Purchaser Material Adverse Effect (as defined in the Purchase Agreement) having occurred since the effective date of the Purchase Agreement and continuing on the Closing Date.

Termination of the Purchase Agreement

The Sellers and Ares Purchaser may terminate the Purchase Agreement, if the Sellers and Ares Purchaser mutually agree to terminate the Purchase Agreement.

CONFIDENTIAL TREATMENT

Ares Purchaser or CRI may also terminate the Purchase Agreement if:

- the closing has not occurred on or before 11:59 p.m. New York time on the Outside Date; provided, however, that a party may not terminate the Purchase Agreement on this basis if the failure of the Ares Sale and the other transactions contemplated by the Purchase Agreement to be consummated on or before the Outside Date was principally caused by, or resulted from, such party's failure to perform any of its obligations under the Purchase Agreement;
- a final, non-appealable judgment or governmental order is issued prohibiting the Ares Sale or any other transaction contemplated by the Purchase Agreement; provided, however, that if the issuance of such judgment or order was primarily due to a party's failure to perform any of the terms of the Purchase Agreement, such party will not have a right to terminate the Purchase Agreement as a result of the issuance of such judgment or order; or
- approval by the Voting Common Stockholders of the Purchase Agreement and the transactions contemplated by the Purchase Agreement is not obtained; provided, however, that the Sellers cannot terminate based on the failure to obtain such stockholder approval if such failure was primarily due to CRI's action or failure to perform any of its obligations under the Purchase Agreement.

CRI may also terminate the Purchase Agreement:

- if Ares Purchaser breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the Purchase Agreement and Ares Purchaser fails to cure such breach on or before the Outside Date, or if curable, is not cured by Ares Purchaser within the earlier of (x) ten calendar days of receipt by Ares Purchaser of written notice of such breach or failure, or (y) three business days before the Outside Date;
- in order to enter into an alternative acquisition agreement with respect to a Superior Proposal in accordance with the terms of the Purchase Agreement; or
- in the event of Ares Purchaser's failure to consummate the closing on or before the third business day after delivery of written notice by CRI to Ares Purchaser stating that all of the conditions (other than those required to be satisfied or waived at the closing) have been satisfied or waived in writing by Ares Purchaser and that the Sellers are prepared to consummate the closing.

Ares Purchaser also may terminate the Purchase Agreement:

- If CRI breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the Purchase Agreement and CRI fails to cure such breach on or before the Outside Date, or if curable, is not cured by CRI within the earlier of (x) ten calendar days of receipt by CRI of written notice of such breach or failure, or (y) three business days before the Outside Date;
- if (i) the Board of Directors makes certain recommendations, as set forth in the Purchase Agreement, that are adverse to CRI consummating the Ares Sale and the other transactions contemplated by the Purchase Agreement or (ii) CRI enters into an Alternative Acquisition Agreement (as defined in the Purchase Agreement); provided, however that Ares Purchaser's right to terminate the Purchase Agreement on the basis of clause (i) or (ii) of this paragraph expires at 5:00 p.m. New York time on the tenth business day following the date on which CRI notifies Ares Purchaser that the events described in (i) or (ii) has occurred; or
- if an event or occurrence, individually or in the aggregate, has occurred and is continuing that would have had or would reasonably be expected to have a Company Material Adverse Effect.

In the event of a termination by virtue of a default by Ares Purchaser, CRI will be entitled to retain the deposit or receive a termination fee in the amount of $8.0 million. In the event of a termination by CRI under certain circumstances, CRI may be required to: (i) refund the deposit of $8.0 million to Ares Purchaser; (ii) pay Ares Purchaser a termination fee in the amount of $8.0 million; and/or (iii) reimburse Ares Purchaser for all expenses incurred by Ares Purchaser up to an amount equal to $1.25 million (or $110,000 with respect to the sale of the Retreat at Stafford).

CONFIDENTIAL TREATMENT

Conduct of Business

The Sellers have agreed to certain restrictions on their conduct of business from the date of the Purchase Agreement until the Closing Date. In general, except with prior written consent of Ares Purchaser, or as otherwise expressly required or permitted by the Purchase Agreement or as set forth in the disclosure letters thereto, or required by law, each of the Sellers has agreed that it will, and will cause Target LLC or the Target Companies to:

- conduct such Target Company business in all material respects in the ordinary course and in a manner consistent with past practice (including the entry into leases in the ordinary course of business consistent with past practice); and
- use such reasonable best efforts to (i) maintain its material assets and properties in their current condition (normal wear and tear and damage caused by casualty or by any reason outside of the Target Companies' control excepted); (ii) preserve intact in all material respects its current business organization, goodwill, ongoing businesses and relationships with third parties (other than any terminations contemplated by this Agreement); and (iii) to the extent available on commercially reasonable terms, keep available the services of its present authorized officers and maintain all material insurance policies and all material fidelity bonds and other material insurance service contracts in CRI's possession providing coverage for all Target Company Properties, unless such policies are replaced with insurance policies that include substantially similar terms, conditions, limits, sub-limits, deductibles and retentions as the policies currently in force.

Prohibition from Soliciting Other Offers

The Sellers have agreed that, subject to the provisions described below, it will not and will cause each of its subsidiaries not to, and will not authorize or permit any of its representatives to:

- whether publicly or otherwise, solicit, initiate, knowingly induce, knowingly encourage or knowingly facilitate any inquiry, discussion, offer or request that constitutes, or could reasonably be expected to lead to, a Company Acquisition Proposal (described below and defined in the Purchase Agreement);
- enter into, continue, conduct, engage, maintain or otherwise participate in any discussions or negotiations regarding, or furnish to any third party any non-public information in connection with, or otherwise cooperate in any way with, or knowingly facilitate in any way any effort by, any third party in connection with any Company Acquisition Proposal;
- approve, endorse or recommend a Company Acquisition Proposal;
- enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar definitive agreement providing for or relating to a Company Acquisition Proposal or requiring the Sellers to terminate the Purchase Agreement, with any third party;
- take any action to make the provisions of any takeover or anti-takeover statute or similar federal or state law or any restrictive provision of any applicable anti-takeover provision in CRI's charter or bylaws inapplicable to any transactions contemplated by a Company Acquisition Proposal or to any third party;
- terminate, waive, amend or modify any provision of, or grant permission or request under, any standstill or confidentiality agreement to which CRI, the Seller or any of the Target Companies is or becomes a party (provided that the Board of Directors may waive any such standstill agreement if the Board of Directors determines in good faith, after consultation with outside legal counsel, that the failure to take such action would be inconsistent with the directors' duties under applicable law); or
- resolve, agree, approve, recommend or publicly propose or agree to do any of the foregoing.

CONFIDENTIAL TREATMENT

"Company Acquisition Proposal" is defined under the Purchase Agreement to include any proposal or offer for (or expression by a third party that it is considering or may engage in), whether in one transaction or a series of related transactions, (i) any merger, consolidation, share exchange, business combination or similar transaction involving CRI, the Seller, Target LLC or the Target Companies, (ii) any sale, lease, exchange, mortgage, pledge, license, transfer or other disposition, directly or indirectly, by merger, consolidation, sale of equity interests, share exchange, joint venture, business combination or otherwise, of any assets of CRI, the Seller, Target LLC or the Target Companies as set forth in the Purchase Agreement, (iii) any issue, sale or other disposition (including by way of merger, consolidation, joint venture, business combination, share exchange or any similar transaction) securities (or options, rights or warrants to purchase, or securities convertible into, such securities) as set forth in the Purchase Agreement, (iv) any tender offer or exchange offer as set forth in the Purchase Agreement or (v) any recapitalization, restructuring, liquidation, dissolution or other similar type of transaction with respect to CRI as set forth in the Purchase Agreement.

If, at any time prior to the closing, CRI, either directly or indirectly through any representative, receives an unsolicited *bona fide* written Company Acquisition Proposal that did not result from a breach of the exclusivity obligations described above and which the Board of Directors determines in good faith, after consulting with its legal and financial advisors, that such Company Acquisition Proposal is or is reasonably expected to lead to a Superior Proposal and the Board of Directors determines in good faith following consultation with outside legal counsel that the failure to do so would be inconsistent with the directors' duties under applicable law, CRI may take the following actions:

- furnish non-public information to the third party who made such Company Acquisition Proposal (provided, however, that prior to so furnishing such information, CRI receives from the third party an executed acceptable confidentiality agreement and (B) any non-public information concerning CRI, the Seller, Target LLC or the Target Companies that is provided to such Third Party shall, to the extent not previously provided to Ares Purchaser, be provided to Ares Purchaser prior to or simultaneously with providing it to such third party); and
- engage in discussions or negotiations with such third party (and such third party's representatives) with respect CRI Acquisition Proposal.

Miscellaneous Provisions

Equitable Relief

Ares Purchaser is entitled to injunctions, specific performance and other equitable relief to prevent breaches of the Purchase Agreement and to enforce specifically the terms and provisions of the Purchase Agreement in addition to any and all other remedies at law or in equity.

Amendment

The Purchase Agreement provides that, subject to compliance with applicable law, the Parties may agree in writing to amend the Purchase Agreement at any time prior to the Closing Date.

Waiver

The Purchase Agreement also provides that, at any time prior to the Closing Date, subject to applicable law, CRI or Ares Purchaser may extend the time for performance of any obligation or other act of the other or waive in writing any inaccuracy in the representations and warranties of the other or the other party's compliance with any agreement or condition contained in the Purchase Agreement or other document delivered pursuant thereto.

Governing Law

The Purchase Agreement is governed by the laws of the State of Maryland.

CONFIDENTIAL TREATMENT

Stafford Closing

Provided the closing of the sale of the other Target Companies has occurred (the "Initial Closing"), the closing of Ares Purchaser's acquisition of the equity interests in the entity that owns the Retreat at Stafford (the "Stafford Closing") will occur on October 9, 2018 (the "Stafford Closing Date"). The purchase price allocable to Retreat at Stafford is $38.5 million, which will be excluded from the consideration due at the Initial Closing and will be paid by Ares Purchaser at the Stafford Closing. In addition, $700,000 of the $8.0 million deposit will continue to be held following the Initial Closing and may be applied by Ares Purchaser to pay the closing consideration for the Retreat at Stafford on the Stafford Closing Date.

For additional information on the specific terms applicable to the sale of the Retreat at Stafford, see Exhibit I to the Purchase Agreement, a copy of which is attached hereto as Annex A.

THE CRI PLAN OF LIQUIDATION

General

On July 30, 2018, the Board of Directors also approved the CRI Plan of Liquidation, pursuant to which CRI will be liquidated and dissolved. In connection with the CRI Plan of Liquidation, CRI has commenced marketing the sale of the following Liquidation Assets to third parties and intends to enter into one or more open market transactions for the sale of these Liquidation Assets.

Property Name	Property Location
Brentridge	Nashville, TN
Broadstone Lakeside	Tempe, AZ
Legacy Heights	San Antonio, TX
Heights at Meridian	Durham, NC
Broadstone Stetson	Scottsdale, AZ

Following the closing of the Ares Sale and the Liquidation Sale, CRI's assets will primarily consist of (i) approximately $439.7 million in cash, subject to adjustment in accordance with the terms of the Purchase Agreement, (ii) any unsold Liquidation Assets and (iii) any additional cash and cash equivalents, including any cash proceeds received from the sale of the Liquidation Assets. At or promptly following the closing of the Ares Sale, CRI expects that it will:

- repay the outstanding mortgage loans securing the Ares Assets, including prepayment penalties related to the early payoff of such mortgage loans;
- distribute to the third-party joint venture members an aggregate amount of approximately $38.5 million in connection with the sale of such joint ventures' interests in the Target Companies (reduced by the joint venture members' share of liabilities attributable to their interests in the Target Companies and applicable transaction costs and fees);
- repay existing debt and other obligations held by CRI and the Operating Partnership's investors, FrontRange Capital Partners and Equity Resource Investments, in the aggregate amount of approximately $186.5 million;
- pay all outstanding transaction fees and expenses payable to its legal and financial advisors; and
- pay or provide for its liabilities and expenses, which may include the purchase of insurance or the establishment of a reserve fund to provide for payment of contingent or unknown liabilities.

In accordance with the CRI Plan of Liquidation, CRI will commence a formal process whereby it will give notice of its liquidation and dissolution and allow its creditors an opportunity to come forward to make claims for amounts owed to them. Once CRI has complied with the applicable statutory requirements and either repaid its creditors or reserved amounts for payment to its creditors, including amounts required to cover as-yet unknown or contingent liabilities, CRI will distribute any remaining amount of its assets, less any reserved amounts for the payment of its ongoing expenses, to its common stockholders. CRI currently expects that the remaining net proceeds from the Ares Sale and the Liquidation Sale will result in distributions to its common stockholders of between $18.75 and $19.57 per share in the aggregate.

Upon approval of the CRI Plan of Liquidation by the holders of a majority of the outstanding shares of CRI's voting common stock, the Board will take such actions as it deems, in its absolute discretion, necessary, appropriate or advisable to effect the liquidation and dissolution of CRI.

Within 30 days of the date of approval of the CRI Plan of Liquidation by the holders of a majority of the outstanding shares of CRI's voting common stock, CRI will file a Form 966 with the Internal Revenue Service ("IRS"), together with a certified copy of the CRI Plan of Liquidation. Not less than 20 days before the filing of the Articles of Dissolution with the SDAT, CRI will mail a notice of dissolution to all known creditors of

CRI. CRI's dissolution will become effective, in accordance with the Maryland General Corporation Law ("MGCL"), upon proper filing of the Articles of Dissolution with, and acceptance for record of the Articles of Dissolution by, the SDAT or upon such later date as may be specified in the Articles of Dissolution not excluding 30 days from the date of filing, which is referred to as the dissolution date. From and after the dissolution date, CRI will not engage in any business activities except to the extent necessary to preserve the value of its assets, wind-up its business and affairs, and distribute its assets in accordance with the CRI Plan of Liquidation and pursuant to the MGCL.

The CRI Plan of Liquidation requires CRI to use commercially reasonable efforts to liquidate and dissolve CRI and to distribute all of CRI's assets to the holders of outstanding shares of common stock no later than the second anniversary of the effective date of the CRI Plan of Liquidation.

Under the CRI Plan of Liquidation, the Board of Directors may modify, amend or abandon the CRI Plan of Liquidation, notwithstanding stockholder approval, to the extent permitted by the MGCL. CRI will not amend or modify the CRI Plan of Liquidation without complying with the MGCL and the federal securities laws.

The CRI Plan of Liquidation requires the approval by the holders of a majority of the outstanding shares of CRI's voting common stock.

Liquidating Trust

If the Board of Directors decides it would not be feasible for CRI to pay, or adequately provide for, all debts and liabilities of CRI (including costs and expenses incurred and anticipated to be incurred in connection with the liquidation of CRI) at the time the final distribution is to be paid, the Board of Directors may establish a liquidating trust and CRI may transfer its remaining assets and liabilities to a liquidating trust. The liquidating trust will be created under the laws of the State of Maryland or such other jurisdiction as the Board of Directors deems advisable and will receive all of CRI's remaining assets and their respective subsidiaries of every sort whatsoever, including assets, claims, contingent claims and causes of action, subject to all of their unsatisfied debts, liabilities and expenses, known or unknown, contingent or otherwise. If CRI's assets have not been distributed within the 24-month period and CRI remains qualified as a REIT, it will be necessary to create a liquidating trust for CRI to be eligible to deduct amounts distributed pursuant to the CRI Plan of Liquidation as dividends paid and thereby meet the annual distribution requirement and not be subject to U.S. federal income tax on these amounts.

From and after the date of the transfer and assignment of assets (subject to liabilities) to the liquidating trust, CRI and its subsidiaries shall have no interest of any character in and to any such assets and all of such assets shall thereafter by held by the liquidating trust. Simultaneously with such transfer and assignment, shares of beneficial interest in the liquidating trust shall be deemed to be distributed to each holder of shares of common stock, all of whom shall automatically and without any need for notice or presentment be deemed to hold corresponding shares of beneficial interest in the liquidating trust. The declaration of trust or other instrument governing the liquidating trust shall provide, among other things, that, immediately following such transfer, assignment and distribution, each share of beneficial interest in the liquidating trust shall have a claim upon the assets of the liquidating trust that is the substantial economic equivalent of the claims each share of common stock had upon the assets of CRI immediately prior to the transfer, assignment and distribution.

Approval of the CRI Plan of Liquidation shall constitute the approval by the Voting Common Stockholders of the transfer and assignment to the liquidating trust, the form and substance of the declaration of trust as approved by the Board and the appointment of trustees selected by the Board.

Conduct Following the Dissolution Date

Following the dissolution date, CRI's activities will be limited to winding up its affairs, taking such actions as may be necessary to preserve the value of its assets and distributing its assets in accordance with the CRI Plan of Liquidation. CRI will seek to distribute or liquidate all of its assets in such a manner and upon such terms as the Board of Directors determines to be in the best interests of CRI's stockholders.

The Board of Directors and officers will oversee the dissolution and liquidation for a period of time following the closing of the Sale.

Stock Transfers

CRI currently intends to close its stock transfer books on the dissolution date and at that time cease recording stock transfers. CRI does not have any securities listed on a national securities exchange and its securities are not registered under the Securities Exchange Act of 1934, as amended.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following non-advisory, informational summary describes certain material U.S. federal income tax consequences relating to the Transactions. This summary is based on the Code, Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change and differing interpretations, possibly with retroactive effect. There is no guarantee that the IRS or a court will agree with the description of the U.S. federal income tax consequences of the Transactions contained herein, and participation in the Transactions may result in a tax result that differs from what is stated in the Transactions. This summary does not consider the non-U.S., state or local tax treatment of the Transactions.

Other than to the limited extent explicitly addressed below, this summary does not address the tax considerations of holding interests in CRI, the Operating Partnership or New CRI.

This summary addresses only U.S. Holders (as defined below) of shares of CRI's common stock or CRI Series 2016 Preferred Stock and CRI Series 2017 Preferred Stock that are held as capital assets within the meaning of Section 1221 of the Code and does not address all of the tax consequences that may be relevant to holders in light of their particular circumstances or to certain types of holders subject to special treatment under the Code, including, without limitation, regulated investment companies, real estate investment trusts, controlled foreign corporations, passive foreign investment companies, cooperatives, banks and certain other financial institutions, insurance companies, tax-exempt organizations, retirement plans, holders that are (or hold their interests through) partnerships or other pass-through entities for U.S. federal income tax purposes, U.S. persons whose functional currency is not the U.S. dollar, dealers in securities or foreign currency, traders that mark to market their securities, certain former citizens and long-term residents of the United States, persons subject to the alternative minimum tax (except where specifically discussed below), holders holding interests as part of a straddle, hedging, conversion transactions or constructive sale.

Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences and withholding rules and any applicable foreign tax consequences of the Transactions. In particular, this summary should not be construed as tax advice, and none of CRI, the Operating Partnership, New CRI and their respective officers, directors, managers, advisers, and representatives are guaranteeing any tax consequences relating to the Transactions.

For purposes of this discussion, a "U.S. Holder" means a beneficial owner of shares of CRI's common stock, CRI Series 2016 Preferred Stock or CRI Series 2017 Preferred Stock that is:

- an individual who is a citizen or resident of the United States (including any individual considered to be a United States resident for tax purposes under the "substantial presence" test);
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any state of the United States or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax purposes regardless of its source; or
- a trust (a) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all of its substantial decisions or (b) was in existence on August 20, 1996 and has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

Tax Consequences of the Operating Partnership's Distribution of the Target Companies to be Sold in the Ares Sale (the "Ares Assets") and the Liquidation Assets to CRI

In general, the Operating Partnership's distribution of the Ares Assets and the Liquidation Assets (the "Distributed Assets") to CRI (the "Pre-Transaction Distribution") is intended to be treated as a tax-deferred

non-liquidating distribution under Section 731(a) of the Code. CRI is expected to receive a carryover tax basis in the Distributed Assets equal to the Operating Partnership's tax basis in the Distributed Assets immediately prior to the distributions, provided that such carryover basis cannot exceed CRI's tax basis in the Operating Partnership. CRI's tax basis in its interest in the Operating Partnership will be reduced by CRI's tax basis in the Distributed Assets. CRI is generally expected to receive a tacked holding period in the Distributed Assets that includes the Operating Partnership's holding period in the Distributed Assets.

However, to the extent the Distributed Assets consist of cash or marketable securities, CRI would recognize gain to the extent such amounts exceed CRI's tax basis in the Operating Partnership. For this purpose, CRI will also be treated as receiving a distribution of cash to the extent that CRI's share of the Operating Partnership liabilities decreases as a result of the Pre-Transaction Distribution.

In addition, CRI or the existing unitholders of the Operating Partnership could recognize gain in respect of any shifts in their proportionate share of "hot assets" (e.g., unrealized receivables or inventory) held by the Operating Partnership immediately prior to the Pre-Transaction Distribution pursuant to Section 751 of the Code.

Also, If CRI has contributed any property (other than cash) to the Operating Partnership within the 7 year period prior to the Pre-Transaction Distribution, CRI may recognize gain to the extent the fair market value of the Distributed Assets exceed CRI's tax basis in the Operating Partnership.

To the extent any of the Distributed Assets were contributed to the Operating Partnership by any of the existing unitholders of the Operating Partnership within the seven year period prior to the Pre-Transaction Distribution, such existing unitholders of the Operating Partnership would recognize gain under Section 704(c)(1)(B) of the Code and the Operating Partnership may be required to indemnify such existing unitholders of the Operating Partnership for such taxes pursuant to the terms of any tax protection agreements entered into between the Operating Partnership and such existing unitholders of the Operating Partnership.

Existing unitholders of the Operating Partnership may also recognize gain to the extent they are deemed to receive a distribution of cash if their share of the Operating Partnership liabilities decreases as a result of the Pre-Transaction Distribution and such deemed distribution exceeds their tax basis in the Operating Partnership.

To the extent that CRI has previously contributed cash to CRI, it is possible that Pre-Transaction Distribution could be treated as a disguised sale of the Distributed Assets by the Operating Partnership to CRI. In addition, If CRI had contributed cash to the Operating Partnership within the two-year period prior to the Pre-Transaction Distribution, CRI may need to comply with disclosure rules pursuant to Treasury Regulation Section 1.707-6(c) for determining whether the Pre-Transaction Distribution should be treated as a disguised sale of property by the Operating Partnership to CRI. While CRI does not believe that the Pre-Transaction Distribution should be treated as a disguised sale of property by the Operating Partnership to CRI, there can be no assurances in this regard.

Tax Consequences of the Formation of New CRI and the Merger of CRI Merger Subsidiary into CRI

Upon the formation of New CRI, it is expected that New CRI will be treated as a qualified REIT subsidiary. It is intended that pursuant to the merger of CRI Merger Subsidiary into CRI, New CRI will be treated as a regarded entity resulting in a deemed contribution of interests in the Operating Partnership that is intended to qualify as a tax-deferred contribution pursuant to Section 351 of the Code. CRI is expected to receive a carryover tax basis in the New CRI equal to CRI's tax basis in the Operating Partnership interests immediately prior to the distribution. New CRI is expected to receive a carryover tax basis in the Operating Partnership interests equal to CRI's tax basis in the Operating Partnership interests immediately prior to the distribution. New CRI is generally expected to receive a tacked holding period in its limited partnership interests in the Operating Partnership that includes CRI's holding period in the Operating Partnership interests.

CRI expects to obtain approval by the Voting Common Stockholders of the CRI Plan of Liquidation prior to the New CRI Merger.

CONFIDENTIAL TREATMENT

Upon the New CRI Merger, it is intended that CRI be treated as distributing New CRI to holders of CRI Series 2016 Preferred Stock and CRI Series 2017 Preferred Stock. CRI will generally recognize gain or loss under Section 336 of the Code in an amount equal to the fair market value of New CRI over CRI's tax basis in New CRI.

It is expected that CRI will receive a dividends paid deduction on the liquidating distributions to the holders of CRI Series 2016 Preferred Stock and CRI Series 2017 Preferred Stock and accordingly CRI is not expected to be subject to tax on the gain triggered pursuant to the New CRI Merger.

The fair market value of the New CRI Series 2016 Preferred Stock or New CRI Series 2017 Preferred Stock received by a U.S. Holder of CRI Series 2016 Preferred Stock or CRI Series 2017 Preferred Stock is intended to be treated as full payment in exchange of the U.S. Holder's CRI Series 2016 Preferred Stock and CRI Series 2017 Preferred Stock, and should be treated first as a recovery of the U.S. Holder's tax basis in CRI Series 2016 Preferred Stock and CRI Series 2017 Preferred Stock (computed separately for each block of shares) and thereafter as gain from the disposition of CRI Series 2016 Preferred Stock and CRI Series 2017 Preferred Stock. Such gain or loss should be long-term capital gain or loss if such shares were held for more than one year, and otherwise such gain or loss should generally be treated as short-term gain or loss. However, any loss by a U.S. Holder who has held the shares for six months or less will be treated as a long-term capital loss to the extent of distributions received from CRI that were required to be treated by the U.S. Holders as long-term capital gain.

A U.S. Holder's tax basis in the New CRI Series 2016 Preferred Stock or New CRI Series 2017 Preferred Stock should be equal to the fair market value of the New CRI Series 2016 Preferred Stock or New CRI Series 2017 Preferred Stock received. A U.S. Holder's holding period should begin on the day after the New CRI Merger.

The tax considerations of holding New CRI Series 2016 Preferred Stock or New CRI Series 2017 Preferred Stock should generally be the same as holding CRI Series 2016 Preferred Stock or CRI Series 2017 Preferred Stock. However, New CRI's interest in the Operating Partnership will consist almost entirely of a preferred interest in the Operating Partnership and is expected to be allocated gross income in respect of its preferred return. It is possible that such allocations could be recharacterized as guaranteed payments for U.S. federal income tax purposes. In such a case, the treatment of guaranteed payments for purposes of determining New CRI's eligibility to qualify as a REIT is not entirely clear. However, while not free from doubt, CRI intends to take the position that New CRI will be eligible to qualify as a REIT.

In addition, because the New CRI Merger is not expected to result in a step up in tax basis of New CRI's interest in the Operating Partnership, it is possible that New CRI will have REIT taxable income in excess of the distributions payable to holders of the New CRI Series 2016 Preferred Stock or New CRI Series 2017 Preferred Stock. A failure by New CRI to distribute all of its REIT taxable income would result in New CRI being subject to corporate income tax and may result in a failure by New CRI to qualify as a REIT.

Tax Consequences of the Sale

It is intended that CRI will be respected as the owner of the Distributed Assets at the time of the Sale.

In such a case, CRI will recognize gain on the amount of cash received pursuant to the sale of the Distributed Assets (other than the interests in entities held through joint ventures) over CRI's tax basis in the Distributed Assets (other than the interests in entities held through joint ventures). In addition, it is intended that CRI will be allocated gain from the Ares Sale as a result of the sale of the assets held through joint ventures. However, it is intended that CRI will be entitled to a dividends paid deduction on the liquidating distributions paid to CRI's common stockholders pursuant to the liquidating distributions to CRI's common stockholders and accordingly, it is not expected that CRI will be subject to tax on such gain.

However, it is possible that the IRS could treat the Operating Partnership as the owner of the Distributed Assets at the time of the Sale. In such a case, a portion of the gain recognized pursuant to the Ares Sale may be

allocated to the existing unitholders of the Operating Partnership notwithstanding that such existing unitholders of the Operating Partnership will not receive any proceeds pursuant to the Sale.

If CRI were to sell an asset, other than foreclosure property, that was held primarily for sale to customers in the ordinary course of business, CRI's gain would be subject to the 100% "prohibited transaction" tax unless such sale were qualified for a "safe harbor" under the Code. The Code provides a safe harbor pursuant to which sales of properties held for at least two years and meeting certain additional requirements will not be treated as prohibited transactions. It may not be entirely clear the extent to which such safe harbor would apply with respect to the Sale. While not free from doubt, CRI does not believe that the Sale should result in CRI being subject to any prohibited transaction tax. However, there can be no assurances in this regard.

Tax Consequences of the Liquidating Distributions to CRI's Common Stockholders

As discussed above, CRI has adopted the CRI Plan of Liquidation, subject to approval by the Voting Common Stockholders. Accordingly, it is intended that the liquidating distributions to CRI's common stockholders be treated as liquidating distributions to CRI's common stockholders for U.S. federal income tax purposes.

Cash received by a U.S. Holder of shares of CRI's common stock pursuant to the liquidating distributions to CRI's common stockholders is expected to be treated as full payment in exchange of the U.S. Holder's shares of CRI's common stock, and should be treated first as a recovery of the common stockholder's tax basis in the shares of CRI's common stock (computed separately for each block of shares) and thereafter as gain from the disposition of the shares of CRI's common stock. Such gain or loss should be long-term capital gain or loss if such shares were held for more than one year, and otherwise such gain or loss should generally be treated as short-term gain or loss. However, any loss by a U.S. Holder who has held the shares for six months or less will be treated as a long-term capital loss to the extent of distributions received from CRI that were required to be treated by the U.S. Holders as long-term capital gain.

Backup Withholding

A non-corporate holder of shares of CRI's common stock, CRI Series 2016 Preferred Stock or CRI Series 2017 Preferred Stock may be subject to information reporting and backup withholding as a result of the liquidating distributions to CRI's common stockholders or the New CRI Merger. Such holders will not be subject to backup withholding, however, if he or she:

- furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding on an IRS Form W-9; or
- is otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against a holder's U.S. federal income tax liability, provided such holder furnishes the required information to the IRS.

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Annex A

EXECUTION VERSION

PURCHASE AND SALE AGREEMENT

by and among

COTTONWOOD RESIDENTIAL, INC.,

COTTONWOOD ACQUISITION LLC

and

AREG SUNBELT RESIDENTIAL LLC

Dated as of August 1, 2018

The Purchase and Sale Agreement (the "Purchase Agreement") contains representations, warranties and covenants that were made only for purposes of the Purchase Agreement and as of specific dates; were solely for the benefit of the parties to the Purchase Agreement; may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Purchase Agreement instead of establishing these matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Cottonwood Residential, Inc.'s stockholders, Cottonwood Residential O.P., LP's limited partners and other investors are not third-party beneficiaries under the Purchase Agreement and should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of Cottonwood Residential, Inc. or any of its subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Purchase Agreement, which subsequent information may or may not be fully furnished by Cottonwood Residential, Inc.

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TABLE OF CONTENTS

		Page
ARTICLE 1. DEFINITIONS		**A-7**
Section 1.1	Definitions.	A-7
Section 1.2	Table of Defined Terms	A-14
ARTICLE 2. AGREEMENT TO SELL AND PURCHASE EQUITY INTERESTS		**A-16**
Section 2.1	Sale and Purchase of Target Companies.	A-16
Section 2.2	Equity Interests in the Target Companies and Haywood Project.	A-17
Section 2.3	Closing; Order of Transactions; Deliverables.	A-18
Section 2.4	Good Faith Deposit	A-22
ARTICLE 3. PURCHASE AND SALE CONSIDERATION		**A-22**
Section 3.1	Closing.	A-22
Section 3.2	Purchase Price Allocation	A-22
ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF THE SELLER PARTIES		**A-23**
Section 4.1	Organization and Qualification; Subsidiaries.	A-24
Section 4.2	Organizational Documents.	A-24
Section 4.3	Capital Structure.	A-25
Section 4.4	Authority.	A-25
Section 4.5	No Conflict; Required Filings and Consents.	A-26
Section 4.6	Compliance with Law; Permits.	A-27
Section 4.7	Financial Statements.	A-27
Section 4.8	[Intentionally Deleted].	A-28
Section 4.9	Absence of Certain Changes or Events.	A-28
Section 4.10	Employee Benefit Plans.	A-28
Section 4.11	Labor and Other Employment Matters.	A-28
Section 4.12	Target Company Material Contracts.	A-28
Section 4.13	Litigation.	A-29
Section 4.14	Environmental Matters.	A-29
Section 4.15	Properties.	A-30
Section 4.16	Taxes.	A-31
Section 4.17	Insurance.	A-32
Section 4.18	Company Opinions.	A-33
Section 4.19	Takeover Statutes.	A-33
Section 4.20	Vote Required.	A-33
Section 4.21	Brokers; Fees.	A-33
Section 4.22	Certain Business Practices.	A-33
Section 4.23	OFAC	A-34
Section 4.24	Knowledge of the Seller Parties.	A-34
ARTICLE 5. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER		**A-34**
Section 5.1	Organization and Qualification.	A-34
Section 5.2	Authority.	A-35
Section 5.3	No Conflict; Required Filings and Consents.	A-35
Section 5.4	Compliance with Law; Permits.	A-35
Section 5.5	Disclosure Documents.	A-36
Section 5.6	[Intentionally Deleted]	A-36
Section 5.7	Litigation.	A-36
Section 5.8	Certain Business Practices.	A-36
Section 5.9	Brokers; Fees.	A-37
Section 5.10	Sufficient Funds.	A-37

Page

Section 5.11 Ownership of Company Common Stock. . . . A-37
Section 5.12 No Vote Required. . . . A-37
Section 5.13 No Other Representations or Warranties. . . . A-37
Section 5.14 Knowledge of the Purchaser. . . . A-37

ARTICLE 6. COVENANTS AND AGREEMENTS . . . A-38
Section 6.1 Conduct of Business by the Seller Parties. . . . A-38
Section 6.2 Preparation of the Information Statement. . . . A-41
Section 6.3 Access to Information; Confidentiality. . . . A-41
Section 6.4 Company Acquisition Proposals. . . . A-42
Section 6.5 Appropriate Action; Consents; Filings. . . . A-46
Section 6.6 Notification of Certain Matters; Transaction Litigation. . . . A-46
Section 6.7 Public Announcements. . . . A-46
Section 6.8 Taxes. . . . A-47
Section 6.9 Directors' and Officers' Indemnification. . . . A-48
Section 6.10 Casualty and Condemnation. . . . A-48
Section 6.11 Control of Operations. . . . A-49
Section 6.12 Haywood Litigation Indemnity. . . . A-49

ARTICLE 7. CONDITIONS . . . A-50
Section 7.1 Conditions to the Obligations of Each Party. . . . A-50
Section 7.2 Conditions to the Obligations of the Purchaser. . . . A-50
Section 7.3 Conditions to the Obligations of the Seller Parties. . . . A-51

ARTICLE 8. TERMINATION, AMENDMENT AND WAIVER . . . A-51
Section 8.1 Termination. . . . A-51
Section 8.2 Effect of Termination. . . . A-53
Section 8.3 Termination Amount. . . . A-53
Section 8.4 Amendment; Delegation. . . . A-56
Section 8.5 Waiver. . . . A-56
Section 8.6 Fees and Expenses. . . . A-56

ARTICLE 9. GENERAL PROVISIONS . . . A-57
Section 9.1 Non-Survival. . . . A-57
Section 9.2 Notices. . . . A-58
Section 9.3 Interpretation; Certain Definitions. . . . A-59
Section 9.4 Severability. . . . A-60
Section 9.5 Assignment. . . . A-60
Section 9.6 Entire Agreement. . . . A-60
Section 9.7 Third Party Beneficiaries. . . . A-60
Section 9.8 Miscellaneous. . . . A-60
Section 9.9 Remedies. . . . A-61
Section 9.10 Counterparts. . . . A-61
Section 9.11 Governing Law. . . . A-62
Section 9.12 Consent to Jurisdiction. . . . A-62
Section 9.13 Waiver of Jury Trial. . . . A-62
Section 9.14 Time of the Essence. . . . A-63
Section 9.15 Post-Closing Liquidity Covenant. . . . A-63
Section 9.16 Joint and Several. . . . A-63
Section 9.17 Stafford Closing. . . . A-63

EXHIBITS

Exhibit A – Form of Equity Assignment Agreement
Exhibit B – Form of Management Agreement
Exhibit C-1 / Exhibit C-2 – Forms of Incentive Agreement
Exhibit D – Form of Title Certificate
Exhibit E – Deed
Exhibit F – Assignment of Leases
Exhibit G – Assignment of Contracts and Intangibles
Exhibit H – Bill of Sale
Exhibit I – Retreat at Stafford Closing Terms
Exhibit J – Form of Ditaro Amendment

SCHEDULES

Schedule 1 – Wholly-Owned Assets – Wholly Owned Target Companies and Equity Interests in the Wholly Owned Target Companies
Schedule 2 – JV Assets – JV Asset Target Companies and Equity Interests in JV Asset Target Companies
Schedule 3 – Local Requirements Schedule
Schedule 4 – Legal Description of Haywood Apartment Property
Schedule 5 – Legal Description of Haywood Storage Property

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT, dated as of August 1, 2018 (this "Agreement"), is made by and among AREG SUNBELT RESIDENTIAL LLC, a Delaware limited liability company (the "Purchaser"), COTTONWOOD ACQUISITION LLC, a Delaware limited liability company (the "Seller"), and COTTONWOOD RESIDENTIAL, INC., a Maryland corporation (the "Company").

Each of the Company and the Seller is sometimes referred to herein as a "Seller Party" and collectively as the "Seller Parties." The Purchaser, the Company and the Seller are each sometimes referred to herein as a "Party" and collectively as the "Parties." All capitalized terms in this Agreement shall have the meanings ascribed to such terms in Article 1 or as otherwise defined elsewhere in this Agreement.

W I T N E S S E T H

WHEREAS, the Company owns directly 100% of the limited liability company interests and is the sole member of the Seller;

WHEREAS, as of the Effective Date, the Operating Partnership owns, directly or indirectly, the "Equity Interests" described on Schedule 1 (the "Wholly Owned Equity Interests") in each of the entities identified in the column entitled "Wholly-Owned Target Company" on Schedule 1 (the "Wholly-Owned Target Companies");

WHEREAS, as of the Effective Date, the Operating Partnership owns, directly or indirectly, an interest in each "JV Entity" described on Schedule 2 (each, a "JV Entity") and each JV Entity owns the "Equity Interest" described on Schedule 2 (the "JV Asset Equity Interests") in each of the entities identified in the column entitled "JV Asset Target Company" on Schedule 2 (the "JV Asset Target Companies");

WHEREAS, as of the Effective Date, the Operating Partnership owns, directly or indirectly: (i) a portion of Plantations at Haywood O, LLC, a Delaware limited liability company ("Haywood Apartment Owner"), which is the fee owner of the Haywood Apartment Property; and (ii) a portion of Haywood Storage, LLC, a Delaware limited liability company (the "Haywood Storage JV"), which is the fee owner of the Haywood Storage Property;

WHEREAS, as of the Effective Date, the Operating Partnership owns the Midtown Crossing Equity Interests;

WHEREAS, as soon as practicable following the Effective Date and in no event later than the Pre-Closing Formation Date (as defined below), the Operating Partnership will distribute its interests in the JV Entities to the Seller (the "JV Entity Distribution Transaction");

WHEREAS, at least three (3) Business Days prior to the Closing Date (the "Pre-Closing Formation Date"), (i) the Operating Partnership will contribute or cause the contribution of the Wholly Owned Target Companies to Sunbelt Residential Target LLC, a Delaware limited liability company ("Target LLC") such that Target LLC will become the direct owner of all of the Wholly-Owned Equity Interests; (ii) the Operating Partnership will contribute or cause the contribution of the Midtown Target Companies to Target LLC such that Target LLC will become the direct owner of all of the Midtown Crossing Equity Interests; and (iii) immediately thereafter the Operating Partnership will distribute 100% of the Target LLC Equity Interests to the Seller (collectively, the "Formation Transactions");

WHEREAS, in exchange for cash and after completion of the Formation Transactions, subject to the adjustments set forth herein, the Purchaser and one or more of its Affiliates desire to acquire: (i) the Target LLC Equity Interests (the "Target Interest Sale"); (ii) all of the JV Asset Equity Interests from the JV Entities (the "JV Equity Interest Sale"); and (iii) fee title to the Haywood Project (together with the Target Interest Sale and the JV Equity Interest Sale, the "Sale");

WHEREAS, the Board of Directors of the Company (the "Company Board") has established a special committee of the Company Board consisting solely of independent directors (the "Special Committee") to review, evaluate, negotiate, recommend or not recommend any proposal for a transaction with the Purchaser;

WHEREAS, the Special Committee has unanimously recommended that the Company Board approve the Sale on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Company Board (acting upon the unanimous recommendation of the Special Committee) has approved the Sale on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Company Board on behalf of itself, the Company and the Seller, on the terms and subject to the conditions set forth in this Agreement has (a) duly and validly authorized the execution and delivery of this Agreement, (b) determined that the Sale and the other transactions contemplated by this Agreement (the "Contemplated Transactions") are fair and reasonable to the Company and in the best interests of the Company and its stockholders, (c) approved and declared advisable this Agreement, the Sale and the other Contemplated Transactions, and (d) resolved and recommended the approval of the Sale by the Company's voting stockholders and to include such recommendation in an information statement delivered to each holder of the Company's capital stock (together with any amendments or supplements thereto, the "Information Statement");

WHEREAS, those persons having investment approval over the investments to be made by the Purchaser (the "Purchaser Board") has (a) duly and validly authorized the execution and delivery of this Agreement and the Financing Documents, and (b) approved this Agreement, the Sale, the Financing Documents (and the obligations under the Financing Documents) and the other Contemplated Transactions on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Parties intend that for U.S. federal and applicable state Income Tax purposes that (i) the JV Entity Distribution Transaction and the Formation Transactions be treated as a tax deferred distribution of the Operating Partnership's interest in the JV Entities and the Target Company Properties held by the Wholly Owned Target Companies and Midtown Target Companies to the Company pursuant to Section 731(a) of the Code; and (ii) the Target Interest Sale shall be treated as a fully taxable sale of the Target Company Properties held by the Wholly Owned Target Companies and Midtown Target Companies by the Company (collectively, the "Intended Tax Treatment");

WHEREAS, on the Closing Date, and as an inducement to the Seller's willingness to enter into this Agreement and as a condition to the Seller's obligations hereunder: (i) the Purchaser shall cause each of the Target Companies (other than Midtown GP) to enter into a Property Management Agreement with Cottonwood Capital Property Management II, LLC, a Delaware limited liability company ("Property Manager"), in the form attached hereto as Exhibit B (the "Management Agreement"); and (ii) the Purchaser shall enter into the Management Incentive Agreement with Property Manager in either the form attached hereto as Exhibit C-1 or Exhibit C-2, as reasonably agreed to between the Parties prior to August 31, 2018 (the "Incentive Agreement"); and

WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements in connection with the Sale and the other Contemplated Transactions and also to prescribe various conditions to the Sale and the other Contemplated Transactions.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants and subject to the conditions herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE 1.
DEFINITIONS

Section 1.1 Definitions.

(a) For purposes of this Agreement:

"Acceptable Confidentiality Agreement" shall mean a confidentiality agreement that contains provisions that are no less favorable in any material respect to the Company than those contained in the Confidentiality Agreement.

"Affiliate" of a specified Person shall mean a Person who, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person. For purposes of this Agreement, the Target Companies shall not be considered Affiliates of the Purchaser prior to the Closing.

"Benefit Plan" shall mean any "employee benefit plan" (within the meaning of Section 3(3) of ERISA) and any employment, consulting, collective bargaining, termination, severance, change in control, separation, salary continuation, retention, stock option, restricted stock or other equity awards, stock purchase, deferred compensation, bonus, incentive compensation, profit sharing, commission, fringe benefit, tuition, scholarship, relocation, service award, company car, payroll practice, health, medical, dental, disability, accident, life insurance, welfare benefit, cafeteria, vacation, paid time off, perquisite, retirement, pension, or savings or any other compensation or employee benefit plan, agreement, program, policy or other arrangement, whether or not subject to ERISA and whether written or unwritten, insured or self-insured or domestic or foreign.

"Breakage Costs" shall mean any and all reasonable and documented, out-of-pocket rate lock breakage fees, index lock breakage fees, hedging costs and hedging losses that Purchaser (or any Affiliate of Purchaser) is required to pay as a result of Purchaser's entering into any loan application, interest rate lock agreement or index rate lock agreement with Purchaser's Lender if the Sale fails to close.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which all banking institutions in New York, New York are authorized or obligated by Law or executive order to close.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Company Financial Advisor" shall mean HFF Securities L.P.

"Company Material Adverse Effect" shall mean any event, circumstance, change or effect (a) that is material and adverse to the business, properties, financial condition or results of operations of the Target Companies, taken as a whole, or (b) that will, or would reasonably be expected to, prevent or materially impair the ability of the Company or the Seller to consummate the Sale or the other Contemplated Transactions; provided, however, that for purposes of clause (a), "Company Material Adverse Effect" shall not include any event, circumstance, change or effect to the extent arising out of or resulting from (i) any events, circumstances, changes or effects that affect the Target Companies and the real estate or REIT industry generally, (ii) any changes in the United States or global economy or capital, financial or securities markets generally, including changes in interest or exchange rates, (iii) any changes in Law or regulatory conditions, (iv) the commencement, escalation or worsening of a war or armed hostilities or the occurrence of acts of terrorism or sabotage, (v) the

negotiation, execution or announcement of this Agreement, or the consummation of the Sale and the other Contemplated Transactions, (vi) the taking of any action expressly required by, or the failure to take any action expressly prohibited by, this Agreement, (vii) subject to Section 6.10, earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, fires or other natural disasters or weather conditions in the United States or any other country or region in the world, (viii) subject to Section 6.10, any damage or destruction of any Target Company Property that is fully covered by insurance, subject to customary and reasonable retention limits, (ix) changes in GAAP or (x) any Transaction Litigation.

"Company Common Stock" shall mean Company Non-Voting Common Stock and Company Voting Common Stock.

"Company Non-Voting Common Stock" shall mean the 50,000,000 shares of common stock, par value $0.01 per share, of the Company classified and designated as "non-voting common stock."

"Company Voting Common Stock" shall mean the 950,000,000 shares of common stock, par value $0.01 per share, of the Company classified and designated as "voting common stock."

"Confidentiality Agreement" shall mean the confidentiality agreement, dated March 8, 2018, between the Company and an affiliate of the Purchaser.

"Control" (including the terms "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

"Debt Pay-off Letters" shall mean pay-off letters in form and substance reasonably acceptable to the Title Insurer from each creditor in relation to the Indebtedness Amount, relating to, among other things (i) the repayment in full of such Indebtedness owed to such creditor and (ii) the termination of all Liens and security interests securing or relating to such Indebtedness.

"Ditaro" shall mean Ditaro, LLC, a Delaware limited liability company.

"Ditaro Agreements" shall mean each of the agreements between a Target Company and Ditaro which are described in Section 4.12(a) or Section 4.12(c) of the Seller Disclosure Letter.

"Ditaro Amendments" shall mean an amendment to each of the Ditaro Agreements effective as of the Closing date in the form attached hereto as Exhibit J.

"Effective Date" shall mean the date of this Agreement.

"Environmental Law" shall mean any Law (including common law), statute, regulation, rule or governmental requirement relating to the pollution or protection of the environment (including air, surface water, groundwater, land surface or subsurface land), or human health or safety (as such matters relate to Hazardous Substances), including Laws relating to the use, handling, presence, transportation, treatment, storage, disposal, release, discharge or clean-up of Hazardous Substances.

"Environmental Permit" shall mean any permit, approval, license, certificate, registration or other authorization required pursuant to applicable Environmental Law.

"Equity Interests" shall mean, collectively: (A) the Wholly-Owned Equity Interests, (B) the Midtown Crossing Equity Interests; (C) the JV Asset Equity Interests; and (D) after the Formation Transactions, the Target LLC Equity Interests.

"Equity Interest Holder" shall mean, after giving effect to the Formation Transactions: (i) Target LLC as to the Target LLC Equity Interests; and (ii) each JV Entity as to its respective portion of the JV Asset Equity Interests.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean any entity, trade or business (whether or not incorporated) that would be treated as a single employer with any Person under Section 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA.

"Expenses" shall mean all out-of-pocket expenses (including: (i) all reasonable fees and expenses of counsel, accountants, investment bankers, experts and consultants to a Party and its Affiliates; and (ii) in the case of the Purchaser, deposits and expenses incurred with any lender providing financing for the Sale) actually incurred with Third Parties by a Party and/or its Affiliates or on a Party's behalf in connection with or related to the due diligence investigation of the transactions contemplated by this Agreement and the authorization, preparation, negotiation, execution and performance of this Agreement, the preparation, printing and mailing of the Information Statement, obtaining Third Party consents, and all other matters directly related to the Sale and the other Contemplated Transactions.

"GAAP" shall mean the United States generally accepted accounting principles.

"Governmental Authority" shall mean any United States (federal, state or local) or foreign government, arbitration panel, or any governmental or quasi-governmental, regulatory, judicial or administrative authority, board, bureau, agency, commission or self-regulatory organization.

"Haywood Apartment Property" shall mean that certain real property and apartment complex thereon located commonly known as 135 Haywood Crossing Drive, Greenville, South Carolina which is legally described on Schedule 4 hereto and including (i) all such real property interests, together with all buildings, structures and other improvements and fixtures located on or under such real property and all easements, rights and other appurtenances to such real property; and (ii) all of the property interests described in Section 2.2 relating thereto (specifically including all rights to any unpaid insurance proceeds payable by the Haywood Casualty Insurer on account of the Haywood Casualty and all rights to the Haywood Casualty Contracts).

"Haywood Casualty" shall mean that certain fire which occurred at the Haywood Apartment Project as described in Section 4.9 of the Seller Disclosure Letter.

"Haywood Casualty Contract" shall mean the Agreement as of May 14, 2018 between CROP Property Management, LLC (as agent for the Haywood Apartment Owner) and Certis Construction LLC.

"Haywood Casualty Insurer" shall mean, collectively, AXIS Surplus Insurance Company, Starr Specialty Lines, Lloyd's of London, Aspen Specialty Insurance Company and Evanston Insurance Company.

"Haywood Litigation" shall mean the pending litigation identified in Section 4.13 of the Seller Disclosure Letter which is identified as pending with respect to the Haywood Project known as *Plantations at Haywood 1, LLC, et al. v. Plantations at Haywood M, LLC, et al.* and *Plantations at Haywood 1, LLC, et al. v. Cottonwood Residential, O.P., LP, et al.*

"Haywood Project" shall mean, collectively, the Haywood Apartment Property and the Haywood Storage Property.

"Haywood Purchaser" shall mean Haywood Plantations Property Owner, LLC, a Delaware limited liability company.

"Haywood Storage Property" shall mean that real property and self-storage related improvements thereon located in Greenville, South Carolina which is legally described on Schedule 5 hereto and including (i) all such real property interests, together with all buildings, structures and other improvements and fixtures located on or under such real property and all easements, rights and other appurtenances to such real property; and (ii) all of the property interests described in Section 2.2 relating thereto.

"Haywood Target Companies" shall mean, collectively, the Haywood Apartment Owner and the Haywood Storage JV.

"Hazardous Substances" shall mean (i) those substances listed in, defined in or regulated under any Environmental Law, including the following federal statutes and their state counterparts, as each may be amended from time to time, and all regulations thereunder: the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substances Control Act, the Clean Water Act, the Safe Drinking Water Act, the Atomic Energy Act and the Clean Air Act, (ii) petroleum and petroleum products, including crude oil and any fractions thereof, and (iii) polychlorinated biphenyls, mold, methane, asbestos, urea-formaldehyde foam insulation and radon.

"Impositions" shall mean, for the Target Company Properties, all real estate and personal property taxes, assessments, excises and levies (and any associated interest, costs or penalties), general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature, that are at any time assessed, levied, charged or imposed on, or with respect to all or any portion of the Target Company Properties, or the sidewalks, streets or alley ways adjacent thereto, as appropriate, or the ownership, use, occupancy or enjoyment thereof.

"Income Tax" shall mean any federal, state, local, or non-U.S. income tax measured by or imposed on income, including any interest, penalty, or addition thereto, whether disputed or not.

"Indebtedness" shall mean, with respect to any Person, (i) all indebtedness, notes payable, accrued interest payable or other obligations for borrowed money, whether secured or unsecured, (ii) all obligations under conditional sale or other title retention agreements, or incurred as financing, in either case with respect to property acquired by such Person (other than trade payables and other current liabilities incurred in the ordinary course of business consistent with past business practices which are not more than 30 calendar days past due), (iii) all obligations issued, undertaken or assumed as the deferred purchase price for any property or assets, (iv) all obligations under capital leases (other than leases where no Seller Party is a lessee or sublessee), (v) all obligations in respect of bankers acceptances or letters of credit, (vi) all obligations under interest rate cap, swap, collar or similar transaction or currency hedging transactions, and (vii) any guarantee of any of the foregoing.

"Indebtedness Amount" shall mean the amount required to satisfy all Indebtedness of the Target Companies outstanding immediately prior to the Closing Date, including without limitation, all Mortgage Indebtedness.

"IRS" shall mean the United States Internal Revenue Service or any successor agency.

"Law" shall mean any and all domestic (federal, state or local) or foreign laws, rules, regulations, ordinances, codes, orders, judgments or decrees promulgated by any Governmental Authority.

"Lease" shall mean: (i) each lease between a Target Company (other than Midtown GP) and a Tenant pursuant to which a portion of a Target Company Property is subject as of the Effective Date; (ii) each lease between a Target Company (other than Midtown GP) and a Tenant pursuant to which a portion of a Target Company Property is subject and entered into after the Effective Date in accordance with this Agreement; and (iii) all guarantees, amendments, modifications, supplements, renewals and extensions related thereto.

"Legal Proceeding" shall mean any claim, action, suit, arbitration, alternative dispute resolution action or any other judicial or administrative proceeding, in law or equity.

"Liability" shall mean any debt, loss, damage, adverse claim, commitment, fines, penalties, liability or obligation (whether direct or indirect, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto, including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation.

"Lien" shall mean with respect to any asset (including any security), any mortgage, deed of trust, claim, condition, covenant, lien, pledge, charge, security interest, preferential arrangement, option or other Third Party right (including right of first refusal or first offer), restriction, right of way, easement, or title defect or encumbrance of any kind in respect of such asset, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"Midtown Owner" shall mean CW Midtown Crossing, LP, a Delaware limited partnership.

"Midtown Crossing Equity Interests" shall mean, collectively: (i) the Operating Partnership's 99% partnership interests in Midtown Owner; and (ii) the Operating Partnership's 100% membership interests in Midtown GP.

"Midtown GP" shall mean Midtown Crossing Apartments, LLC, a Delaware limited liability company, the general partner of Midtown Owner which owns 1% of the partnership interests in CW Midtown.

"Midtown Target Companies" shall mean, collectively, the Midtown Owner and the Midtown GP.

"Mortgage Indebtedness" shall mean any Indebtedness of a Target Company (other than Midtown GP) which is secured by a Mortgage Lien.

"Mortgage Lien" shall mean mortgage, deed of trust, act of mortgage or other Lien securing the repayment of borrowed monies which exists upon a Target Company Property.

"Net Aggregate Property Prorations" shall mean the aggregate net amount of the following prorations for each Target Company Property as of the Closing Date:

(i) If and to the extent received by the Target Companies (other than the Midtown GP), all rents, if any, under the Leases and any other revenue of the Target Company Properties for the month in which the Closing Date occurs (as well as any prepaid rent or revenue from Leases applicable to periods after the Closing Date) shall be prorated between the Seller and the Purchaser.

(ii) All Impositions for the fiscal year in which the Closing shall occur shall be prorated between the Seller and the Purchaser on the basis of the amount of the most recently ascertainable Impositions, based upon the most currently available final Impositions bill. As soon as the amount of Impositions levied against the Target Company Properties for the fiscal year in which the Closing Date occurs is known, the Seller and the Purchaser shall readjust the amount of Impositions to be paid by each party with the result that the Seller shall be responsible for those Impositions attributable to the period of time prior to the Closing Date and the Purchaser shall be responsible for those Impositions attributable to the period of time from and after the Closing Date. If, as the result of an appeal of the assessed valuation of any Target Company Property for any real estate tax year prior to (or including) the Closing Date, there is issued after the Closing Date an administrative ruling, judicial decision or settlement by which the assessed value of the Target Company Property for such tax year is reduced, and a real estate tax refund issued, the Seller shall be entitled to all such refunds relating to the period prior to the Closing Date and the Purchaser shall be entitled to all such refunds relating to the period from and after the Closing Date.

(iii) If, at Closing, any Target Company Property or any part thereof shall have been affected by an assessment or assessments for public improvements, which are or may become payable in annual

installments, of which the first installment is then a charge or lien, then for the purposes of this Agreement, all the unpaid installments of any such assessment due and payable in calendar years prior to the year in which the Closing Date occurs shall be the responsibility of the Seller, and all installments becoming due and payable in calendar years after the year in which the Closing Date occurs shall be the responsibility of the Purchaser, except, however, that any installments which are due and payable in the calendar year in which the Closing occurs shall be adjusted pro rata. However, if such an assessment or assessments shall be due in one lump sum payment, then to the extent such assessment(s) is for improvements in place as of the date of this Agreement, then such assessment(s) shall be the responsibility of the Seller, but if such assessment(s) is for improvements that are in progress as of the Effective Date or that are to be made subsequent to the Effective Date, then the same shall be the responsibility of the Purchaser.

(iv) If and to the extent previously paid to the Target Companies (other than Midtown GP) and not refunded to a Tenant or applied: (A) the amount of all security deposits paid by Tenants, together with any interest earned thereon, if any, and any other deposits paid by Tenants to each Target Company or its predecessors (other than the Haywood Target Companies or Midtown GP), shall be held by each Target Company as of the Closing Date in a segregated account (proof of which shall be evidenced to the Purchaser), and such Target Companies will remain responsible for repayment or proper application of said deposits; and (B) the amount of all security deposits paid by Tenants with respect to the Haywood Project, together with any interest earned thereon, if any, and any other deposits paid by Tenants to the Haywood Target Companies shall be credited to the Purchaser on the Closing Date and Haywood Purchaser shall become responsible for repayment or proper application of said deposits;.

(v) If and to the extent not billed directly to Tenants:

(A) Water and sewer rents and vault charges, curb cut charges and other property fees and expenses (if any) for the year in which the Closing Date occurs, based on the fiscal year used by the taxing authority;

(B) Gas, electricity and other public utility charges and for which final bills are not obtained; provided, however, that any deposits with utility companies shall not be prorated as of the Closing Date, and the Seller shall be entitled to a credit for the same at Closing, if verified by the holder thereof. To the extent practicable, the Seller shall cause all public utilities serving the Target Company Properties to issue final bills on the basis of readings for such items made as of the Closing Date and all such bills shall be prorated at Closing. To the extent that final bills are not issued, an equitable adjustment shall be made at Closing based on the most recent previous bills, but after Closing, an appropriate re-adjustment shall be made after such final bills are issued.

(C) Amounts due and prepayments made under any Target Company Service Contracts or any Target Company Material Contracts; provided, however, that any deposits made under any Target Company Service Contracts or Target Company Material Contracts shall not be pro-rated as of the Closing Date, and the Seller shall be entitled to a credit for the same at Closing if such deposit is verified by the holder thereof.

(D) Other customary items of income and expenses of operation shall be prorated between the Seller and the Purchaser.

(vi) The sum of $500.00 for each unit which is not "rent ready" as of the Closing Date and which became vacant more than ten (10) days prior to the Closing Date. For purposes of this provision, a unit shall be "rent ready" if such unit has cleaned carpets, freshly painted interior walls, working kitchen appliances (and water heaters and HVAC units and other equipment to the extent serving only the individual vacant unit(s)), and no material damage to the doors, walls, ceilings, floors or windows inside such units. The Company and the Purchaser may inspect the vacant units prior to the Closing Date in order to determine how many units are not "rent ready."

"Operating Partnership" shall mean Cottonwood Residential O.P., LP.

"Order" shall mean a judgment, order or decree of a Governmental Authority.

"Organizational Documents" shall mean any charter, certificate of incorporation, declaration of partnership, articles of association, bylaws, operating agreement, limited liability company agreement, partnership agreement or similar formation or governing documents and instruments.

"Person" shall mean an individual, corporation, partnership, limited partnership, limited liability company, person, trust, association or other entity or a Governmental Authority or a political subdivision, agency or instrumentality of a Governmental Authority.

"Property Material Adverse Effect" shall mean any event, circumstance, change or effect (a) that is material and adverse to the business, properties, financial condition or results of operations of a Target Company Property or (b) that will, or would reasonably be expected to, prevent or materially impair the ability of the Company or the Seller to consummate the Sale or the other Contemplated Transactions.

"Purchaser Material Adverse Effect" shall mean with respect to the Purchaser, any event, circumstance, change or effect that, individually or taken together with all other events, circumstances, changes or effects that have occurred prior to the date of determination of the occurrence of the Purchaser Material Adverse Effect, is or would reasonably be expected to prevent or materially delay the performance by Purchaser of any of its obligations under this Agreement or the consummation of the Sale or Contemplated Transactions.

"Purchaser's Lender" shall mean, collectively: (i) Holiday Fenoglio Fowler, L.P.; and (ii) Federal Home Loan Mortgage Corporation.

"REIT" shall mean a real estate investment trust within the meaning of Section 856 of the Code.

"Representative" shall mean, with respect to any Person, such Person's directors, officers, employees, consultants, advisors (including attorneys, accountants, consultants, investment bankers and financial advisors), agents and other representatives.

"Stafford Target Company" shall mean CW Stafford Apartments, LLC, a Delaware limited liability company.

"Stockholder" shall mean any holder of Company Common Stock.

"Subsidiary" shall mean, with respect to any Person, (a) a corporation of which more than fifty percent (50%) of the combined voting power of the outstanding voting stock is owned, directly or indirectly, by such Person or by one of more other Subsidiaries of such Person or by such Person and one or more other Subsidiaries thereof, (b) a partnership of which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, is the general partner and has the power to direct the policies, management and affairs of such partnership, (c) a limited liability company of which such Person or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, is the managing member or manager and has the power to direct the policies, management and affairs of such company or (d) any other Person (other than a corporation, partnership or limited liability company) in which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, has the majority ownership power to direct the policies, management and affairs thereof. For purposes of this Agreement, the Target Companies shall not be considered Subsidiaries of the Purchaser prior to the Closing.

"Survival Period" shall mean that period of time consisting of the 180 days immediately following the Closing Date.

"Target Company" shall mean each of and "Target Companies" shall mean, collectively, all of: (i) the Wholly-Owned Target Companies; (ii) the Midtown Target Companies; (iii) the JV Asset Target Companies; and (iv) the Haywood Target Companies.

"Target Company Property" shall mean each of and "Target Company Properties" shall mean, collectively, all of: (i) the facility and real property owned by each Wholly-Owned Target Company, including: (A) all such real property interests, together with all buildings, structures and other improvements and fixtures located on or under such real property and all easements, rights and other appurtenances to such real property; and (B) all of the property interests described in Section 2.2 related to each such facility and real property; (ii) the facility and real property owned by each JV Asset Target Company, including: (A) all such real property interests, together with all buildings, structures and other improvements and fixtures located on or under such real property and all easements, rights and other appurtenances to such real property; and (B) all of the property interests described in Section 2.2 related to each such facility and real property; (iii) the facility and real property owned by the Midtown Owner, including: (A) all such real property interests, together with all buildings, structures and other improvements and fixtures located on or under such real property and all easements, rights and other appurtenances to such real property; and (B) all of the property interests described in Section 2.2 related to each such facility and real property and (iv) the Haywood Project.

"Target Company Service Contracts" means any maintenance, management, leasing, landscaping, security, supply or other service contract relating to a Target Company Property

"Target LLC Equity Interests" shall mean 100% of the interests in the Target LLC.

"Tax" or "Taxes" shall mean any and all federal, state, local or foreign or other taxes, together with any interest, penalties and additions to tax, imposed by any Governmental Authority, including taxes on or with respect to income, franchises, gross receipts, gross income, property, sales, use, transfer, capital stock, payroll, employment, unemployment, alternative or add on minimum, estimated and net worth, and taxes in the nature of excise, withholding, backup withholding and value added taxes, whether disputed or not.

"Tax Return" shall mean any return, report or similar statement, together with any attached schedule, that is required to be provided to a Governmental Authority with respect to Taxes, including information returns, refunds claims, amended returns and declarations of estimated Tax.

"Tenant" shall mean any Third Party that is a lessee or sublessee under any Lease.

"Third Party" shall mean any Person or group of Persons other than the Seller Parties, the Purchaser and their respective Affiliates.

"Title Insurer" shall mean Stewart Title Guaranty Company.

"Willful Breach" shall mean, with respect to any representation, warranty, agreement or covenant, an action or omission where the breaching party actually knows such action or omission is, or would reasonably be expected to result in, a breach of such representation, warranty, agreement or covenant.

Section 1.2 Table of Defined Terms.

Terms that are not defined in Section 1.1 have the respective meanings set forth in the following Sections:

Defined Term	SECTION NO.
Accrued Rents	Section 2.3(d)(ii)(D)
Accrued Rent Schedule	Section 2.3(d)(ii)(D)
Adverse Recommendation Change	Section 6.4(d)
Agreement	Preamble

Defined Term	SECTION NO.
Alternative Acquisition Agreement	Section 6.4(a)
Anti-Bribery Laws	Section 4.22
Assignment of Contracts and Intangibles	Section 2.3(b)(xii)
Assignment of Leases	Section 2.3(b)(xii)
Bill of Sale	Section 2.3(b)(xii)
Board Recommendation	Section 6.2(c)
Cap	Section 9.1(a)
Casualty	Section 6.10(a)
Claim Notice	Section 6.12(a)
Closing	Section 2.3(a)
Closing Consideration	Section 3.1(a)
Closing Date	Section 2.3(a)
Closing Escrowee	Section 2.3(a)
Company	Preamble
Company Acquisition Proposal	Section 6.4(i)(i)
Company Board	Ninth Recital
Company Bylaws	Section 4.2
Company Charter	Section 4.2
Company Stockholder Approval	Section 4.20
Company Termination Amount	Section 8.3(a)(ii)
Condemnation	Section 6.10(a)
Contemplated Transactions	Twelfth Recital
Covered Persons	Section 6.9
Deed	Section 2.3(b)(xii)
Deposit Escrowee	Section 2.4
Equity Assignment Agreement	Section 2.3(b)(i)
Final Adjustment	Section 2.3(d)(ii)(C)
Financing Documents	Section 2.3(e)
Formation Transactions	Seventh Recital
Government Lists	Section 4.23
Haywood Apartment Owner	Fourth Recital
Haywood Indemnitees	Section 6.12(a)
Haywood Litigation Claim	Section 612(a)
Haywood Storage JV	Fourth Recital
Incentive Agreement	Fifteenth Recital
Indemnity Termination Date	Section 6.12(c)
Information Statement	Twelfth Recital
Intended Tax Treatment	Fourteenth Recital
Interim Period	Section 6.1(a)
Intervening Event	Section 6.4(i)(iii)
JV Asset Equity Interests	Third Recital
JV Asset Target Companies	Third Recital
JV Entity	Third Recital
JV Equity Distribution Transaction	Sixth Recital
JV Equity Interest Sale	Eighth Recital
Knowledge of the Company	Section 4.25
Knowlegde of the Purchaser	Section 5.14
Liability Limitation	Section 9.9(c)
Management Agreement	Fifteenth Recital
Maryland Court	Section 9.12(a)
Notice of Superior Proposal	Section 6.4(e)
Opposing Claim	Section 6.12(b)
Outside Date	Section 8.1(b)(i)

Defined Term	SECTION NO.
Parties	Preamble
Party	Preamble
Permitted Investments	Section 9.15
Permitted Liens	Section 4.15(b)
Pre-Closing Formation Date	Seventh Recital
Proceeds	Section 6.10(a)(i)
Property Financial Statements	Section 4.7(a)
Property Manager	Fifteenth Recital
Purchaser	Preamble
Purchaser Board	Thirteenth Recital
Purchaser Deposit	Section 2.4
Purchaser Permits	Section 5.4(b)
Purchaser Recovery Costs	Section 8.3(c)
Purchaser Termination Amount	Section 8.3(a)(i)
Qualifying Income	Section 8.3(d)(i)
Sale	Eighth Recital
Seller	Preamble
Seller Disclosure Letter	Article IV
Seller Group	Section 9.1(b)
Seller Obligations	Section 9.15
Seller Parties	Preamble
Seller Party	Preamble
Settlement Statement	Section 2.3(b)(xi)
Special Committee	Ninth Recital
Special Committee Recommendation	Section 4.4(b)
Superior Proposal	Section 6.4(i)(ii)
Takeover Statutes	Section 4.19
Target Company Insurance Policies	Section 4.17
Target Company Material Contract	Section 4.12(a)
Target Company Permits	Section 4.6(b)
Target Company Title Insurance Policies	Section 4.15(f)
Target Company Title Insurance Policy	Section 4.15(f)
Target Interest Sale	Eighth Recital
Target LLC	Seventh Recital
Tax Attribute	Section 4.16(k)
Tax Contest	Section 6.8(b)
Title Certificate	Section 2.3(b)(iv)
Transaction Litigation	Section 6.6(c)
Transfer Taxes	Section 6.8(a)
Wholly-Owned Equity Interest	Second Recital
Wholly-Owned Target Companies	Second Recital

ARTICLE 2.
AGREEMENT TO SELL AND PURCHASE EQUITY INTERESTS

Section 2.1 Sale and Purchase of Target Companies.

At the Closing, on the terms and subject to the conditions set forth in this Agreement, the Company shall: (i) cause the Seller to assign, transfer, convey and deliver to the Purchaser or its permitted assigns, and the Purchaser or its permitted assigns shall purchase, acquire, accept and take assignment and delivery from the

Seller, all of Seller's right, title and interest in, to, and under the Target LLC Equity Interests, free and clear of all Liens other than Permitted Liens; (ii) cause each JV Entity to assign, transfer, convey and deliver to the Purchaser or its permitted assigns, and the Purchaser or its permitted assigns shall purchase, acquire, accept and take assignment and delivery from each JV Entity, all of the JV Entity's right, title and interest in, to, and under the JV Asset Equity Interests, free and clear of all Liens other than Permitted Liens; (iii) cause Haywood Storage JV to assign, transfer and convey the Haywood Storage Property to Haywood Purchaser free and clear of all Liens other than Permitted Liens; and (iv) cause Haywood Apartment Owner to assign, transfer and convey the Haywood Apartment Property to Haywood Purchaser free and clear of all Liens other than Permitted Liens.

Section 2.2 Equity Interests in the Target Companies and Haywood Project. The Equity Interests in the Target Companies (other than the Haywood Target Companies) and fee title to the Haywood Project consist of all right, title and interest in the following assets, whether tangible, intangible, real or personal and wherever located, as applicable:

(i) all goodwill and other intangible assets of the Target Companies;

(ii) the Target Company Properties;

(iii) all billed and unbilled accounts receivable of the Target Companies and all correspondence with respect thereto, including all trade accounts receivable, notes receivable from customers, vendor credits and all other obligations from customers with respect to sales of goods or services, whether or not evidenced by a note;

(iv) all inventories, work in progress and supplies of the Target Companies;

(v) all tangible personal property of the Target Companies, including any computers and all related equipment, telephones, fixtures and all related equipment and all other tangible personal property, as well as any such items that any Target Companies has ordered but has not yet received;

(vi) to the extent assignable or transferable, all documents in possession of the Target Companies relating to products, services, marketing, advertising, promotional materials, intellectual property and all files, customer files, guest lists (to the extent permitted by Law or privacy policies) and documents (including credit information), supplier lists, records, literature and correspondence;

(vii) all rights of the Target Companies, if any, under non-disclosure or confidentiality, non-compete, or non-solicitation agreements with agents of the Company or any Target Companies or with any Third Party;

(viii) (subject to adjustment in connection with the Net Aggregate Property Prorations) to the extent assignable or transferable, all of the Target Companies' claims, deposits, prepayments, prepaid charges and expenses, including any prepaid rent and security deposits, warranties, guarantees, refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment of every kind and nature;

(ix) to the extent assignable or transferable, all of the Target Companies' right, title and interest in, to, and under, any permits, licenses, consents, authorizations, approvals, registrations or certificates held by any Target Companies;

(x) all rights of any Target Companies under or pursuant to: (A) all warranties, representations and guarantees made by suppliers, manufacturers, sureties and contractors to the Target Companies (other than with Affiliates of the Seller or the Company); (B) all Leases; and (C) all Target Company Service Contracts and Target Company Material Contracts.

(xi) all of the Target Companies' rights, claims and causes of action, credits, demands or rights of setoff, if any, against any Third Party arising after the Closing;

(xii) all of the Target Companies' right, title and interest in (A) the names of each Target Company Property, (B) any domain names associated with the Target Company Properties and (C) all Facebook pages, Instagram accounts and other social media platforms and the content located thereof; provided that

the foregoing clause shall specifically exclude the names "Cottonwood" or "Cottonwood Residential" or derivatives therefrom or combinations thereof or any logos or marks of the Company or the Operating Partnership; and

(xiii) to the extent assignable or transferable, all other assets, rights and interests of any kind or nature of each of the Target Companies.

Section 2.3 Closing; Order of Transactions; Deliverables.

(a) General. The closing of the Sale (the "Closing") shall occur on the third (3rd) Business Day after all of the conditions set forth in Article 7 (other than those conditions that by their terms are required to be satisfied or waived in writing, to the extent permitted, at the Closing, but subject to the satisfaction or, to the extent permitted, waiver of such conditions) shall have been satisfied or waived, to the extent permitted, by the Party entitled to the benefit of the same or at such other time and date as shall be agreed upon by the Parties. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date"; provided, however, that in no event shall the Closing occur prior to September 10, 2018 (unless otherwise mutually agreed by the Parties). Notwithstanding the foregoing, Purchaser shall have the right to extend the Closing Date to a later date by giving written notice to the Seller Parties (a "Closing Extension Notice") which Closing Extension Notice shall set forth the date certain to which the Closing is being extended (the "Extended Closing Date"); provided, however, in no event shall the extended Closing Date be later than the Outside Date. If a Closing Extension Notice is given the Extended Closing Date shall become the Closing Date for all purposes under this Agreement. The Closing shall take place at the offices of Goodwin Procter LLP, 100 Northern Avenue, Boston, MA 02210, or at such other place as agreed to by the Parties hereto. The funding of the Closing Consideration shall occur through an escrow with First Nationwide Title (or the national office of a nationally recognized title insurance/escrow company designated by the Purchaser) (the "Closing Escrowee").

(b) Seller Party Deliverables. At the Closing, the Seller Parties shall deliver, or cause to be delivered, to the Purchaser:

(i) an Equity Interest Assignment and Assumption Agreement (the "Equity Assignment Agreement"), substantially in the form of Exhibit A attached hereto from: (A) Seller as to the Target LLC Equity Interests executed by a duly authorized representative of the Seller; and (B) each JV Entity as to their respective portion of the JV Asset Equity Interests executed by a duly authorized representative of each such JV Entity.

(ii) a certificate executed by an authorized officer of the Company on behalf of each Seller Party to the effect that the conditions specified in clauses (b), (c) and (d) of Section 7.2 are satisfied in all respects and which shall attach: (A) the rent roll for each of the Target Company Properties as of last day of the month preceding the month in which the Closing occurs, certified to be true and correct as of the date of the rent roll which shall be in the same form as that attached in Section 4.15(a) (Part I) of the Seller Disclosure Letter; and (B) the Accrued Rent Schedule for each Target Company Property;

(iii) a certificate from the Company attesting that: (A) true and correct copies of the Organizational Documents of Target LLC are attached; and (B) that the Organizational Documents of each Target Company as disclosed in Section 4.2 of the Seller Disclosure Letter remains true and correct as of the Closing Date;

(iv) the following documents: (A) a separate title and non-imputation affidavit for each Target Company Property (the "Title Certificate"), in the form attached hereto as Exhibit D or in such form as may be reasonably required by the Title Insurer in connection with the issuance to Purchaser of title insurance policies with a "non-imputation" endorsement (other than for the Haywood Project), and (B) if requested by the Title Insurer, such additional affidavits or documentation reasonably required by the Title Insurer to evidence the Seller Party's authorization to consummate the Contemplated Transactions so that Title Insurer can issue such policies insuring good and marketable title to the Target Company Property subject only to the Permitted Liens without the standard pre-printed exceptions; provided, however, that if the Title Insurer

is unwilling to provide Purchaser with such policies, Seller and Purchaser shall have the opportunity to procure such title insurance from another reputable national title insurance company, and the Closing Date may be adjourned by either Seller or Purchaser to procure such insurance (but the Closing Date shall not be adjourned to a date later than the Outside Date);

(v) the flow of funds memorandum described in Section 3.1(b) below, executed by a duly authorized representative of the Company;

(vi) written consents evidencing the capacity and authority of each Seller Party to (i) enter into and perform this Agreement, the Sale and the other Contemplated Transactions, (ii) consummate the Closing, (iii) enter into and deliver all documents to be executed and delivered by it at the Closing, and authorizing certain individuals to enter into and deliver this Agreement and such Closing documents on behalf of each Seller Party, together with (x) an incumbency certificate for the individuals signing this Agreement and such Closing documents on behalf of each applicable Seller Party, and (y) certificates of good standing and foreign qualification from the appropriate jurisdictions of formation or organization, dated as of a recent date and issued by the Secretary of State or equivalent official of the jurisdiction of each of the Target Companies', Target LLC's and Seller Parties' formation or organization, as well as all other jurisdictions in which the Target Companies are required by Law to be qualified and in good standing;

(vii) the originals of all letters of credit held by any Target Company (other than Midtown GP) as the security deposits under the Leases;

(viii) if requested by the Purchaser, a notice letter to each of the Tenants setting forth any new instructions for payment after Closing of all rent under the Leases, in form and substance reasonably satisfactory to the Seller Parties and the Purchaser, as the case may be;

(ix) each Management Agreement and the selected form of Incentive Agreement duly executed by Property Manager; and

(x) the affidavit referred to in Section 1445 of the Internal Revenue Code with all pertinent information confirming that each of the Seller Parties is not a foreign person, trust, estate, corporation or partnership;

(xi) a settlement statement in form and substance acceptable to the Purchaser and Seller Parties (the "Settlement Statement");

(xii) as to the Haywood Storage Property: (A) a special warranty deed in favor of Haywood Purchaser in substantially the form of Exhibit E (the "Deed"), executed and acknowledged by Haywood Storage JV, pursuant to which Haywood Storage JV shall convey title to the Haywood Storage Property subject only to the Permitted Liens; (B) two (2) executed counterparts of the Assignment of Leases in favor of Haywood Purchaser in the form of Exhibit F (the "Assignment of Leases") executed and acknowledged by Haywood Storage JV and relating to the Haywood Storage Property; (C) two (2) executed counterparts of the Assignment of Contracts and Intangibles in favor of Haywood Purchaser in the form of Exhibit G (the "Assignment of Contracts and Intangibles") executed and acknowledged by Haywood Storage JV and relating to the Haywood Storage Property; (D) two (2) executed counterparts of the Bill of Sale in favor of Haywood Purchaser in the form of Exhibit H (the "Bill of Sale") executed and acknowledged by Haywood Storage JV and relating to the Haywood Storage Property; and (E) such transfer declarations or other documents executed and acknowledged by Haywood Storage JV as are customarily delivered in connection with the delivery and recordation of the Deed in the jurisdiction where the Haywood Storage Property is located;

(xiii) as to the Haywood Apartment Property: (A) a Deed executed and acknowledged by Haywood Apartment Owner, pursuant to which Haywood Apartment Owner shall convey title to the Haywood Apartment Property subject only to the Permitted Liens; (B) two (2) executed counterparts of the Assignment of Leases executed and acknowledged by Haywood Apartment Owner and relating to the Haywood Apartment Property; (C) two (2) executed counterparts of the Assignment of Contracts and Intangibles executed and acknowledged by Haywood Apartment Owner and relating to the Haywood

Apartment Property; (D) two (2) executed counterparts of the Bill of Sale executed and acknowledged by Haywood Apartment Owner and relating to the Haywood Apartment Property; (E) such transfer declarations or other documents executed and acknowledged by Haywood Apartment Owner as are customarily delivered in connection with the delivery and recordation of the Deed in the jurisdiction where the Haywood Apartment Property is located; (F) an assignment in favor of Haywood Purchaser of all proceeds payable on account of insurance issued by the Haywood Casualty Insurer and payable on account of the Haywood Casualty executed and acknowledged by Haywood Apartment Owner, which assignment shall be in form and substance acceptable to the Haywood Casualty Insurer; (G) an assignment in favor of Haywood Purchaser of all Haywood Casualty Contracts executed and acknowledged by Haywood Apartment Owner, which assignment shall be in form and substance acceptable to the counterparties to each Haywood Casualty Contract; and (H) such sworn statements, contractor's affidavits and lien waivers as may be required to allow Haywood Purchaser to obtain title insurance coverage (through the date of Closing) over the existence of any mechanic's liens which could arise under the Haywood Casualty Contracts prior to the Closing Date;

(xiv) a resignation by all officers and directors of the Target Companies (other than the Haywood Target Companies) and Target LLC from their offices and/or directorships held at such companies, effective as of the Closing Date; and

(xv) evidence reasonably acceptable to the Title Insurer of the authority of the JV Entities to enter into and deliver all documents to be executed and delivered by them at the Closing;

(xvi) each the Ditaro Amendments executed by the applicable Target Company and Ditaro (in each case with all blanks and information regarding the underlying Ditaro Agreement properly completed); and

(xvii) all other documents, instruments and writings required to be delivered by any Seller Party or the JV Entities at or prior to the Closing Date pursuant to this Agreement and all other documents, instruments, declarations, affidavits and writings reasonably requested by the Purchaser.

(c) Purchaser's Deliverables. At the Closing, the Purchaser shall deliver or cause to be delivered to the Company:

(i) counterparts to each Equity Assignment Agreement executed by a duly authorized representative of the Purchaser or its permitted assigns;

(ii) a counterpart to the flow of funds memorandum described in Section 3.1(b) below, executed by a duly authorized representative of the Purchaser;

(iii) all other documents, instruments and writings required to be delivered by the Purchaser at or prior to the Closing Date pursuant to this Agreement and all other documents, instruments, declarations, affidavits and writings reasonably requested by the Company;

(iv) the Closing Consideration in immediate available funds by wire transfer to an account designated in writing by the Company to the Purchaser on the Closing Date;

(v) a certificate executed by an authorized officer of the Purchaser to the effect that the conditions specified in clauses (b) and (c) of Section 7.3 are satisfied in all respects; and

(vi) each Management Agreement duly executed by the applicable Target Company (other than Midtown GP);

(vii) the selected form of Incentive Agreement duly executed by the Purchaser;

(viii) the Settlement Statement;

(ix) a copy of resolutions duly adopted by the Purchaser Board evidencing the capacity and authority of the Purchaser to (i) enter into and perform this Agreement, the Sale and the other Contemplated Transactions, (ii) consummate the Closing, (iii) enter into and deliver all documents to be executed and delivered by it at the Closing, and authorizing certain individuals to enter into and deliver this Agreement

and such Closing documents on behalf of the Purchaser, together with (x) an incumbency certificate for the individuals signing this Agreement and such Closing documents on behalf of the Purchaser, and (y) a good standing certificate dated as of a recent date and issued by the Delaware Secretary of State;

(x) as to the Haywood Storage Property, (A) two (2) executed counterparts of the Assignment of Leases; (B) two (2) executed counterparts of the Assignment of Contracts and Intangibles; and (C) two (2) executed counterparts of the Bill of Sale; and

(xi) as to the Haywood Apartment Property, (A) two (2) executed counterparts of the Assignment of Leases; B) two (2) executed counterparts of the Assignment of Contracts and Intangibles; and (3) two (2) executed counterparts of the Bill of Sale.

(d) Pay off of the Indebtedness Amount. At the Closing, the Seller Parties shall: (i) deliver or caused to be delivered to the creditors identified in the Debt Pay-off Letters the Indebtedness Amount; and (ii) credit against the Closing Consideration an amount equal to the Net Aggregate Property Prorations. When determining the Net Aggregate Property Prorations, the following shall apply:

(i) Net Aggregate Property Prorations shall be prorated (on a per diem basis) or adjusted between the Company and the Purchaser as of 11:59 p.m. Eastern Time on the day before the Closing Date (and adjusted after Closing, if necessary, as provided in this Agreement). For purposes of the Net Aggregate Property Prorations, the Seller shall be deemed the owners of the Target Company Property (indirectly) on the day before the Closing Date, and the Purchaser shall be deemed the owner of the Target Company Property (indirectly) on the Closing Date.

(ii) It is the intention of the Parties that except as otherwise specifically provided above or elsewhere in this Agreement, or in any document executed at the Closing:

(A) the Company shall be entitled to all income and responsible to pay for all expenses (including expenses for goods or supplies ordered and services rendered) which under an accrual system of accounting are attributable to the period of time up to but not including the Closing Date, and the Purchaser shall be entitled to all income and responsible to pay for all expenses (including expenses for goods or supplies ordered and services rendered) which under an accrual system of accounting are attributable to the period of time from, after and including the Closing Date, excepting therefrom any one time payments received by any of the Target Company Properties in connection with any cable, Internet or any telecommunications agreements.

(B) (1) Except to the extent covered by insurance which is available to the Target Companies, the Seller shall pay any liabilities resulting from claims for injury to or death of persons which occur prior to Closing Date and to the extent arising out of or in connection with the negligent or otherwise tortious acts or omission of the Seller or the Target Companies during the period prior to the Closing Date, and (2) except to the extent covered by insurance which is available to the Target Companies, the Purchaser shall pay any liabilities resulting from claims for injury to or death of persons which occur from and after Closing Date and to the extent arising out of or in connection with the negligent or otherwise tortious acts or omissions of the Purchaser or Target Companies during the period from and after the Closing Date.

(C) Any item of income or expense set forth in the Net Aggregate Property Prorations that is subject to a final, post-Closing adjustment and reconciliation (other than Accrued Rents, which are separately addressed below) shall be so adjusted and reconciled on or before the end of the Survival Period (the "Final Adjustment"), except with respect to Impositions which shall be re-prorated prior to the later of: (x) the end of the Survival Period; or (y) 60 days of the issuance of the final bill therefor. With respect to such Final Adjustment, the Company and the Purchaser shall each make, and each shall be entitled to, an appropriate re-proration to each such item promptly when accurate information becomes available. Any such re-proration shall be paid promptly in cash to the party entitled thereto. For purposes of this section, the amount of any expense credited by one party to the other shall be deemed an expense paid by the party giving the credit.

(D) Those amounts that are payable by Tenants under the Leases, but that are unpaid prior to Closing ("Accrued Rents") shall not be adjusted as part of the Net Aggregate Property Prorations. Rather, following the Closing, all Accrued Rents that are actually collected by the Target Companies from any Tenant after the Closing shall first be applied to the month of the Closing, then to delinquent rents due after the Closing, and then to the Seller for any delinquent rents due for the period prior to the Closing. At Closing, the Company shall deliver a schedule of all Accrued Rents as of the Closing Date (the "Accrued Rent Schedule"). Each Target Company (other than Midtown GP) shall include the amount of such Accrued Rents in the first bills given to Tenants owing Accrued Rents after the Closing, and shall continue to do so thereafter. In connection with the allocation of such Accrued Rents, the Parties shall disregard any purported or attempted designation by Tenants of the months or periods to which their payments should be applied. Target Companies shall have no obligation to sue Tenants directly to collect Accrued Rents. The Seller Parties shall not have a right to sue or otherwise seek collection of Accrued Rents from the Tenants after Closing or exercise any right to seek eviction of such Tenants.

(e) Financing Documents. At the Closing, the Purchaser shall cause each Target Company (other than Midtown GP) to enter into such financing documents as previously agreed to by the Purchaser (the "Financing Documents"), which financing documents will be in the forms previously agreed to by the Purchaser.

Section 2.4 Good Faith Deposit. Within one (1) Business Day after the Effective Date, Purchaser shall deposit the sum of $8,000,000 (the "Purchaser Deposit") by wire transfer of immediately available funds with First Nationwide Title (the "Deposit Escrowee") pursuant to the terms of a joint order escrow agreement executed on the Effective Date between Purchaser, the Company and Deposit Escrowee. The terms of the Escrow Agreement shall govern the holding, investment and delivery of the Purchaser Deposit.

ARTICLE 3.
PURCHASE AND SALE CONSIDERATION

Section 3.1 Closing.

(a) Closing Consideration. Subject to the terms and conditions of this Agreement, the Purchaser shall deliver an amount in cash equal to the difference between $439,740,000, *less* the Purchaser Deposit and plus or minus any other credits on account of Net Aggregate Property Prorations (the "Closing Consideration"). The Closing Consideration shall be paid by wire transfer of immediately available funds through the Closing Escrowee no later than 1:00 p.m. Eastern Time on the Closing Date. To the extent not held by the Closing Escrowee, the Purchaser and the Company shall cause the Purchaser Deposit to be transferred to the Closing Escrowee on the Closing Date for application to the payment of the Closing Consideration.

(b) Flow of Funds Memorandum. The Closing Consideration shall be paid to the Company, as agent for the Seller, the JV Entities and the Haywood Target Companies, as set forth in a flow of funds memorandum, in form and substance mutually satisfactory to the Company and the Purchaser, which shall specify in reasonable detail the payments to be made by the Purchaser to the Company at the Closing.

Section 3.2 Purchase Price Allocation. The Closing Consideration shall be allocated by Purchaser and Seller to the Target Company Properties as follows:

Target Company Property	Closing Consideration Allocation
1070 Main 1070 W. Main Street Hendersonville, TN	$46,750,000.00

Target Company Property	Closing Consideration Allocation
4804 Haverwood 4804 Haverwood Lane Dallas, TX	$20,100,000.00
Oaks of North Dallas 4701 Haverwood Lane Dallas, TX	$53,000,000.00
Bluffs at Vista Ridge 625 E. Vista Ridge Mall Drive Lewisville, TX	$41,340,000.00
Spring Pointe 3501 North Jupiter Road Richardson, TX	$30,750,000.00
Retreat at Stafford 12700 Stafford Road Stafford, TX	$38,500,000.00
Blue Swan 11710 Parliament Drive San Antonio, TX	$23,000,000.00
Waterford Creek 10510 Waterford Creek Lane Charlotte, NC	$34,300,000.00
Midtown Crossing 317 Lynn Road Raleigh, NC	$33,000,000.00
Arbors at Fairview 1000 Arbor Keats Drive Simpsonville, SC	$21,400,000.00
Plantations at Haywood 135 Haywood Crossing Drive Greenville, SC	$60,000,000.00
Retreat at River Park 3100 River Exchange Drive Sandy Springs, GA	$37,600,000.0

The Purchaser and the Company agree that, for all income Tax purposes, the transactions contemplated in this Agreement will be reported in a manner that is consistent with the foregoing allocations and none of them (nor any of their respective Affiliates) will take any inconsistent Tax position on any Tax Return or otherwise unless required by a Law. To the extent required for title and transfer tax purposes, the Parties shall work in good faith to agree to a further allocation of the Closing Consideration among the real and personal property comprising the Target Company Properties. No Party shall be required to agree to any allocation which in its reasonable belief would result in its failure to qualify as a REIT.

ARTICLE 4.
REPRESENTATIONS AND WARRANTIES OF THE SELLER PARTIES

Except as set forth in the disclosure letter that has been prepared by the Seller Parties and delivered by the Seller Parties to the Purchaser in connection with the execution and delivery of this Agreement (the "Seller Disclosure Letter") (it being agreed that disclosure of any item in any Section of the Seller Disclosure Letter with respect to any Section or subsection of Article 4 of this Agreement shall be deemed disclosed with respect to any other Section or subsection of Article 4 of this Agreement to the extent such relationship is reasonably apparent, provided that nothing in the Seller Disclosure Letter is intended to broaden the scope of any representation or

warranty of the Seller Parties made herein), each of the Seller Parties represents and warrants to the Purchaser that:

Section 4.1 Organization and Qualification; Subsidiaries.

(a) The Company is a Maryland corporation, duly organized, validly existing and in good standing under the Laws of the state of Maryland, has the requisite corporate power and authority and any necessary governmental authorization to own, lease and, to the extent applicable, operate its properties and to carry on its business as it is now being conducted, except for such failures to be so organized, in good standing or have certain power and authority that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. The Company is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, operated or leased by it or the nature of its business makes such qualification, licensing or good standing necessary, except for such failures to be so qualified, licensed or in good standing that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(b) The Seller and Target LLC are each duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization, has the requisite organizational power and authority and any necessary governmental authorization to own, lease and, to the extent applicable, operate its properties and to carry on its business as it is now being conducted, except for such failures to be so organized, in good standing or have certain power and authority that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. The Seller and Target LLC are each duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, operated or leased by it or the nature of its business makes such qualification, licensing or good standing necessary, except for such failures to be so qualified, licensed or in good standing that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(c) Each Target Company is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization or incorporation, as the case may be, and has the requisite organizational power and authority and any necessary governmental authorization to own, lease and, to the extent applicable, operate its properties and to carry on its business as it is now being conducted, except for such failures to be so organized, in good standing or have certain power and authority that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. Each Target Company is duly qualified or licensed to do business, and is in good standing, in: (i) the jurisdiction where its respective Target Company Property is located (with the exception of Midtown GP which is not so qualified); and (ii) each other jurisdiction where the character of the properties owned, operated or leased by it or the nature of its business makes such qualification, licensing or good standing necessary, except for such failures to be so qualified, licensed or in good standing that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(d) Section 4.1(d) of the Seller Disclosure Letter also sets forth (i) the jurisdiction of incorporation or organization, as the case may be, of each Target Company, (ii) the names of and the type of and percentage of interest held by each Person in each Target Company and (iii) the classification for United States federal Income Tax purposes of each Target Company. No Target Company, directly or indirectly, owns any interest or investment (whether equity or debt) in any Person (other than investments in bank time deposits and money market accounts) (except that Midtown GP owns a 1% partnership interest in Midtown Owner).

Section 4.2 Organizational Documents.

The Company has made available to the Purchaser complete and correct copies of (a) the Company's charter (the "Company Charter"), and the Company's bylaws, each in effect as of the Effective Date (the "Company Bylaws") and (b) the Organizational Documents of the Seller and each Target Company, all of which are listed

on Section 4.2 of the Seller Disclosure Letter. The Company Charter, the Company Bylaws and such Organizational Documents of each Target Company are each in full force and effect and have not been amended as of the Effective Date (except to the extent specified in Section 4.2 of the Seller Disclosure Letter).

Section 4.3 Capital Structure.

(a) All of the Equity Interests are duly authorized and validly issued. Except as set forth in Section 4.3(a) of the Seller Disclosure Letter: (i) the Company owns, directly or indirectly: (A) all of the Wholly-Owned Equity Interests; (B) the Midtown Crossing Equity Interests; and (C) that portion of the JV Asset Equity Interests identified on Schedule 2 hereto, (ii) each of the JV Entities owns their respective share of the JV Asset Equity Interests; (iii) the Equity Interests (excluding the Target LLC Equity Interests) constitute the only issued and outstanding ownership interests of the Target Companies (excluding the Haywood Target Companies) and (iv) the Equity Interests are free and clear of all Liens.

(b) Except as set forth in Section 4.3(b) of the Seller Disclosure Letter, there are no securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which the Seller, Target LLC or any Target Company is a party or by which any of them is bound, obligating the Seller, Target LLC or any Target Company to issue or sell any ownership interests or securities convertible into or exchangeable for its ownership interests. Except as set forth in Section 4.3(b) of the Seller Disclosure Letter, there are no outstanding contractual obligations of the Seller, Target LLC or any Target Company to repurchase, redeem or otherwise acquire any securities of the Seller, Target LLC or any Target Company. Except as set forth in Section 4.3(b) of the Seller Disclosure Letter, none of the Seller Parties, Target LLC or any Target Company is a party to or bound by any agreements or understandings concerning the voting (including voting trusts and proxies) of any capital stock or any equity security of any Seller Party, Target LLC or any Target Company.

Section 4.4 Authority.

(a) Each Seller Party has the requisite power and authority to execute and deliver this Agreement, to perform their respective obligations hereunder and, subject to receipt of the Company Stockholder Approval, to consummate the Sale and the other Contemplated Transactions. The execution and delivery of this Agreement by each Seller Party and the performance by each Seller Party of its obligations under this Agreement have been duly and validly authorized by all necessary action on the part of such Seller Party, and no other proceedings on the part of any Seller Party are necessary to authorize this Agreement or the Sale or to consummate the Sale and the other Contemplated Transactions, subject to receipt of the Company Stockholder Approval.

(b) The Special Committee has been duly authorized and constituted and at a meeting duly called and held has unanimously (i) determined that this Agreement and the Contemplated Transactions hereby are fair to and in the best interests of the Company and its stockholders, (ii) approved this Agreement and the Contemplated Transactions hereby and declared this Agreement advisable and (iii) recommended that the Company Board adopt resolutions approving and declaring advisable this Agreement and the Contemplated Transactions and recommending that the holders of Company Voting Common Stock vote in favor of the approval of the Sale and the other Contemplated Transactions and to include such recommendation in the Information Statement, subject to Section 6.2(c) (the "Special Committee Recommendation").

(c) The Company Board, based on the Special Committee Recommendation, at a duly held meeting, has, by unanimous vote of the entire Company Board, (i) determined that this Agreement and the Contemplated Transactions, are fair to and in the best interests of the Company and its stockholders, (ii) approved, adopted and declared advisable this Agreement and the other Contemplated Transactions and (iii) resolved to recommend that the holders of Company Voting Common Stock vote in favor of the approval of the Sale and the other Contemplated Transactions and to include such recommendation in the Information Statement, subject to Section 6.2(c).

(d) This Agreement has been duly executed and delivered by each Seller Party and, assuming due authorization, execution and delivery by the Purchaser, constitutes a legally valid and binding obligation of each Seller Party, enforceable against each Seller Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(e) Each Seller Party has the requisite power and authority to cause the Equity Interest Holders to deliver their respective Equity Assignment Agreement on the Closing Date and to perform their respective obligations thereunder. On the Closing Date and subject to receipt of the Company Stockholder Approval, the execution and delivery of the Equity Assignment Agreements by each Equity Interest Holder and the performance by each Equity Interest Holder of its obligations under each Equity Assignment Agreement will have been duly and validly authorized by all necessary action on the part of such Equity Interest Holder, and no other proceedings on the part of any Person will be necessary to authorize the delivery of the Equity Assignment Agreements by such Equity Interest Holders.

Section 4.5 No Conflict; Required Filings and Consents.

(a) Except as set forth in Section 4.5(a) of the Seller Disclosure Letter, the execution and delivery of this Agreement by the Seller Parties does not, and the performance of this Agreement and the consummation of the Sale and the other Contemplated Transactions by the Seller Parties will not, assuming receipt of the Company Stockholder Approval, (i) conflict with or violate any provision of (A) the Company Charter or Company Bylaws or (B) the Organizational Documents of the Seller, Target LLC or any Target Company, (ii) assuming that all consents, approvals, authorizations and permits described in Section 4.5(b) have been obtained, all filings and notifications described in Section 4.5(b) have been made, conflict with or violate any Law applicable to any Seller Party, Target LLC or any Target Company or by which any property or asset of any Seller Party, Target LLC or any Target Company is bound, or (iii) require any consent or approval (except as contemplated by Section 4.5(b)) under, result in any breach of or any loss of any benefit or material increase in any cost or obligation of any Seller Party, Target LLC or any Target Company under, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, acceleration or cancellation (with or without notice or the lapse of time or both) of, or give rise to any right of purchase, first offer or forced sale under or result in the creation of a Lien on any property or asset of any Seller Party, Target LLC or any Target Company pursuant to any note, bond, debt instrument, mortgage, indenture, contract, agreement, license, permit or any other legally binding obligation to which any Seller Party, Target LLC or any Target Company is a party, except, as to clauses (ii) and (iii), respectively, for any such conflicts, violations, breaches, defaults or other occurrences which, individually or in the aggregate, have not had and would not reasonably be expected to have a Property Material Adverse Effect.

(b) The execution and delivery of this Agreement by the Seller Parties does not, and the performance of this Agreement and the consummation of the Sale and the other Contemplated Transactions by the Seller Parties will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, where such consent, approval, authorization, permit, filing, or notification is required solely by the Seller Parties' participation in the transactions contemplated hereby, except (i) as set forth in Section 4.5(b) of the Seller Disclosure Letter, (ii) such filings and approvals as may be required by any applicable state securities or "blue sky" Laws, and (iii) such filings as may be required in connection with Transfer Taxes, except as to clause (iii), for any such filings and approvals which, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

(c) The execution and delivery of the Equity Assignment Agreements by the applicable Equity Interest Holder will not, assuming receipt of the Company Stockholder Approval, (i) conflict with or violate any provision of (A) any Organizational Documents of such Equity Interest Holder, (ii) assuming that all consents, approvals, authorizations and permits described in Section 4.5(b) have been obtained, all filings and notifications

described in Section 4.5(b) have been made, conflict with or violate any Law applicable to any Equity Interest Holder or by which such Equity Interest Holder is bound, or (iii) require any consent or approval (except as contemplated by Section 4.5(b)) under, result in any breach of or any loss of any benefit or material increase in any cost or obligation of any Equity Interest Holder under, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, acceleration or cancellation (with or without notice or the lapse of time or both) of, or give rise to any right of purchase, first offer or forced sale under or result in the creation of a Lien on any property or asset of any Equity Interest Holder pursuant to any note, bond, debt instrument, mortgage, indenture, contract, agreement, license, permit or any other legally binding obligation to which any such Equity Interest Holder is a party.

Section 4.6 Compliance with Law; Permits.

(a) To the knowledge of the Company, each Target Company has complied and is in compliance with all Laws and Orders which affect the Target Company Properties in all material respects, and no written notice, charge or assertion has been received by any Seller Party, any Target Company, or, to the knowledge of the Company or to the Company's knowledge, threatened against any such Person alleging in writing any non-compliance with any such Laws or Orders which has not been cured, except in each case above for such non-compliance that has not had and would not reasonably be expected to have, individually or in the aggregate, a Property Material Adverse Effect. Notwithstanding anything to the contrary in this Section 4.6(a), the provisions of this Section 4.6(a) shall not apply to matters discussed in Section 4.10, Section 4.14 and Section 4.16.

(b) Except as set forth in Section 4.6(b) of the Seller Disclosure Letter, each Target Company and, to the knowledge of the Company: (i) each of their respective operators is in possession of all material authorizations, licenses, permits, certificates, approvals, variances, exemptions, orders, franchises, certifications and clearances of any Governmental Authority and accreditation and certification agencies, bodies or other organizations, including building permits and certificates of occupancy, necessary for each Target Company to own, lease and, to the extent applicable, operate its properties or to carry on its respective business substantially as it is being conducted as of the Effective Date (the "Target Company Permits"), and (ii) all such Target Company Permits are valid and in full force and effect, except as to clauses (i) and (ii) where the failure to be in possession of, or the failure to be valid or in full force and effect of, any of the Target Company Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Property Material Adverse Effect. All applications required to have been filed for the renewal of the Target Company Permits have been duly filed on a timely basis with the appropriate Governmental Authority, and all other filings required to have been made with respect to such Target Company Permits have been duly made on a timely basis with the appropriate Governmental Authority, except in each case for failures to file which, individually or in the aggregate, have not had and would not reasonably be expected to have a Property Material Adverse Effect. No Target Company or, to the knowledge of the Company, their respective operators, as applicable, has received any written claim or notice nor has any knowledge indicating that any Target Company is currently not in compliance with the terms of any such Target Company Permits, except in each case for non-compliance which, individually or in the aggregate, has not had and would not reasonably be expected to have a Property Material Adverse Effect.

Section 4.7 Financial Statements.

(a) None of the Seller, Target LLC or any Target Company has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise), except for liabilities or obligations (i) expressly contemplated by or under this Agreement, including Section 6.1 hereof and amounts for which the Purchaser received a credit in connection with the Net Aggregate Property Prorations, (ii) disclosed in the Property Financial Statements, (iii) incurred in the ordinary course of business consistent with past practice since the most recent balance sheet or (iv) that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(b) The Company has provided the Purchaser with true and correct copies of unaudited financial statements for each Target Company consisting of the balance sheet and statements of income (collectively, the "Property Financial Statements"), which are used by the Company in its ordinary operations. To the knowledge of the Company, the Property Financial Statements fairly present in all material respects the financial position of each Target Company as of June 30, 2018, the results of their respective operations for the periods indicated, all in conformity with GAAP applied on a consistent basis.

Section 4.8 [Intentionally Deleted].

Section 4.9 Absence of Certain Changes or Events.

(a) Between December 31, 2017 and the Effective Date, except as contemplated by this Agreement or as set forth in Section 4.9 of the Seller Disclosure Letter, the Seller and each Target Company has conducted its business in all material respects in the ordinary course.

(b) Between December 31, 2017 and the Effective Date, there has not been any Company Material Adverse Effect or any effect, event, development or circumstance that, individually or in the aggregate with all other effects, events, developments and changes, would reasonably be expected to result in a Company Material Adverse Effect.

Section 4.10 Employee Benefit Plans.

(a) The Target Companies and Target LLC do not and are not required to, and have not and have never been required to, maintain, sponsor or contribute to any Benefit Plans. Neither Target LLC nor any Target Company has any contract, plan or commitment, whether or not legally binding, to create any Benefit Plan.

(b) None of Target LLC, the Target Companies or any of their respective ERISA Affiliates has incurred any obligation or liability with respect to or under any Benefit Plan or other agreement, program, policy or other arrangement (including any agreement, program, policy or other arrangement under which any current or former employee, director or consultant has any present or future right to benefits) which has created or will be reasonably expected to create any obligation with respect to, or has resulted in or will be reasonably expected to result in any liability to, the Purchaser or any of their Subsidiaries.

(c) Except as would not reasonably be expected to result in a material liability to any Target Company, no Seller Party, Target LLC or any Target Company or any of their respective ERISA Affiliates has ever maintained, contributed to, or participated in, or otherwise has any obligation or liability in connection with: (i) a "pension plan" under Section 3(2) of ERISA that is subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code; (ii) a "multiemployer plan" (as defined in Section 3(37) or 4001(a)(3) of ERISA or Section 414(f) of the Code); or (iii) a "single employer plan" (as defined in Section 4001(a)(15) of ERISA) which is subject to Sections 4063, 4064 or 4069 of ERISA.

Section 4.11 Labor and Other Employment Matters.

(a) Neither Target LLC nor any Target Company has, or has ever had, any employees.

(b) As of the Effective Date, there are no active or, to the knowledge of the Company, threatened, strikes, work stoppages, boycotts or concerted labor actions relating to any Target Company.

Section 4.12 Target Company Material Contracts.

(a) Except for contracts listed in Section 4.12(a) of the Seller Disclosure Letter, as of the Effective Date, no Target Company is a party to any Target Company Service Contracts which obligates any Target Company to

make non-contingent aggregate annual expenditures for the fiscal year ended 2018, or is reasonably expected to make expenditures in a future annual period, in excess of $25,000 and is not cancelable within thirty (30) days without material penalty to any Target Company (each a "Target Company Material Contract").

(b) The Seller Parties have made available to the Purchaser true and complete copies in all material respects of: (i) those Target Company Service Contracts listed in Section 4.12(a) of the Seller Disclosure Letter (and all material amendments, modifications and supplements thereto and all side letters); and (ii) each Target Company Material Contract as of the Effective Date (and all material amendments, modifications and supplements thereto and all side letters). Each Target Company and, to the knowledge of the Company, each other party thereto, is not in breach or violation of, or default under, any Target Company Service Contracts or Target Company Material Contract, except, in each case, where such violation, breach or default would not reasonably be expected to have a Company Material Adverse Effect. None of the Target Companies has received notice of any violation or default under any Target Company Service Contracts or Target Company Material Contract, in each case where such violation or default would reasonably be expected to have a Property Material Adverse Effect.

(c) Except as set forth in Section 4.12(c) of the Seller Disclosure Letter, no Target Company has entered into any contract which: (i) contains any non-compete or exclusivity provisions which would restrict the operation or ownership of the Target Company Properties in any event which would survive the Closing and be enforceable against the Purchaser or the Target Companies; (ii) constitutes an interest rate cap, interest rate collar, interest rate swap or other contract or agreement relating to a hedging transaction, other than with respect to Indebtedness to be paid off at Closing; or (iii) sets forth the operational terms of a joint venture, partnership or limited liability company with a Third Party member or strategic alliance of any Target Company, in any event which would survive the Closing and be enforceable against the Purchaser, Target LLC or any of the Target Companies.

Section 4.13 Litigation.

Except as set forth in Section 4.13 of the Seller Disclosure Letter, there is no Legal Proceeding pending against or, to the knowledge of the Company, threatened against or naming as a party thereto, the Seller, Target LLC, any Target Company or any of their respective officers or directors (in their capacity as such) nor, to the knowledge of the Company, is there any investigation by a Governmental Authority pending or threatened against Seller, Target LLC or any Target Company, except for Legal Proceedings which are fully covered by insurance or except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Neither Target LLC nor any of the Target Companies nor, to the knowledge of the Company, any of their respective property, including any Target Company Property, is subject to any material outstanding order, writ, injunction, decree or arbitration ruling or judgment of a Governmental Authority.

Section 4.14 Environmental Matters.

Except as set forth in Section 4.14 of the Seller Disclosure Letter:

(a) To the knowledge of the Company, to the extent required by Law, each Target Company Property has all Environmental Permits necessary to conduct its current operations and is in compliance with its respective Environmental Permits; all such Environmental Permits are in good standing and, to the knowledge of the Company, no appeal or other action is pending to revoke any such Environmental Permit, except where failure to hold such Environmental Permit or non-compliance with an Environmental Permit would not, individually or in the aggregate, reasonably be expected to have a Property Material Adverse Effect.

(b) No Target Company has received any written notice, demand, letter or claim alleging that any such Target Company is in violation of, or liable under, any Environmental Law or that any judicial, administrative or compliance order has been issued against any Target Company which remains unresolved, except where such violation would not, individually or in the aggregate, reasonably be expected to have a Property Material Adverse

Effect. There is no litigation, investigation, request for information or other proceeding pending, or, to the knowledge of the Company, threatened against any Target Company under any Environmental Law, which individually or in the aggregate would reasonably be expected to have a Property Material Adverse Effect.

Section 4.15 Properties.

(a) Schedule 1 hereto sets forth a list of the common name and address of each Target Company Property owned by each Wholly-Owned Target Company as of the Effective Date. Schedule 2 hereto sets forth a list of the common name and address of each Target Company Property owned by each JV Asset Target Company as of the Effective Date. The name and common address of the Target Company Property owned by the Haywood Target Companies is "The Plantations at Haywood", 135 Haywood Crossing Drive, Greenville, SC. The name and common address of the Target Company Property owned by the Midtown Owner is "Midtown Crossing", 317 Lynn Road, Raleigh, NC. Section 4.15(a) (Part I) of the Seller Disclosure Letter sets forth a true and accurate rent roll for each of the Target Company Properties as of the Effective Date. Except as set forth in Section 4.15(a) (Part II) of the Seller Disclosure Letter: (i) no Target Company (excluding Midtown GP) owns any real property other than its respective Target Company Property; (ii) there are no real properties that any Target Company is obligated to buy, sell, lease or sublease as of the Effective Date; and (iii) Midtown GP does not own any real property and its only asset is the 1% partnership interest in Midtown Owner.

(b) Each Target Company owns good and marketable fee simple title to its respective Target Company Property, in each case, free and clear of Liens, except for the Permitted Liens. For the purposes of this Agreement, the "Permitted Liens" shall mean, with respect to the Seller or any Target Company, (i) any Liens relating to any Indebtedness incurred in the ordinary course of business consistent with past practice, provided that any such Liens will be paid off and released prior to the Closing at the Company's expense, (ii) any Liens that result from any statutory or other Liens for Taxes or assessments that are not yet due and payable or subject to penalty, or the validity of which is being contested in good faith by appropriate proceedings and for which there are adequate reserves on the Property Financial Statements, (iii) any Leases which are residential leases, (iv) any Liens imposed or promulgated by Law or any Governmental Authority, including zoning regulations, permits and licenses (except for any such Liens resulting from past due or delinquent payments, violations or noncompliance with Law or requirements of such Governmental Authority), and (v) any Liens that are disclosed on the existing Target Company Title Insurance Policies listed on Section 4.15(b) (Part II) of the Seller Disclosure Letter and made available by or on behalf of any Target Company to the Purchaser prior to the Effective Date; provided, that in no event shall the Purchaser be deemed to have approved the continuance of the following Liens in existence at or after Closing: (w) Mortgage Liens securing Indebtedness of any Seller Party, any Target Company or any Affiliate thereof, (x) Leases other than residential leases, (y) any other matters disclosed by such Title Insurance Policies which the Seller Parties have agreed in writing to remove by virtue of their inclusion on Schedule 3, and (z) any cashiers', landlords', workers', mechanics', carriers', workmen's, repairmen's and materialmen's liens, judgment liens and other similar Liens imposed by Law (other than such Liens as the Title Insurer is willing to insure over (at the expense of the Company) and provided that the Company satisfies the requirements of the Title Insurer on the Closing Date with respect thereto).

(c) Except as set forth in Section 4.15(c) of the Seller Disclosure Letter, to the knowledge of the Company, no condemnation, eminent domain or similar proceeding has occurred during the past five (5) years or is pending with respect to any Target Company Property, and neither any Seller Party or any Target Company has received any written notice from any Governmental Authority to the effect that (i) any condemnation or rezoning proceedings are threatened with respect to any of the Target Company Properties, or (ii) any zoning regulation or ordinance (including with respect to parking), building, fire, health or other Law has been violated (and remains in violation) for any Target Company Property, except in each case above for such proceedings or violations that has not had and would not reasonably be expected to have, individually or in the aggregate, a Property Material Adverse Effect.

(d) To the knowledge of the Company, except as set forth in Section 4.15(d) of the Seller Disclosure Letter, there are no Tax abatements or exemptions specifically affecting the Target Company Properties, and the Target

Companies have not received any written notice of any proposed increase in the assessed valuation of any of the Target Company Properties or of any proposed public improvement assessments, other than in the ordinary course, that will result in the Taxes or assessments payable in the next tax period increasing by an amount material to any Target Company, considered as a whole.

(e) Except as set forth in Section 4.15(e) of the Seller Disclosure Letter, there is no unexpired option to purchase agreements, right of first refusal or first offer or any other right to purchase, lease or otherwise acquire any real property interest, in favor of any Target Company or any Third Party as the acquiror, optionee, lessee or beneficiary thereunder.

(f) Except as set forth in Section 4.15(f) (Part I) of the Seller Disclosure Letter, each Target Company (excluding Midtown GP) is in possession of title insurance policies evidencing title insurance with respect to each Target Company Property (each, a "Target Company Title Insurance Policy" and, collectively, the "Target Company Title Insurance Policies"), which are set forth in Section 4.15(f) (Part II) of the Seller Disclosure Letter. No written claim has been made by any Target Company in connection with any Title Insurance Policy.

(g) The Target Companies have good and valid title to, or a valid and enforceable leasehold interest in, or other right to use, all personal property owned, used or held for use by them as of the Effective Date (other than property owned by Tenants and used or held in connection with the applicable tenancy), except as, individually or in the aggregate, would not have a Property Material Adverse Effect. None of any of the Target Company's ownership of or leasehold interest in any such personal property is subject to any Liens, except for Permitted Liens. Section 4.15(g) of the Seller Disclosure Letter sets forth all leased personal property of any Target Company with monthly lease obligations in excess of $5,000 and that are not terminable upon thirty (30) days' notice.

(h) Except as set forth in Section 4.15(h) of the Seller Disclosure Letter, neither any Seller Party nor any Target Company has received written notice of, and the Company has no knowledge of any violations of any recorded covenants or restrictions affecting any Target Company Property, including any covenants, conditions or restrictions of or issued by any applicable condominium or home owners association, except for any notice or knowledge that have not had and would not reasonably be expected to have, individually or in the aggregate, a Property Material Adverse Effect. In no event shall a notice under this Section 4.15(h) constitute a failure to satisfy the condition set forth in Section 7.1(b).

Section 4.16 Taxes.

(a) The Target Companies have timely filed (or had filed on their behalf) with the appropriate Governmental Authority all U.S. federal income and all other material Tax Returns required to be filed, taking into account any extensions of time within which to file such Tax Returns, and all such Tax Returns were complete and correct in all material respects. The Target Companies have duly paid (or have had paid on their behalf) all U.S. federal and all other material Taxes required to be paid by them, whether or not shown on any Tax Return (other than Impositions which are accounted for in the Net Aggregate Property Prorations). True and complete copies of all Tax Returns that have been filed by the Target Companies with respect to the taxable years ending on or after December 31, 2013 have been provided or made available to the Purchaser.

(b) Target LLC and each Target Company that is a limited liability company or limited partnership or state law trust has been since the later of its acquisition by the Company or its Affiliates or formation, and continues to be treated for U.S. federal and state Income Tax purposes as a partnership (or a disregarded entity) and not as a corporation or an association or publicly traded partnership taxable as a corporation.

(c) Except as set forth in Section 4.16(c) of the Seller Disclosure Letter, (i) there are no disputes, audits, examinations, investigations or proceedings pending, in each case, in writing, for and/or in respect of any Taxes or Tax Returns of the Target Companies and none of the Target Companies is a party to any litigation or

administrative proceeding relating to Taxes; (ii) no deficiency for Taxes of any Target Company has been claimed, proposed or assessed in writing by any Governmental Authority, which deficiency has not yet been settled; (iii) none of the Target Companies has extended or waived or requested any extension or waiver (nor granted or been requested to grant any extension or waiver of) the limitation period for the assessment or collection of any Tax that has not since expired; (iv) none of the Target Companies currently is the beneficiary of any extension of time within which to file any Tax Return that remains unfiled; (v) none of the Target Companies has received a claim in writing by a Governmental Authority in any jurisdiction in which any of them does not file Tax Returns or pay any Taxes that it is or may be subject to taxation by that jurisdiction; and (vi) none of the Target Companies has entered into any "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Income Tax Law).

(d) The Target Companies have complied in all material respects with all applicable Laws, rules and regulations relating to the payment and withholding of Taxes (including withholding of Taxes pursuant to Sections 1441, 1442, 1445, 1446 and 3402 of the Code or similar provisions under any state and foreign Laws) and have duly and timely withheld and, in each case, have paid over to the appropriate Taxing authorities all material amounts required to be so withheld and paid over on or prior to the due date thereof under all applicable Laws.

(e) There are no Liens for Taxes upon any property or assets of the Target Companies, except Liens: (i) for Impositions not yet due and payable or (ii) the validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves are being maintained by the Target Companies as reflected on the Property Financial Statements (and over which title insurance has been issued by the Title Insurer at the Company's expense).

(f) None of the Target Companies has requested, has received or is subject to any written ruling of a Governmental Authority or has entered into any written agreement with a Governmental Authority with respect to any Taxes.

(g) There are no Tax allocation or sharing agreements or similar arrangements with respect to or involving Target LLC or any Target Company, and after the Closing Date neither Target LLC nor any Target Company shall be bound by any such Tax allocation agreements or similar arrangements or have any liability thereunder for amounts due in respect of periods prior to the Closing Date; in each case, other than customary provisions of commercial or credit agreements entered into in the ordinary course of business the primary purpose of which does not relate to Taxes.

(h) Neither Target LLC nor any of the Target Companies has any liability for the Taxes of any Person (other than any Target Company), as a transferee or successor, by contract, or otherwise.

(i) Neither Target LLC nor any of the Target Companies has participated in any "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(2).

(j) Except as set forth in Section 4.16(j) of the Seller Disclosure Letter, no written power of attorney that has been granted by Target LLC or any of the Target Companies (other than to the Company) currently is in force with respect to any matter relating to Taxes.

(k) Notwithstanding anything in this Agreement to the contrary, the Company makes no representations or warranties regarding the amount, value or condition of, or any limitations on, any Tax asset or attribute of the Target Companies (e.g., net operating losses) arising on or before the Closing Date (each, a "Tax Attribute"), or the ability of the Purchaser or any of its Affiliates to utilize such Tax Attributes after the Closing.

Section 4.17 Insurance.

The Company has made available to the Purchaser schedules of all material insurance policies and all material fidelity bonds and other material insurance service contracts in the Company's possession providing

coverage for all Target Company Properties (the "Target Company Insurance Policies"). Other than the claim for the Haywood Casualty, there is no material claim for coverage pending under any of the Target Company Insurance Policies that has been denied or disputed by the insurer. All premiums payable under all Target Company Insurance Policies have been paid, and the Company, the Seller and the Target Companies have otherwise complied in all material respects with the terms and conditions of all the Target Company Insurance Policies. To the knowledge of the Company and the Seller, such Target Company Insurance Policies are valid and enforceable in accordance with their terms and are in full force and effect. No written notice of cancellation or termination has been received by the Company (other than notices of nonrenewal of insurance that insurers are required to send to the Company by Law or regulation), the Seller or any Target Company with respect to any such policy which has not been replaced on substantially similar terms prior to the date of such cancellation or termination.

Section 4.18 Company Opinions.

(a) The Company Board has received the opinion of the Company Financial Advisor to the effect that, as of the date of such opinion and based upon and subject to the various qualifications, assumptions and limitations set forth therein, the consideration to be received in the Sale is fair to the Company's stockholders from a financial point of view.

Section 4.19 Takeover Statutes.

The restrictions on control share acquisitions contained in Subtitle 7 of Title 3 of the Maryland General Corporation Law are not applicable to the Sale or the other Contemplated Transactions. No other "business combination," "control share acquisition," "fair price," "moratorium" or other takeover or anti-takeover statute or similar federal or state Law (collectively, "Takeover Statutes") are applicable to this Agreement, the Sale or the other Contemplated Transactions.

Section 4.20 Vote Required.

The affirmative vote of the holders of not less than a majority of the outstanding shares of Company Voting Common Stock (the "Company Stockholder Approval") is the only vote of the holders of any class or series of shares of stock of the Company necessary to approve the Sale and the other Contemplated Transactions.

Section 4.21 Brokers; Fees.

No broker, finder or investment banker (other than the Company Financial Advisor and the Special Committee Advisor) is entitled to any brokerage, finder's or other fee or commission in connection with the Sale and the other Contemplated Transactions based upon arrangements made by or on behalf of any Seller Party, Target LLC or any Target Company.

Section 4.22 Certain Business Practices.

Each of the Seller Parties, Target LLC and the Target Companies is and has been in compliance in all material respects with the Foreign Corrupt Practices Act of 1977, as amended, and any other U.S. or foreign Law concerning corrupt payments applicable to the Seller Parties, Target LLC or any Target Company (collectively, the "Anti-Bribery Laws"). During the past three (3) years, none of the Seller Parties, Target LLC or the Target Companies has, to the knowledge of the Company, been investigated by any Governmental Authority with respect to, or been given notice by a Governmental Authority of, any violation by Seller Parties, Target LLC or any of the Target Companies of any Anti-Bribery Law. None of the Seller Parties, Target LLC or the Target Companies nor, to the knowledge of the Company, any Representative of the Seller Parties, Target LLC or any Target Company acting for or on behalf of Target LLC or any Target Company has paid or given, offered or promised to pay or give, or authorized or ratified the payment or giving, directly or indirectly, of any monies or

anything of value to any national, provincial, municipal, or other government official or employee or any political party or candidate for political office or Governmental Authority for the direct or indirect purpose of influencing any act or decision of any such Person or of the Governmental Authority to obtain or retain business, or direct business to any Person or to secure any other benefit or advantage that has resulted in a material violation of applicable Law. For purposes of this provision, an "official or employee" includes any official or employee of any directly or indirectly government-owned or government-controlled entity, and any officer or employee of a public international organization, as well as any Person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.

In addition, the operations of each of Target LLC and the Target Companies are and have been in compliance with applicable financial recordkeeping and reporting requirements, the anti-money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations, or guidelines issued, administered, or enforced by any applicable Governmental Authority.

Section 4.23 OFAC.

Each of the Seller Parties, Target LLC and the Target Companies is and has been in compliance in all material respects with all applicable trade sanctions, economic embargo, and counter terrorist financing programs, including, but not limited to, those enforced by the United States Treasury Department, the United States Department of Commerce, and the United States Department of State (collectively, the "Government Lists").

None of the Seller Parties, Target LLC or the Target Companies is an individual or entity named on a Government List, and the monies used in connection with this Agreement and amounts committed with respect thereto, were not and are not derived from any activities that contravene any applicable anti-money laundering, counter-terrorist financing, or anti-bribery laws and regulations (including funds being derived from any person, entity, country or territory on a Government List or engaged in any unlawful activity defined under Title 18 of the United States Code, Section 1956(c)(7)).

Section 4.24 Knowledge of the Seller Parties.

The term "knowledge of the Company" or any similar phrase as used in this Agreement shall be limited to the actual knowledge, of Gregg Christensen and Glenn Rand, without imposing any duty of investigation or inquiry or personal liability upon any such individuals. The Seller Parties hereby represent and warrant that the individuals listed in the preceding sentence are the individuals acting on behalf of the Seller Parties who would reasonably be expected to have knowledge of the matters set forth herein.

ARTICLE 5.
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Company that:

Section 5.1 Organization and Qualification.

The Purchaser is duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite organizational power and authority and any necessary governmental authorization to own, lease and, to the extent applicable, operate its properties and to carry on its business as it is now being conducted. The Purchaser is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, operated or leased by it or the nature of its business makes such qualification, licensing or good standing necessary, except for such failures to be so qualified, licensed or in good standing that, individually or in the aggregate, have not had and would not reasonably be expected to have a Purchaser Material Adverse Effect.

Section 5.2 Authority.

(a) The Purchaser has the requisite organizational power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Sale and the other Contemplated Transactions to be consummated by the Purchaser. The execution and delivery of this Agreement by the Purchaser and the consummation by the Purchaser of the Sale and the other Contemplated Transactions to be consummated by the Purchaser have been duly and validly authorized by all necessary corporate action, and no other corporate proceedings on the part of the Purchaser are necessary to authorize this Agreement or the Sale or to consummate the other Contemplated Transactions to be consummated by the Purchaser. The Purchaser Board has duly and validly authorized the execution and delivery of this Agreement and declared advisable the consummation of the Sale and the other Contemplated Transactions to be consummated by the Purchaser.

(b) This Agreement has been duly executed and delivered by the Purchaser and, assuming due authorization, execution and delivery by each of the Seller Parties, constitutes a legally valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

Section 5.3 No Conflict; Required Filings and Consents.

(a) The execution and delivery of this Agreement by the Purchaser does not, and the performance of this Agreement and the consummation of the Sale and the other Contemplated Transactions to be consummated by the Purchaser will not, (i) conflict with or violate any provision of (A) the Purchaser's charter or bylaws or (B) any equivalent Organizational Documents of any Subsidiary of the Purchaser, (ii) assuming that all consents, approvals, authorizations and permits described in Section 5.3(b) have been obtained, all filings and notifications described in Section 5.3(b) have been made, conflict with or violate any Law applicable to the Purchaser or any of its Subsidiaries or by which any property or asset of the Purchaser or any of its Subsidiaries is bound, or (iii) require any consent or approval (except as contemplated by Section 5.3(b)) under, result in any breach of or any loss of any benefit or material increase in any cost or obligation of the Purchaser under, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, acceleration or cancellation (with or without notice or the lapse of time or both) of, or give rise to any right of purchase, first offer or forced sale under or result in the creation of a Lien on any property or asset of the Purchaser pursuant to any note, bond, debt instrument, mortgage, indenture, contract, agreement, license, permit or other legally binding obligation to which the Purchaser is a party, except, as to clauses (i)(B), (ii) and (iii), respectively, for any such conflicts or violations which, individually or in the aggregate, have not had and would not reasonably be expected to have a Purchaser Material Adverse Effect.

(b) The execution and delivery of this Agreement by the Purchaser do not, and the performance of this Agreement by the Purchaser will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, where such consent, approval, authorization, permit, filing, or notification is required solely by Purchaser's participation in the transactions contemplated hereby, except (i) such filings and approvals as may be required by any applicable state securities or "blue sky" Laws, (ii) such filings as may be required in connection with state and local transfer Taxes, and (iii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, individually or in the aggregate, has not had and would not reasonably be expected to have a Purchaser Material Adverse Effect.

Section 5.4 Compliance with Law; Permits.

(a) (i) The Purchaser and each of its Subsidiaries have complied and are in compliance with all Laws in all material respects, and (ii) no notice, charge or assertion has been received by the Purchaser or any of its Subsidiaries or, to the Purchaser's knowledge, threatened against any such Person alleging any non-compliance

with any such Laws, except in each case above for such non-compliance that has not had and would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

(b) The Purchaser and each of its Subsidiaries are in possession of all authorizations, licenses, permits, certificates, approvals, variances, exemptions, orders, franchises, certifications and clearances of any Governmental Authority and accreditation and certification agencies, bodies or other organizations, including building permits and certificates of occupancy, necessary for the Purchaser and each of its Subsidiaries to own, lease and, to the extent applicable, operate their properties or to carry on their respective businesses substantially as they are being conducted as of the Effective Date (the "Purchaser Permits"), and all such Purchaser Permits are valid and in full force and effect, except where the failure to be in possession of, or the failure to be valid or in full force and effect of, any of the Purchaser Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Purchaser Material Adverse Effect. All applications required to have been filed for the renewal of the Purchaser Permits have been duly filed on a timely basis with the appropriate Governmental Authority, and all other filings required to have been made with respect to such Purchaser Permits have been duly made on a timely basis with the appropriate Governmental Authority, except in each case for failures to file which, individually or in the aggregate, have not had and would not reasonably be expected to have a Purchaser Material Adverse Effect. Neither the Purchaser nor any of its Subsidiaries has received any claim or notice nor has any knowledge indicating that the Purchaser or any of its Subsidiaries is currently not in compliance with the terms of any such Purchaser Permits, except where the failure to be in compliance with the terms of any such Purchaser Permits, individually or in the aggregate, have not had and would not reasonably be expected to have a Purchaser Material Adverse Effect.

Section 5.5 Disclosure Documents.

None of the information supplied or to be supplied in writing by or on behalf of the Purchaser for inclusion in the Information Statement will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading,

Section 5.6 [Intentionally Deleted]

Section 5.7 Litigation.

There is no Legal Proceeding pending against or, to the knowledge of the Purchaser, threatened against or naming as a party thereto, the Purchaser or any of its respective officers or directors (in their capacity as such) nor, to the knowledge of the Purchaser, is there any investigation of a Governmental Authority pending or threatened against the Purchaser, except as would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect. None of the Purchaser, its Subsidiaries or their respective properties is subject to any material outstanding order, writ, injunction, decree or arbitration ruling or judgment of a Governmental Authority.

Section 5.8 Certain Business Practices.

The Purchaser is and has been in compliance in all material respects with the Anti-Bribery Laws. During the past three (3) years, the Purchaser has not, to the knowledge of the Purchaser, been investigated by any Governmental Authority with respect to, or been given notice by a Governmental Authority of, any violation by the Purchaser of any Anti-Bribery Law. The Purchaser has not nor, to the knowledge of the Purchaser has, any Representative of the Purchaser acting for or on behalf of the Purchaser has paid or given, offered or promised to pay or give, or authorized or ratified the payment or giving, directly or indirectly, of any monies or anything of value to any national, provincial, municipal, or other government official or employee or any political party or candidate for political office or Governmental Authority for the direct or indirect purpose of influencing any act or decision of such Person or of the Governmental Authority to obtain or retain business, or direct business to any person or to secure any other benefit or advantage that has resulted in a material violation of applicable Law.

For purposes of this provision, an "official or employee" includes any official or employee of any directly or indirectly government-owned or government-Controlled entity, and any officer or employee of a public international organization, as well as any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.

In addition, the Purchaser's operations are and have been in compliance with applicable financial recordkeeping and reporting requirements, the anti-money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations, or guidelines issued, administered, or enforced by any applicable Governmental Authority.

Section 5.9 Brokers; Fees.

No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Sale or the other Contemplated Transactions to be consummated by the Purchaser based upon arrangements made by or on behalf of the Purchaser or any of its Subsidiaries.

Section 5.10 Sufficient Funds.

The Purchaser has access to sufficient cash, lines of credit or financing available to pay the Closing Consideration, any and all amounts required to be paid by the Purchaser in connection with the consummation of the Sale and the other Contemplated Transactions to be consummated by the Purchaser, and any related fees and expenses payable by the Purchaser pursuant to this Agreement.

Section 5.11 Ownership of Company Common Stock.

None of the Purchaser or any of its Subsidiaries is, nor at any time during the last two (2) years has been, an "interested stockholder" of the Company as defined in Section 3-601 of the Maryland General Corporation Law. Neither the Purchaser nor any of its Affiliates directly or indirectly owns and, at all times for the past three (3) years, has owned, beneficially or otherwise, any Company Common Stock or any securities, contracts or obligations convertible into or exercisable or exchangeable for Company Common Stock.

Section 5.12 No Vote Required.

No vote of the holders of any securities of the Purchaser is required to authorize this Agreement or the other Contemplated Transactions.

Section 5.13 No Other Representations or Warranties.

Except for the representations and warranties contained in Article 4, the Purchaser acknowledges that none of Seller Party, or any other Person on behalf of the Seller Parties has made, and the Purchaser has not relied upon, any representation or warranty, whether express or implied, with respect to the Seller Parties or any of the Target Companies or their respective businesses, affairs, assets, liabilities, financial condition, results of operations, future operating or financial results, estimates, projections, forecasts, plans or prospects (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans or prospects) or with respect to the accuracy or completeness of any other information provided or made available to the Purchaser by or on behalf of the Seller Parties.

Section 5.14 Knowledge of the Purchaser.

The term "knowledge of the Purchaser" or any similar phrase as used in this Agreement shall be limited to the actual knowledge, of Steven Wolf, without imposing any duty of investigation or inquiry or personal liability

upon any such individual. The Purchaser hereby represents and warrants that the individual listed in the preceding sentence are the individuals acting on behalf of the Purchaser who would reasonably be expected to have knowledge of the matters set forth herein.

ARTICLE 6.
COVENANTS AND AGREEMENTS

Section 6.1 Conduct of Business by the Seller Parties.

(a) Each Seller Party covenants and agrees that, between the Effective Date and the earlier to occur of the Closing Date and the date, if any, on which this Agreement is terminated pursuant to Section 8.1 (the "Interim Period"), except (i) to the extent required by Law, (ii) as may be agreed in writing by the Purchaser, (iii) as may be expressly required or expressly permitted pursuant to this Agreement or (iv) as set forth in Section 6.1 of the Seller Disclosure Letter, the Seller Parties shall cause each of the Target Companies to, (x) conduct such Target Company business in all material respects in the ordinary course and in a manner consistent with past practice (including the entry into Leases in the ordinary course of business consistent with past practice), and (y) use such Person's commercially reasonable efforts to (1) maintain its material assets and properties in their current condition (normal wear and tear and damage caused by casualty or by any reason outside of the Target Companies' control excepted), (2) preserve intact in all material respects its current business organization, goodwill, ongoing businesses and relationships with third parties (other than any terminations contemplated by this Agreement), and (3) to the extent available on commercially reasonable terms, keep available the services of its present authorized officers and maintain all Target Company Insurance Policies, unless such policies are replaced with insurance policies that include substantially similar terms, conditions, limits, sub-limits, deductibles and retentions as the policies currently in force. The consent of the Purchaser shall be deemed to have been given for purposes of this Section 6.1 if the Purchaser does not object in writing within two (2) Business Days from the date on which the written request for such consent from the Company is received by the Purchaser. Without limiting the generality of the foregoing, during the Interim Period, except (A) to the extent required by Law, (B) as may be agreed in writing by the Purchaser (which consent shall not be unreasonably withheld, delayed or conditioned), (C) as may be expressly required or expressly permitted pursuant to this Agreement or (D) as set forth in Section 6.1 of the Seller Disclosure Letter, none of the Seller Parties shall, in each case with respect to any Target Company, cause or permit any Target Company or Target LLC to do any of the following:

(i) (A) amend or propose to amend the Organizational Document of any Target Company or Target LLC or amend any term of any outstanding security of any Target Company or Target LLC (including the Equity Interests); or (B) admit any additional members, limited partners or general partners (as applicable) into any of the Target Companies or Target LLC;

(ii) split, combine, reclassify or subdivide any shares of stock or other equity securities or ownership interests of any Target Company or Target LLC;

(iii) issue, sell, pledge, dispose, encumber or grant any equity securities of any of the Target Companies' or Target LLC's equity securities (including the Equity Interests), or any options, warrants, convertible securities or other rights of any kind to acquire any of the Target Companies' or Target LLC's equity interests (including the Equity Interests);

(iv) acquire or agree to acquire (including by merger, consolidation or acquisition of stock or assets) any real property, personal property (other than personal property at a total cost of less than $100,000 in the aggregate), any equity or debt instruments, or any corporation, partnership, limited liability company, other business organization or any division or material amount of assets thereof, other than acquisitions made in accordance with the Company's 2018 capital expenditure reserve budgets;

(v) sell, pledge, lease, assign, transfer, dispose of or encumber, or effect a deed in lieu of foreclosure with respect to, any property, assets or securities, except pursuant to an obligation arising under any agreement referenced in Section 4.15(e) of the Seller Disclosure Letter;

(vi) incur, create or assume any Indebtedness for borrowed money or issue or amend the terms of any debt securities or instruments or assume, guarantee or endorse or otherwise become responsible (whether directly, contingently or otherwise) for the Indebtedness of any other Person; provided that the Company shall notify the Purchaser of any incurrence, creation or assumption of Indebtedness by the Target Companies or Target LLC or any Indebtedness involving the Target Company Properties or amendments to the terms of such Indebtedness, including any refinancings of existing or maturing Indebtedness; provided, further, that any such incurrence, creation or assumption of Indebtedness shall not create any future obligations for the Purchaser and all such Indebtedness shall be repaid and satisfied in full by the Company at the Closing;

(vii) make any loans, advances or capital contributions to, or investments in, any other Person (including to any of its officers, directors, employees, Affiliates, agents or consultants), make any change in its existing borrowing or lending arrangements for or on behalf of such Persons;

(viii) enter into, renew, modify, amend or terminate, waive, release, compromise or assign any rights or claims under, grant or withhold any consents under (I) any Target Company Material Contract, or (II) any contract that, if existing as of the Effective Date, would have been a Target Company Material Contract, in each case other than any such renewal, modification, amendment, termination, waiver, release, compromise or grant (A) that does not have any material force or effect after Closing, or (B) made in accordance with the terms of any existing Target Company Material Contract that occurs automatically without any action by any Target Company, provided, however, that any Target Company may exercise all rights and remedies under any Target Company Material Contract in connection with any breach or violation thereof by any Third Party thereto;

(ix) waive, release or assign any material rights or claims or make any material payment, direct or indirect, of any liability of any Target Company or Target LLC before the same comes due in accordance with its terms;

(x) other than in accordance with Section 6.6, settle or compromise (A) any legal action, suit or arbitration proceeding, in each case made or pending against any of the Target Companies or Target LLC, including relating to Taxes, where the amount paid out-of-pocket net of insurance proceeds in settlement or compromise exceeds $100,000 individually or $500,000 in the aggregate, or (B) any legal action, suit or proceeding involving any present, former or purported holder or group of holders of equity interests of any Target Company or Target LLC, unless any settlement or compromise does not result in future obligations for the Purchaser or the Target Companies or Target LLC;

(xi) fail to maintain all financial books and records in all material respects in accordance with GAAP (or any interpretation thereof) or make any material change to its methods of accounting in effect at January 1, 2018, except as required by a change in GAAP (or any interpretation thereof) or in applicable Law, or make any change, other than in the ordinary course of business consistent with past practice, with respect to accounting policies, unless required by GAAP;

(xii) enter into any new line of business;

(xiii) fail to duly and timely file all material reports and other material documents required to be filed with any Governmental Authority, subject to extensions permitted by Law or applicable rules and regulations, or make any new material Tax election or make a material change to a Tax election;

(xiv) take any action, or fail to take any action, which action or failure would reasonably be expected to cause any Target Company or Target LLC that is treated as a partnership or disregarded entity for U.S. federal or state Income Tax purposes to cease to be treated as a partnership or disregarded entity for such purposes;

(xv) adopt a plan of merger, complete or partial liquidation or resolutions providing for or authorizing such merger, liquidation or a dissolution, consolidation, recapitalization or bankruptcy reorganization, except by a Target Company in connection with any acquisitions permitted pursuant to Section 6.1(a)(iv) in

a manner that would not reasonably be expected to be adverse to the Target Companies or to prevent or impair the ability of the Seller Parties to consummate the Sale;

(xvi) initiate or consent to any material zoning reclassification of any real property or any other material change to any approved site plan, special use permit, planned development approval or other land use entitlement materially affecting any Target Company Property, other than in connection with any eminent domain or condemnation proceedings regarding which such Target Company has provided prompt notice to the Purchaser;

(xvii) form any new funds or joint ventures;

(xviii) except in accordance with approved budgets for 2018 that have been provided to the Purchaser prior to the Effective Date, make or commit to make any capital expenditures (including any additional owner investments); provided, however, that the Target Companies shall be permitted to make or commit to make any capital expenditures required under the terms of any applicable Lease consistent with past practice or as required by applicable Law, in which event the Company shall provide two (2) Business Days' notice to the Purchaser;

(xix) approve or adopt any 2019 operating or capital expenditure reserve budgets (including with respect to any additional owner investments);

(xx) (x) make material changes to the Target Company Insurance Policies or take any action which would adversely affect the availability of liability insurance of the Target Companies (which includes, but is not limited to, increasing the level of the self-insured retentions payable on any such insurance policies, rescinding the limits currently included within the policies or knowingly creating a deficiency per the terms of any Lease), and/or (y) fail to keep the Target Company Insurance Policies in full force and effect without replacing such insurance policies with insurance policies that include substantially similar terms, conditions, limits, sub-limits, deductibles and retentions of the policies currently in force, to the extent available on commercially reasonable terms;

(xxi) voluntarily subject any Target Company Property or Target LLC to any Lien other than the Permitted Liens;

(xxii) authorize, or enter into any contract, agreement, commitment or arrangement to do any of the foregoing.

(b) Notwithstanding anything to the contrary set forth in this Agreement, nothing in this Agreement shall prohibit the Company from taking any action, at any time or from time to time, that in the reasonable judgment of the Company Board, upon advice of counsel to the Company, is reasonably necessary for the Company to maintain its qualification as a REIT under the Code and to avoid paying any U.S. federal Income Tax for any period or portion thereof ending on or prior to the Closing Date, including making dividend or other distribution payments to stockholders of the Company in accordance with this Agreement or otherwise; provided further that the Company shall be permitted to authorize (A) the declaration and payment by the Company of regular monthly cash dividends with respect to Company Common Stock consistent with past practice, (B) the declaration and payment by the Company of monthly or quarterly dividends with respect to the Company's Series 2015 Preferred Stock, Series 2016 Preferred Stock or Series 2017 Preferred Stock, (C) the declaration and payment of dividends or other distributions to the Company by any directly or indirectly wholly owned Subsidiary of the Company or (D) the payment of distributions to its stockholders pursuant to the Company's Plan of Complete Liquidation and Dissolution;

(c) Prior to the Closing Date, the Company shall effectuate the payoff and arrange for (following the Closing Date) the release, termination and/or discharge of all liens and any and all encumbrances upon the Equity Interests or the Target Company Properties other than the Permitted Liens.

(d) Prior to the Closing Date, Seller Parties shall cause the Target Companies to terminate all property management and leasing agreements applicable to the Target Company Properties without any cost or liability to

the Purchaser or the Target Companies and in no event shall such be Target Company Material Contracts after the Closing Date.

(e) If and to the extent required by the Organizational Documents for any JV Entity, the Company shall obtain all consents required to permit (i) the Seller to convey the JV Asset Equity Interest to the Purchaser on the Closing Date; (ii) Haywood Storage JV to convey its interest in the Haywood Storage Property to Haywood Purchaser on the Closing Date; and (iii) Haywood Apartment Owner to convey its interest in the Haywood Apartment Property to Haywood Purchaser on the Closing Date.

Section 6.2 Preparation of the Information Statement.

(a) As promptly as reasonably practicable following the Effective Date, in accordance with applicable Law and the Company Charter and Company Bylaws, the Company shall prepare the Information Statement. Each of the Company and the Purchaser shall furnish all information concerning itself and its Affiliates as reasonably requested by the other Party to be included in the Information Statement. The Information Statement shall include all information reasonably requested by such other Party to be included therein. Notwithstanding the foregoing, prior to mailing the Information Statement (or any amendment or supplement thereto), each of the Company and the Purchaser shall cooperate and provide the other with a reasonable opportunity to review and comment on such document (including the proposed final version of such document). Notwithstanding the foregoing, in no event shall the Purchaser be required to divulge any non-public information regarding any direct or indirect owners of the Purchaser which the Purchaser believes to be confidential or proprietary in nature unless required by Law.

(b) If, at any time prior to the Closing, any information relating to the Company, the Purchaser, or any of their respective Affiliates, should be discovered by the Company or the Purchaser which, in the reasonable judgment of the Company or the Purchaser, should be set forth in an amendment of, or a supplement to, the Information Statement, so that such document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Party which discovers such information shall promptly notify the other Parties hereto, and the Company and the Purchaser shall cooperate in any necessary amendment of, or supplement to, the Information Statement and, to the extent required by Law, in disseminating the information contained in such amendment or supplement to stockholders of the Company. Nothing in this Section 6.2(b) shall limit the obligations of any Party under Section 6.2(a). For purposes of Section 4.8, Section 5.5 and this Section 6.2, any information concerning or related to the Company or its Affiliates will be deemed to have been provided by the Company, and any information concerning or related to the Purchaser or its Affiliates will be deemed to have been provided by the Purchaser.

(c) The Company shall use its reasonable best efforts to cause the Information Statement to be mailed to the stockholders of the Company. The Company shall, through the Company Board, recommend to its stockholders that they give the Company Stockholder Approval, include such recommendation in the Information Statement and solicit and use its reasonable best efforts to obtain the Company Stockholder Approval (the "Board Recommendation"), except to the extent that the Company Board shall have made an Adverse Recommendation Change as permitted by Section 6.4(d) or Section 6.4(f). Nothing contained in this Agreement shall be deemed to relieve the Company of its obligation to submit the Sale to its stockholders for a vote on the approval thereof. At such time as the Company Stockholder Approval has been obtained, the Seller Parties shall give prompt written notice to the Purchaser.

Section 6.3 Access to Information; Confidentiality.

(a) During the Interim Period, to the extent permitted by applicable Law and contracts, and subject to the reasonable restrictions imposed from time to time upon advice of outside counsel, the Company shall and shall cause each of the Target Companies to afford to the Purchaser and their respective Representatives and lenders

reasonable access during normal business hours and upon reasonable advance written notice to all of their respective properties, offices, books, contracts, commitments, personnel and records. In addition, during the Interim Period, the Company shall, and shall cause the Target Companies to, furnish reasonably promptly to the Purchaser all other information (financial or otherwise) concerning its business, properties and personnel the Purchaser may reasonably request. The Purchaser shall not be permitted to conduct or cause to be conducted any environmental investigation or other invasive sampling or testing (including but not limited to soil or ground water sampling) of any Target Company Property based on information existing (whether known or unknown) as of the date of this Agreement without the Company's prior written consent, which consent shall be in the Company's sole discretion to grant or deny; provided, however, the Company shall promptly notify the Purchaser in writing of any new discovery of any Hazardous Substances on, under or about any Target Company Property or any new knowledge by the Company of suspected or actual violations of Environmental Laws on any such Target Company Property, and the Purchaser shall be permitted to conduct or cause to be conducted any environmental investigation or other invasive sampling or testing (including but not limited to soil or ground water sampling) of any such Target Company Property upon receipt of such written notice; provided, further, that the Company shall provide the Purchaser, at its own expense, with the right to such reasonable access to each Target Company Property during normal business hours and upon reasonable advance written notice in order to prepare or cause to be prepared surveys, inspections, engineering studies, environmental assessments and other tests, examination or studies of environmental matters relating to the Target Company Property that originates during the Interim Period, so long as such access or activities do not unduly interfere with any Target Company's operation of each such Target Company Property in the ordinary course of business, and the Purchaser agrees that any information disclosed or discovered from such activities will be subject to the provisions of the applicable Confidentiality Agreement. For the avoidance of doubt, the Purchaser will use its reasonable best efforts to minimize any disruption to any Target Company's business that may result from its requests for access, data and information hereunder. Notwithstanding the foregoing, no Target Company shall be required by this Section 6.3 to provide the Purchaser, their financing sources or their respective Representatives with access to or to disclose information (w) relating to the consideration, negotiation and performance of this Agreement and related agreements, (x) that is subject to the terms of a confidentiality agreement with a Third Party entered into prior to the Effective Date or entered into after the Effective Date in the ordinary course of business consistent with past practice (provided, however, that the Target Companies shall use their reasonable best efforts to obtain the required consent of such Third Party to such access or disclosure), (y) the disclosure of which would violate any Law or applicable fiduciary duty (provided, however, that the Company shall use its reasonable best efforts to make appropriate substitute arrangements to permit reasonable disclosure not in violation of any Law or applicable fiduciary duty), or (z) that is subject to any attorney-client, attorney work product or other legal privilege (provided, however, that the Target Companies shall use their reasonable best efforts to allow for such access or disclosure to the maximum extent that does not result in a loss of any such attorney-client, attorney work product or other legal privilege). No representation or warranty as to the accuracy of information provided pursuant to this Section 6.3(a) is made, and the Purchaser may not rely on the accuracy of such information except to the extent expressly set forth in the representations and warranties included in Article 4, and no investigation under this Section 6.3(a) or otherwise shall affect any rights and remedies of any Party with respect to the representations and warranties of Company contained in this Agreement or any condition to the obligations of the Parties under this Agreement.

(b) The Parties will hold, and will cause their respective Representatives and Affiliates to hold, any nonpublic information of the Company, the Target Companies or the Purchaser, as the case may be, in confidence to the extent required by and in accordance with, and will otherwise comply with, the terms of the Confidentiality Agreement.

Section 6.4 Company Acquisition Proposals.

(a) Notwithstanding anything to the contrary contained in this Agreement, during the Interim Period, none of the Seller Parties, Target LLC or any of the Target Companies or any of their respective officers, directors, Affiliates or employees shall, and the Seller Parties shall use commercially reasonable efforts to cause their

respective Representatives not to, directly or indirectly, (i) whether publicly or otherwise, solicit, initiate, knowingly induce, knowingly encourage or knowingly facilitate any inquiry, discussion, offer or request that constitutes, or could reasonably be expected to lead to, a Company Acquisition Proposal, (ii) enter into, continue, conduct, engage, maintain or otherwise participate in any discussions or negotiations regarding, or furnish to any Third Party any non-public information in connection with, or otherwise cooperate in any way with, or knowingly facilitate in any way any effort by, any Third Party in connection with any Company Acquisition Proposal, (iii) approve, endorse or recommend a Company Acquisition Proposal, (iv) enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar definitive agreement providing for or relating to a Company Acquisition Proposal or requiring the Seller Parties to terminate this Agreement, with any Third Party (an "Alternative Acquisition Agreement"), (v) take any action to make the provisions of any Takeover Statute or any restrictive provision of any applicable anti-takeover provision in the Company Charter or Company Bylaws inapplicable to any transactions contemplated by a Company Acquisition Proposal or to any Third Party, (vi) terminate, waive, amend or modify any provision of, or grant permission or request under, any standstill or confidentiality agreement to which the Company, the Seller or any of the Target Companies is or becomes a party (provided that the Company Board may waive any such standstill agreement if the Company Board determines in good faith, after consultation with outside legal counsel, that the failure to take such action would be inconsistent with the directors' duties under applicable Law), or (vii) resolve, agree, approve, recommend or publicly propose or agree to do any of the foregoing.

(b) Notwithstanding anything to the contrary in Section 6.4(a), at any time prior to the Closing, the Company may, directly or indirectly through any Representative, in response to an unsolicited *bona fide* written Company Acquisition Proposal by a Third Party made after the Effective Date, (i) furnish non-public information to such Third Party (and such Third Party's Representatives) making a Company Acquisition Proposal (provided, however, that (A) prior to so furnishing such information, the Company receives from the Third Party an executed Acceptable Confidentiality Agreement, and (B) any non-public information concerning the Company, the Seller, Target LLC or the Target Companies that is provided to such Third Party shall, to the extent not previously provided to the Purchaser, be provided to the Purchaser prior to or simultaneously with providing it to such Third Party) and (ii) engage in discussions or negotiations with such Third Party (and such Third Party's Representatives) with respect to the Company Acquisition Proposal, in the case of each of clauses (i) and (ii): if (x) the Company Board determines in good faith, after consultation with outside legal counsel and financial advisors, that such Company Acquisition Proposal constitutes, or is reasonably likely to result in, a Superior Proposal, and (y) the Company Board determines in good faith, after consultation with outside legal counsel, that failure to take such action would be inconsistent with the directors' duties under applicable Law.

(c) In addition to the other obligations of the Company set forth in this Section 6.4, the Company shall notify the Purchaser promptly (but in no event later than 24 hours) after (i) receipt of any Company Acquisition Proposal or any request for non-public information relating to the Company, the Seller, Target LLC or any Target Company by any Third Party, or any inquiry from any Person seeking to have discussions or negotiations with the Company relating to, or that could reasonably be expected to lead to, a possible Company Acquisition Proposal (such notice shall be made orally and confirmed in writing and shall indicate the identity of the Person making the Company Acquisition Proposal, the material terms and conditions of any Company Acquisition Proposals, inquiries, proposals or offers, including a copy thereof if in writing and any related documentation or correspondence), or (ii) it enters into any discussions or negotiations concerning any Company Acquisition Proposal or provides nonpublic information or data to any Person in accordance with this Section 6.4(c), and, in each case, the Company shall keep the Purchaser reasonably informed of the status and terms of any such Company Acquisition Proposals, inquiries, proposals, offers, discussions or negotiations (including any material change to the financial terms, conditions or other material terms thereof).

(d) Except as permitted by this Section 6.4(d) and Section 6.4(f), the Company Board shall not (i) withdraw, amend, change, qualify, or publicly propose to withdraw, amend, change or qualify, in a manner adverse to the Purchaser the Board Recommendation or knowingly make any public statement inconsistent with such Board

Recommendation, (ii) approve, adopt, endorse or recommend (or publicly propose to approve, adopt, endorse or recommend) any Company Acquisition Proposal, or (iii) approve, adopt, declare advisable or recommend (or agree to, resolve or propose to approve, adopt, declare advisable or recommend), or cause or permit the Company to enter into, any Alternative Acquisition Agreement (other than an Acceptable Confidentiality Agreement entered into in accordance with this Section 6.4) (each of clause (i), (ii) and (iii), an "Adverse Recommendation Change"). Notwithstanding anything to the contrary set forth in this Agreement, if the Company Board has received a *bona fide* Company Acquisition Proposal (that did not result from a breach of this Section 6.4) that, in the good faith determination of the Company Board, after consultation with outside legal counsel and financial advisors, constitutes a Superior Proposal, after having complied with, and giving effect to all of the adjustments which may be offered by the Purchaser pursuant to Section 6.4(e), and such Company Acquisition Proposal is not withdrawn, and in such case the Company may (i) terminate this Agreement pursuant to Section 8.1(c)(ii), and/or (ii) make an Adverse Recommendation Change (provided, that in the event of any such termination or Adverse Recommendation Change, the Company complies with its obligation to pay the Company Termination Amount).

(e) The Company Board shall not be entitled to effect an Adverse Recommendation Change pursuant to Section 6.4(d) or Section 6.4(f) unless (i) the Company has provided a written notice (a "Notice of Superior Proposal") to the Purchaser that the Company intends to take such action, specifying in reasonable detail the reasons therefor and describing the material terms and conditions of, and attaching a complete copy of, the Superior Proposal and the terms of any and all agreements in connection therewith, including any financing arrangements, that is the basis of such action, (ii) during the four (4) Business Day period following the Purchaser's receipt of the Notice of Superior Proposal, the Company shall, and shall cause its Representatives to, negotiate with the Purchaser in good faith (to the extent the Purchaser desires to negotiate) to make such adjustments in the terms and conditions of this Agreement so that such Superior Proposal ceases to constitute a Superior Proposal, and (iii) following the end of the four (4) Business Day period, the Company Board shall have determined in good faith, after consultation with outside legal counsel and financial advisors, taking into account any changes to this Agreement proposed in writing by the Purchaser in response to the Notice of Superior Proposal or otherwise, that the Superior Proposal giving rise to the Notice of Superior Proposal continues to constitute a Superior Proposal. Any amendment to the financial terms or any other material amendment of such Superior Proposal shall require a new Notice of Superior Proposal, and the Company shall be required to comply again with the requirements of this Section 6.4(e); provided, however, that references to the four (4) Business Day period above shall then be deemed to be references to a period of time that is the longer of (x) two (2) Business Days and (y) the remainder of the original four (4) Business Day period.

(f) Notwithstanding Section 6.4(a), but subject to the provisions of Section 6.4(e), in response to an Intervening Event, the Company Board may, at any time prior to the Closing and other than in response to a Company Acquisition Proposal, effect an Adverse Recommendation Change if the Company Board has determined in good faith (after consultation with its outside legal counsel) that, in light of such Intervening Event, the failure to take such action would be inconsistent with the directors' duties under applicable Law. Subject to the Company's compliance, in all material respects, with Section 6.4(d), (e) and (f), the Company may take and/or disclose to the stockholders of the Company a position; provided, however, that any such statement(s) shall be deemed to be an Adverse Recommendation Change, unless the Company Board expressly publicly reaffirms the Board Recommendation in such statement.

(g) Upon execution of this Agreement, the Seller Parties, Target LLC and the Target Companies and their respective officers, directors and employees shall, and the Company shall instruct the Seller' Representatives to, immediately cease and cause to be terminated any existing discussions, negotiations or communications with any Person conducted prior to the Effective Date with respect to any, or that could reasonably be expected to lead to a, Company Acquisition Proposal and shall request the prompt return or destruction of all confidential information previously furnished in connection therewith. From and after the Effective Date, the Company, the Seller and the Target Companies and their respective officers, directors and employees shall, and the Company shall instruct and cause its and the Target Companies' Representatives to, take such action as is necessary to enforce any confidentiality agreement (including standstill provisions) or provisions of similar effect to which the

Company, the Seller or any of the Target Companies is a party or of which the Company, the Seller or any of the Target Companies is a beneficiary.

(h) References in this Section 6.4 to the "Company Board" shall include a duly authorized committee thereof.

(i) For purposes of this Agreement:

(i) "Company Acquisition Proposal" shall mean any proposal or offer for (or expression by a Third Party that it is considering or may engage in), whether in one transaction or a series of related transactions, (i) any merger, consolidation, share exchange, business combination or similar transaction involving the Company, the Seller, Target LLC or the Target Companies, (ii) any sale, lease, exchange, mortgage, pledge, license, transfer or other disposition, directly or indirectly, by merger, consolidation, sale of equity interests, share exchange, joint venture, business combination or otherwise, of any assets of the Company, the Seller, Target LLC or the Target Companies: (A) representing twenty percent (20%) or more of the consolidated assets of the Company, the Seller, Target LLC and the Target Companies, taken as a whole as determined on a book-value basis; and (B) involving the acquisition (directly or indirectly) of at least six (6) of the Target Company Properties, (iii) any issue, sale or other disposition of (including by way of merger, consolidation, joint venture, business combination, share exchange or any similar transaction) securities (or options, rights or warrants to purchase, or securities convertible into, such securities): (A) representing twenty percent (20%) or more of the voting power of the Company; and (B) involving the acquisition (directly or indirectly) of at least six (6) of the Target Company Properties, (iv) any tender offer or exchange offer in which any Person or "group" shall seek to: (A) acquire beneficial ownership, or the right to acquire beneficial ownership, of twenty percent (20%) or more of the outstanding shares of any class of voting securities of the Company; and (B) acquire (directly or indirectly) at least six (6) of the Target Company Properties or (v) any recapitalization, restructuring, liquidation, dissolution or other similar type of transaction with respect to the Company in which a Third Party shall: (A) acquire beneficial ownership of twenty percent (20%) or more of the outstanding shares of any class of voting securities of the Company, the Seller, Target LLC or the Target Companies; and (B) acquire (directly or indirectly) at least six (6) of the Target Company Properties provided, however, that the term "Company Acquisition Proposal" shall not include the Sale or the other Contemplated Transactions.

(ii) "Superior Proposal" shall mean a *bona fide* written Company Acquisition Proposal (except that, for purposes of this definition: (A) the references in the definition of "Company Acquisition Proposal" to twenty percent (20%) shall be replaced by fifty percent (50%); and (B) each reference to six (6) shall be replaced by eight (8)) (that did not result from a breach of Section 6.4) made by a Third Party that the Company Board determines in good faith, after consultation with the Company's outside legal counsel and financial advisors, and taking into account all financial, legal, regulatory and any other aspects of the transaction described in such proposal that the Company Board deems relevant, as well as any changes to the terms of this Agreement proposed by the Purchaser in response to such proposal or otherwise, to be (A) more favorable to the Company and its stockholders from a financial point of view than the Sale and the other Contemplated Transactions, and (B) reasonably likely to receive all required approvals on a timely basis and otherwise reasonably capable of being completed on a timely basis on the terms proposed.

(iii) "Intervening Event" means any material event, circumstance, change, effect, development or condition (other than, and not related in any way to, a Company Acquisition Proposal) that was not known to, nor reasonably foreseeable by any member of the Company Board, assuming consultation with the executive officers of the Company, as of or prior to the Effective Date. For the avoidance of doubt, in no event shall the receipt of, or proposal or inquiry from any Third Party relating to, a Company Acquisition Proposal be deemed to be an Intervening Event (it being understood that the underlying causes of any such changes or failures may be taken into account in determining whether an Intervening Event has occurred).

Section 6.5 Appropriate Action; Consents; Filings.

(a) Upon the terms and subject to the conditions set forth in this Agreement, the Purchaser and each Seller Party shall, and the Company shall cause the Target Companies and Equity Interest Holders to use their reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable under applicable Law or pursuant to any contract or agreement to consummate and make effective, as promptly as practicable, the Sale and the other Contemplated Transactions, including (i) the taking of all actions necessary to cause the conditions to Closing set forth in Article 7 to be satisfied, (ii) the obtaining of all necessary actions or nonactions, waivers, consents and approvals from Governmental Authorities or other Persons necessary in connection with the consummation of the Sale and the other Contemplated Transactions and the making of all necessary registrations and filings (including filings with Governmental Authorities, if any) and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Authority or other Persons necessary in connection with the consummation of the Sale and the other Contemplated Transactions, and (iii) the defending of any lawsuits or other Legal Proceedings, whether judicial or administrative, challenging this Agreement or any ancillary agreements related hereto or the consummation of the Sale or the other Contemplated Transactions, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Authority vacated or reversed.

(b) In connection with and without limiting anything to the contrary in this Section 6.5, each of the Purchaser, the Seller, the Equity Interest Holders, Target LLC, the Target Companies and the Company shall give any notices to Third Parties, and each of the Purchaser and the Company shall use, and cause each of their respective Affiliates to use, its commercially reasonable efforts to obtain any Third Party consents not covered by Section 6.5(a) that are necessary, proper or advisable to consummate the Sale and the other Contemplated Transactions.

Section 6.6 Notification of Certain Matters; Transaction Litigation.

(a) Each Party shall give prompt notice to the other Parties of any notice or other communication received by such Party from any Governmental Authority in connection with this Agreement, the Sale or the other Contemplated Transactions, or from any Person alleging that the consent of such Person is or may be required in connection with the Sale or this Agreement.

(b) In addition, without limiting the foregoing, each Party shall give prompt notice to the other Parties if (i) any representation or warranty made by it contained in this Agreement becomes untrue or inaccurate such that the applicable closing conditions would reasonably expected to be incapable of being satisfied by the Outside Date or (ii) it fails to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the Parties or the conditions to the obligations of the Parties under this Agreement.

(c) Each Party shall give prompt notice to the other Parties of any Legal Proceeding commenced or, to such Party's knowledge, threatened against, relating to or involving such Party, Target LLC, any of the Target Companies or the Subsidiaries of the Purchaser which relate to this Agreement, the Sale or the other Contemplated Transactions ("Transaction Litigation"). The Seller Parties shall give the Purchaser the opportunity to reasonably participate in the defense and settlement of any stockholder litigation against the Company, the Seller, Target LLC, the Target Companies and/or their respective directors and officers relating to this Agreement, the Sale and the other Contemplated Transactions, and no such settlement shall be agreed to without the Purchaser' prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

Section 6.7 Public Announcements.

So long as this Agreement is in effect, the Seller Parties and the Purchaser shall, to the extent reasonably practicable, consult with each other before issuing any press release or otherwise making any public statements

or filings with respect to this Agreement, the Sale or any of the other Contemplated Transactions, and none of the Parties shall issue any such press release or make any such public statement or filing prior to obtaining the other Parties' consent (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that a Party may, based on the advice of outside counsel, without obtaining the other Parties' consent, issue such press release or make such public statement or filing as may be required by Law or Order. If for any reason it is not practicable to consult with the other Party before making any public statement with respect to this Agreement, the Sale or any of the other Contemplated Transactions, then the Party making such statement shall not make a statement that is inconsistent with public statements or filings to which the other Party had previously consented; provided, further, that such consultation and consent shall not be required with respect to any release, communication or announcement specifically permitted by Section 6.4.

Section 6.8 Taxes.

(a) No Party shall take any action inconsistent with the Intended Tax Treatment unless otherwise required pursuant to a "final determination" within the meaning of Section 1313 of the Code. The Purchaser, the Seller and the Company shall cooperate in the preparation, execution and filing of all returns, questionnaires, applications or other documents regarding any real property transfer or gains, sales, use, transfer, value added, gross receipts, registration, occupation, excise, duty, stock transfer or stamp taxes, any transfer, recording, registration and other fees and any similar Taxes that become payable by the Purchaser, the Seller or the Company in connection with the Sale or the other Contemplated Transactions (together with any related interests, penalties or additions to Tax, "Transfer Taxes"), and shall cooperate in good faith in attempting to minimize the amount of Transfer Taxes.

(b) The Company, on the one hand, and the Purchaser, on the other hand, agree to furnish or cause to be furnished to each other, upon request, as promptly as practical, such information (including reasonable access to books and records) and assistance as is reasonably necessary for the filing of any Tax Return. After the Closing Date, the Company and the Purchaser, respectively, shall inform the other party in writing of the commencement of any claim, audit, investigation, examination, or other proceeding or self-assessment relating in whole or in part to Taxes of Target LLC or the Target Companies for any taxable period (or portion thereof) ending on or before the Closing Date ("Tax Contest"). After the Closing Date, the Company shall have the exclusive right to represent the interests of Target LLC and the Target Companies in any and all Tax Contests that relate to the Intended Tax Treatment or any taxable period (or portion thereof) ending on or before the Closing Date; provided, however, that (i) the Company shall keep the Purchaser reasonably informed and consult in good faith with the Purchaser and its Tax advisors with respect to any issue relating to such Tax Contest (and the Purchaser and its Tax counsel or Tax adviser, at the Purchaser's expense, will be permitted to attend meetings with taxing authorities), (ii) the Company shall timely provide the Purchaser with copies of all correspondence, notices and other written materials received from any taxing authorities and shall otherwise keep the Purchaser and its Tax advisors advised of significant developments in such Tax Contest and of significant communications involving representatives of the taxing authorities and (iii) the Company shall not agree or consent to compromise or settle any such Tax Contest unless the Purchaser consents to such settlement, compromise or concession, which consent will not be unreasonably withheld, conditioned or delayed. After the Closing Date, the Purchaser shall have the exclusive right to represent the interests of the Company in any and all other Tax Contests; provided, however, that, to the extent that any such Tax Contest could reasonably be expected to result in any Tax liability to the Company or jeopardize the Company's qualification as a REIT, (i) the Purchaser shall keep the Company reasonably informed and consult in good faith with the Company and its Tax advisors with respect to any issue relating to such Tax Contest (and the Company and its Tax counsel or Tax adviser, at the Company's expense, will be permitted to attend meetings with taxing authorities), (ii) the Purchaser shall timely provide the Company with copies of all correspondence, notices and other written materials received from any taxing authorities and shall otherwise keep the Company and its Tax advisors advised of significant developments in such Tax Contest and of significant communications involving representatives of the taxing authorities and (iii) the Purchaser shall not agree or consent to compromise or settle any such Tax Contest on a basis that could reasonably be expected to result in any Tax liability to the Company unless the Company consents to such settlement, compromise or

concession, which consent will not be unreasonably withheld, conditioned or delayed. The Company and the Purchaser shall cooperate with each other in the conduct of any Tax audit or other Tax proceedings and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 6.8(b).

(c) All Tax sharing or similar agreements to which Target LLC or any Target Company is a party shall be terminated as of the Closing Date and, after the Closing Date, the Target Companies shall not be bound thereby or have any rights, liabilities or obligations thereunder.

Section 6.9 Directors' and Officers' Indemnification.

To the fullest extent permissible under applicable Law, but only to the extent of any insurance policies maintained by the Target Company Properties prior to the Closing Date shall provide coverage therefor, from and after the Closing Date, the Purchaser shall cause the Target Companies to honor and fulfill in all respects the obligations of the Target Companies under the Organizational Documents of the Target Companies in effect on the Effective Date to the individuals covered by such Organizational Documents (the "Covered Persons") with respect to all rights to indemnification and exculpation (including the advancement of expenses) from Liabilities for acts or omissions occurring at or prior to the Closing Date as provided in the Organizational Documents of the Target Companies as in effect on the date hereof. Notwithstanding the foregoing, this Section 6.9 shall not apply in any manner or respect to the Haywood Target Companies, Midtown GP or Target LLC. Further, except as provided above, no Covered Person shall have any right to claim to indemnity, contribution, reimbursement or other payment from Target LLC or any of the Target Companies from and after Closing.

Section 6.10 Casualty and Condemnation.

(a) In the event that, after the Effective Date but prior to the Closing Date, (i) any portion of any Target Company Property or any interest therein is taken pursuant to eminent domain, expropriation or similar proceedings, or if any proceeding shall be instituted for the taking in condemnation or eminent domain, expropriation or similar proceeding of all or any portion of any Target Company Property or any interest therein (any of the foregoing, a "Condemnation"), or (ii) any Target Company Property is materially damaged or destroyed by any fire, earthquake or other casualty (a "Casualty"), the Company shall give the Purchaser written notice thereof promptly after the discovery by any Seller Party of the same. Upon the occurrence of a Condemnation or Casualty, the Seller Parties shall have no obligation to contribute capital to any Person, or to expend their own funds to repair or replace (or cause to be repaired or replaced) the damaged, destroyed or taken property, and the Purchaser shall have no right to terminate this Agreement by reason thereof, except to the extent that a Company Material Adverse Effect shall have occurred; provided that the Parties agree that the Closing Consideration shall be reduced by the following:

(i) the amount of any condemnation award, insurance proceeds or other compensation with respect to or on account of any such Casualty or Condemnation ("Proceeds") received by any Seller Party or any lender to any Seller Party, which are not applied to the repair and restoration of the damaged property in accordance with the terms of this Agreement (except for Proceeds payable to, or received by, any Seller Party that are attributable to lost rents for the period prior to the Closing, or required for collection costs incurred or repairs independently funded by any Seller Party prior to the Closing Date);

(ii) the amount of any Seller deductible or Seller coinsurance amount under any applicable insurance policy, except to the extent that the applicable Seller Party has expended such deductible or coinsurance amount out of its own funds to complete the repair or restoration of the applicable Target Company Property in accordance with the terms of any Target Company Material Contract to which the Seller is a party or which is otherwise applicable to the Target Company Property; and

(iii) uninsured losses, but only to the extent such uninsured losses are solely due to a breach of the covenant set forth in Section 6.1(a)(xx).

(b) Each Seller Party shall, upon consummation of the Sale and the other Contemplated Transactions, assign to the Purchaser or its permitted assigns (to the extent assignable) all claims of such Seller Party with respect to any and all Proceeds.

(c) Each Seller Party shall provide the Purchaser with copies of all written notices and communications with any insurer, condemning authority, Tenant, lender and all other Third Parties relating to any Casualty or Condemnation. The Purchaser may participate in all negotiations, meetings and legal actions regarding the determination, settlement or enforcement of any claim for Proceeds resulting from any Casualty or Condemnation. Without obtaining the Purchaser's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed, no Seller Party will effect or consent to any repair, replacement or restoration of a damaged or taken Target Company Property, other than repairs required to protect the health or safety of any person or property, and except as required by the terms of any Target Company Material Contract to which the applicable Seller Party is a party or which is otherwise applicable to the Target Company Property.

Section 6.11 Control of Operations.

Without in any way limiting any Party's rights or obligations under this Agreement, the Parties understand and agree that (i) nothing contained in this Agreement shall give the Purchaser, directly or indirectly, the right to control or direct the Company's operations prior to the Closing Date, and (ii) prior to the Closing Date, the Company shall exercise, consistent with and subject to the terms and conditions of this Agreement, complete control and supervision over its operations.

Section 6.12 Haywood Litigation Indemnity.

(a) The Company hereby agrees to defend, indemnify and hold the Purchaser, the Haywood Purchaser and any officers, directors or members of the Purchaser or Haywood Purchaser (collectively the "Haywood Indemnitees") harmless from and against any and all claims, liabilities or damages suffered or incurred by Purchaser or Haywood Purchaser as a result of any claims made against any of the Haywood Indemnitees in connection with the Haywood Litigation (a "Haywood Litigation Claim"). Once a Haywood Indemnitee becomes aware of or receives notice of any Haywood Litigation Claim, the Haywood Indemnitee shall promptly provide notice to the Company (a "Claim Notice"); provided, however, that the failure of a Haywood Indemnitee to so notify the Company shall not limit or otherwise affect the Haywood Indemnitees' rights to be indemnified or reimbursed pursuant hereto, except to the extent such delay shall materially adversely prejudice any defense of such Haywood Litigation Claim. No Haywood Indemnitee shall take any actions, including an admission of liability, which would bar the Company from enforcing any applicable coverage under any available policies of insurance or surety bonds or would materially prejudice the defense of a Haywood Litigation Claim. Each of the Parties agrees to cooperate in a commercially reasonable manner with the other Parties in the conduct and resolution of each and every Haywood Litigation Claim and Opposing Claim (as defined below); provided, however, the Haywood Indemnitee shall not be required to incur any out-of-pocket costs in connection with such cooperation if the Haywood Litigation Claim is required to be indemnified by the Company hereunder. None of the Parties shall settle, compromise or consent to the entry of any judgment with respect to any such Haywood Litigation Claim or Opposing Claim, without the prior written consent of the other applicable Parties in either such instance, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) The Parties shall jointly supervise, manage and direct the defense of any Haywood Litigation Claim and commence and prosecute any suit, action or proceeding (including, without limitation, any counterclaim) in response to any Haywood Litigation Claim with counsel selected by the Company (an "Opposing Claim"). The cost of such defense and any Opposing Claim shall be borne by the Company. The Haywood Indemnitees shall, however, have the right, in their sole discretion, to employ or cause to be employed separate counsel in any action in respect of such Haywood Litigation Claim or Opposing Claim and to participate in the defense or prosecution thereof, as applicable, but the fees and expenses of such counsel shall be borne solely by the Haywood Indemnitee; provided, however, the reasonable and documented fees and expenses of such separate

counsel shall be paid by Company if separate counsel is required to be engaged by any Haywood Indemnitee because (i) the Company fails to conduct a commercially reasonable defense diligently, in good faith and in accordance with this Agreement, including the timely payment of all of the on-going costs of such defense when due, or (ii) Haywood Indemnitee shall reasonably determine, after consultation with its own separate counsel, that use of counsel selected by the Company to represent Haywood Indemnitee is reasonably likely to present a conflict of interest that Haywood Indemnitee is not willing to waive, including situations in which there are one or more legal defenses available to Haywood Indemnitee are in addition to or conflict with those available to the Company. All reasonable and documented costs and expenses (including, without limitation, all reasonable and documented attorneys' fees and disbursements, court costs and experts' and consultants' fees and disbursements) in connection with the defense, settlement or compromise of any Haywood Indemnity Claim and without duplication of any collection costs) shall be payable by the Company.

(c) The provisions of this Section 6.12 shall survive the Closing until the second (2nd) anniversary of the Closing Date ("Indemnity Termination Date"). Notwithstanding the foregoing, if any Haywood Indemnitee shall have delivered a Claim Notice prior to the Indemnity Termination Date, then the provisions of this Section 6.12 shall continue to apply and survive only as to any such Haywood Litigation Claim identified in any such Claim Notice delivered prior to the Indemnity Termination Date until such Haywood Litigation Claim is fully and finally resolved.

ARTICLE 7.
CONDITIONS

Section 7.1 Conditions to the Obligations of Each Party.

The respective obligations of each Party to effect the Sale and to consummate the other Contemplated Transactions shall be subject to the satisfaction or (to the extent permitted by applicable Law) waiver by each of the Parties, at or prior to the Closing Date, of the following conditions:

(a) Company Stockholder Approval. The Company Stockholder Approval shall have been obtained.

(b) No Restraints. No Law, Order (whether temporary, preliminary or permanent) or other legal restraint or prohibition entered, enacted, promulgated, enforced or issued by any Governmental Authority of competent jurisdiction shall be in effect which prohibits, makes illegal, enjoins, or otherwise restricts, prevents or prohibits the consummation of the Sale or the other Contemplated Transactions.

Section 7.2 Conditions to the Obligations of the Purchaser.

The obligation of the Purchaser to effect the Sale and to consummate the other Contemplated Transactions shall be subject to the satisfaction or waiver (as permitted by applicable Law), at or prior to the Closing Date, of the following additional conditions:

(a) The Seller Parties shall have made the deliveries required pursuant to Section 2.3(b).

(b) The Seller Parties shall have performed in all material respects all of their respective obligations hereunder required to be performed by them on or prior to the Closing Date.

(c) The representations and warranties set forth in Section 4.3 (Capital Structure) shall be correct in all respects and the representations and warranties set forth in Section 4.4 (Authority), Section 4.20 (Vote Required) and Section 4.21 (Brokers; Fees) shall be true and correct in all but *de minimis* respects, in each case at and as of the Effective Date and as of the Closing, as though made as of the Closing (other than such representations and warranties that expressly address matters only as of another specified date, which need only be true and correct as of such date).

(d) Each of the other representations and warranties of the Seller Parties contained in Article 4 of this Agreement, without giving effect to materiality, Property Material Adverse Effect, Company Material Adverse Effect, the Company's knowledge or other similar qualifications, shall be true and correct at and as of the Effective Date and at and as of the Closing as if made at and as of the Closing (other than such representations and warranties that expressly address matters only as of another specified date, which need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct have not and would not reasonably be expected to, individually or in the aggregate, have a Company Material Adverse Effect.

(e) No Company Material Adverse Effect shall have occurred since the Effective Date and be continuing on the Closing Date (provided, however, this Section 7.2(e) shall not apply to any Company Material Adverse Effect which shall occur between the originally scheduled Closing Date and the Extended Closing Date should Purchaser deliver a Closing Extension Notice and in no event shall any such Company Material Adverse Effect constitute a failure to satisfy the condition set forth in this Section 7.2(e)).

(f) The Company shall have delivered to the Purchaser executed copies of the Debt Pay-off Letters and shall have paid or caused to be paid the Indebtedness Amount at the Closing (it being understood that all Mortgaged Indebtedness will be paid by the Closing Escrowee directly to the issuers of the Debt Pay-off Letters from the Closing Consideration otherwise payable to the Company).

Section 7.3 Conditions to the Obligations of the Seller Parties.

The respective obligations of the Seller Parties to effect the Sale and to consummate the other Contemplated Transactions shall be subject to the satisfaction or waiver (as permitted by applicable Law), at or prior to the Closing Date, of the following conditions:

(a) The Purchaser shall have made the deliveries required pursuant to Section 2.3(c).

(b) The Purchaser shall have performed in all material respects all of its obligations hereunder required to be performed by it on or prior to the Closing Date, including the delivery of the Closing Consideration at the Closing.

(c) The representations and warranties set forth in Section 5.2 (Authority) and Section 5.9 (Brokers; Fees) with respect to the Purchaser shall be true and correct in all but *de minimis* respects at and as of the Effective Date and as of the Closing, as though made as of the Closing (other than such representations and warranties that expressly address matters only as of another specified date, which need only be true and correct as of such date). Each of the other representations and warranties of the Purchaser contained in Article 5 of this Agreement, without giving effect to materiality or other similar qualifications, shall be true and correct at and as of the Effective Date and at and as of the Closing Date as if made at and as of the Closing Date, except where the failure of such representations and warranties to be so true and correct have not and would not reasonably be expected to, individually or in the aggregate, have a Purchaser Material Adverse Effect.

(d) No Purchaser Material Adverse Effect shall have occurred since the Effective Date and be continuing on the Closing Date.

ARTICLE 8.
TERMINATION, AMENDMENT AND WAIVER

Section 8.1 Termination.

This Agreement may be terminated and the Sale may be abandoned at any time prior to the Closing Date, as follows:

(a) by mutual written agreement of each of the Purchaser and the Seller Parties; or

(b) by the Purchaser or the Company, if:

(i) the Closing Date shall not have occurred on or before 11:59 p.m. New York time on September 30, 2018 (the "Outside Date"); provided, however, that the right to terminate this Agreement pursuant to this Section 8.1(b)(i) shall not be available to any Party if the failure of such Party to perform any of its obligations under this Agreement has been a principal cause of, or resulted in, the failure of the Sale and the other Contemplated Transactions to be consummated on or before the Outside Date; or

(ii) any Governmental Authority of competent jurisdiction shall have issued an Order permanently restraining, enjoining or otherwise prohibiting the consummation of the Sale or the other Contemplated Transactions, and such Order or other action shall have become final and non-appealable; provided, however, that the right to terminate this Agreement under this Section 8.1(b)(ii) shall not be available to a Party if the issuance of such final, non-appealable Order was primarily due to the failure of such Party to perform any of its obligations in accordance with the terms of this Agreement; or

(iii) the Company Stockholder Approval shall not have been obtained, provided that the right to terminate this Agreement under this Section 8.1(b)(iii) shall not be available to the Company if the failure to obtain such Company Stockholder Approval was primarily due to the Company's action or failure to perform any of its obligations under this Agreement.

(c) by the Company, if:

(i) the Purchaser shall have breached or failed to perform any of its representations, warranties or covenants set forth in this Agreement, which breach or failure to perform cannot be cured on or before the Outside Date, or, if curable, is not cured by such Purchaser within the earlier of (x) ten (10) calendar days of receipt by such Purchaser of written notice of such breach or failure, or (y) three (3) Business Days before the Outside Date; provided that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.1(c)(i) if the Company is then in material breach of any of its representations, warranties or covenants set forth in this Agreement;

(ii) in order to enter into an Alternative Acquisition Agreement with respect to a Superior Proposal in accordance with Section 6.4; provided that the Company shall thereafter pay the Company Termination Amount to the Purchaser concurrently with such termination; or

(iii) (A) all of the conditions set forth in Section 7.1 and Section 7.2 shall have been satisfied or waived in writing by the Purchaser (other than those conditions that by their nature are to be satisfied at the Closing, provided that such conditions are capable of being satisfied if the Closing were to occur on such date) and the Company shall have delivered to the Purchaser written notice to such effect on or after the date the Closing should have occurred pursuant to Section 2.3(a), which notice shall also state that the Seller Parties are prepared to consummate the Closing, and (B) the Purchaser fails to consummate the Closing on or before the third (3rd) Business Day after delivery of the notice referenced in clause (A) of this Section 8.1(c)(iii).

(d) by the Purchaser, if:

(i) the Company or Seller shall have breached or failed to perform any of its representations, warranties or covenants set forth in this Agreement, which breach or failure to perform cannot be cured on or before the Outside Date or, if curable, is not cured by the Company within the earlier of (x) ten (10) calendar days of receipt by the Company of written notice of such breach or failure, or (y) three (3) Business Days before the Outside Date; provided that the Purchaser shall not have the right to terminate this Agreement pursuant to this Section 8.1(d)(i) if the Purchaser is then in material breach of any of its representations, warranties or covenants set forth in this Agreement;

(ii) (1) the Company Board shall have made an Adverse Recommendation Change (it being understood and agreed that any written notice of the Company's intention to make an Adverse Recommendation Change prior to effecting such Adverse Recommendation Change in accordance with Section 6.4(d) or

Section 6.4(f) shall not result in Purchaser having any termination rights pursuant to this Section 8.1(d)(ii)) or (2) the Company enters into an Alternative Acquisition Agreement; provided that the Purchaser's right to terminate this Agreement pursuant to this Section 8.1(d)(ii) shall expire at 5:00 p.m., New York time, on the tenth (10th) Business Day following the date on which the Company notifies Purchaser that (1) or (2) has occurred; or

(iii) there shall have occurred and be continuing any events or occurrences that, individually or in the aggregate, have had or would reasonably be expected to have a Company Material Adverse Effect.

Section 8.2 Effect of Termination.

In the event that this Agreement is terminated and the Sale and the other Contemplated Transactions are abandoned pursuant to Section 8.1, written notice thereof shall be given to the other Party or Parties, specifying the provisions hereof pursuant to which such termination is made and describing the basis therefor in reasonable detail, and this Agreement shall forthwith become null and void and of no further force or effect whatsoever without liability on the part of any Party hereto (or any of the Target Companies, Subsidiaries of the Purchaser or any of the Company's or the Purchaser's respective Representatives or Affiliates), and all rights and obligations of any Party hereto shall cease; provided, however, that, notwithstanding anything in the foregoing to the contrary but subject to Section 8.3(c) and Section 9.9, (a) no such termination shall relieve any Party hereto of any liability or damages resulting from or arising out of any fraud or Willful Breach of this Agreement or any other agreement delivered in connection herewith prior to such termination; and (b) the Confidentiality Agreement, this Section 8.2, Section 8.3, Section 8.6, Article 9 and the definitions of all defined terms appearing in such sections shall survive any termination of this Agreement pursuant to Section 8.1.

Section 8.3 Termination Amount.

(a) If, but only if, this Agreement is terminated:

(i) by the Company pursuant to Section 8.1(c)(i) or Section 8.1(c)(iii), then the Purchaser shall pay, or cause to be paid, to the Company a fee equal to $8,000,000 (the "Purchaser Termination Amount") by wire transfer of same day funds to an account designated by the Company, not later than five (5) Business Days after such termination and, upon payment of the Purchaser Termination Amount, the Purchaser shall have no further liability with respect to this Agreement to the Seller Parties; provided, however, if the Purchaser Deposit is not utilized to pay the Purchaser Termination Amount, but the Purchaser Termination Amount is otherwise paid to the Company by Purchaser in accordance with this Section 8.3(a)(i), then the Purchaser Deposit shall be returned to Purchaser and Seller agrees to direct the Deposit Escrowee to return the Purchaser Deposit to Purchaser;

(ii) (A) by the Company pursuant to Section 8.1(c)(i) or (B) the Purchaser pursuant to Section 8.1(d)(ii), then (X) the Purchaser shall be entitled to a return of the full Purchaser Deposit and the Company shall be obligated to direct Deposit Escrowee in writing to do so within one (1) Business Day of such termination; and (Y) the Company shall pay, or cause to be paid, to the Purchaser a fee (the "Company Termination Amount") equal to $8,000,000 which shall be paid by wire transfer of same day funds to an account designated by the Purchaser not later than five (5) Business Days after such termination. Upon the payment of the Company Termination Amount, the Company shall have no further liability with respect to this Agreement to the Purchaser;

(iii) by the Purchaser pursuant to Section 8.1(d)(i), then: (X) Purchaser shall be entitled to a return of the full Purchaser's Deposit and the Seller Parties shall be obligated to direct Deposit Escrow in writing to do so within one (1) Business day of such termination; and (Y) the Company shall pay, or cause to be paid, to the Purchaser: (A) all Expenses incurred by Purchaser up to an amount equal to One Million Two Hundred Fifty Thousand Dollars ($1,250,000); provided however that if Purchaser shall have first sought specific performance under Section 9.9 prior to terminating the Agreement and such remedy was unavailable due to intentional actions of Seller, then the Company shall pay, or cause to be paid, to the

Purchaser all Expenses incurred by Purchaser; plus (B) all Breakage Costs which shall be paid by wire transfer of same day funds to an account at Purchaser's Lender designated by the Purchaser not later than five (5) Business Days being provided with a calculation and invoice for such Breakage Costs.

(b) Notwithstanding anything to the contrary set forth in this Agreement, the Parties agree that:

(i) under no circumstances shall the Purchaser be required to pay the Purchaser Termination Amount earlier than two (2) full Business Days after receipt of appropriate wire transfer instructions from the Company;

(ii) under no circumstances shall the Purchaser be required to pay the Purchaser Termination Amount on more than one occasion;

(iii) under no circumstances shall the Company be required to pay the Company Termination Amount earlier than two (2) full Business Days after receipt of appropriate wire transfer instructions from the Purchaser; and

(iv) under no circumstances shall the Company be required to pay the Company Termination Amount on more than one occasion.

(c) Each of the Parties hereto acknowledges that (i) the agreements contained in this Section 8.3 are an integral part of the transactions contemplated by this Agreement, (ii) each of the Company Termination Amount and the Purchaser Termination Amount is not a penalty, but rather is liquidated damages, in a reasonable amount that will compensate the Company in the circumstances in which such fee is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Sale and the other Contemplated Transactions, which amount would otherwise be impossible to calculate with precision, and (iii) without these agreements, neither the Purchaser nor the Company would enter into this Agreement. Notwithstanding anything to the contrary in this Agreement (including Section 8.2), in the circumstance in which the Company is required to pay the Company Termination Amount, the Purchaser's right to receive payment of the Company Termination Amount, together with the Company Recovery Costs, from the Company shall be the sole and exclusive remedy of the Purchaser against the Company, the Seller and their respective Subsidiaries and any of their respective former, current or future officers, directors, partners, stockholders, managers, members, Affiliates or agents for the loss suffered as a result of the failure of the Sale to be consummated, and upon payment of such amount, none of the Company, the Seller, any of their respective Subsidiaries or any of their respective former, current or future officers, directors, partners, stockholders, managers, members, Affiliates or agents shall have any further liability or obligation relating to or arising out of this Agreement, the Sale or the other Contemplated Transactions; provided that if the Company fails to pay the Company Termination Amount required to be paid hereunder, and the Purchaser commences a legal proceeding which results in a final, non-appealable judgment against the Company for the Company Termination Amount or any portion thereof, then the Company shall pay the Purchaser its costs and expenses (including reasonable attorney's fees and disbursements) in connection with such suit, together with interest on the Company Termination Amount at the "prime rate" as published in The Wall Street Journal, Eastern Edition, in effect on the date such payment was required to be made through the date of payment (calculated daily on the basis of a year of 365 days and the actual number of days elapsed, without compounding) (the "Company Recovery Costs"). Notwithstanding anything to the contrary in this Agreement (including Section 8.2), in the circumstance in which the Purchaser is required to pay the Purchaser Termination Amount, the Company's right to receive payment of the Purchaser Termination Amount, together with the Purchaser Recovery Costs, from the Purchaser shall be the sole and exclusive remedy of the Seller Parties against the Purchaser, its permitted assigns, its Subsidiaries and any of their respective former, current or future officers, directors, trustees, partners, stockholders, managers, members, Affiliates or agents for the loss suffered as a result of the failure of the Sale to be consummated, and upon payment of such amount, none of the Purchaser, its permitted assigns, any of its Subsidiaries or any of their respective former, current or future officers, directors, trustees, partners, stockholders, managers, members, Affiliates or agents shall have any further liability or obligation relating to or arising out of this Agreement, the Sale or the other Contemplated Transactions; provided

that if the Purchaser fails to pay the Purchaser Termination Fee and the Company commences a legal proceeding which results in a final, non-appealable judgment against the Purchaser for the Purchaser Termination Amount or any portions thereof, then the Purchaser shall pay the Company its costs and expenses (including reasonable attorney's fees and disbursements) in connection with such suit, together with interest on the Purchaser Termination Amount at the "prime rate" as published in The Wall Street Journal, Eastern Edition, in effect on the date such payment was required to be made through the date of payment (calculated daily on the basis of a year of 365 days and the actual number of days elapsed, without compounding) (the "Purchaser Recovery Costs").

(d) Payment of Purchaser Termination Amount.

(i) If the Purchaser is required to pay the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs to the Company, all or a portion of such Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs shall, if requested by the Company, be paid into escrow on the date such payment is required to be paid by the Purchaser pursuant to this Agreement by wire transfer of immediately available funds to an escrow account designated in writing by the Company. In the event that the Purchaser is obligated to pay the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs, the amount payable in any tax year of the Company receiving the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs, shall not exceed the lesser of (i) the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs, and (ii) the sum of (A) the maximum amount that can be paid to the Company receiving the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs, without causing the Company to fail to meet the requirements of Sections 856(c)(2) and (3) of the Code for the relevant tax year, determined as if the payment of such amount did not constitute income described in Sections 856(c)(2) or 856(c)(3) of the Code ("Qualifying Income") and the Company has $1,000,000 of income from unknown sources during such year which is not Qualifying Income (in addition to any known or anticipated income which is not Qualifying Income), in each case, as determined by the Company's independent accountants, plus (B) in the event the Company receiving the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs, receives either (x) a letter from the Company's counsel indicating that the Company has received a ruling from the IRS as described below in this Section 8.3(d) or (y) an opinion from the Company's outside counsel as described below in this Section 8.3(d), an amount equal to the excess of the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs, less the amount payable under clause (A) above.

(ii) To secure the Purchaser's obligations to pay these amounts, the Purchaser shall deposit into escrow an amount in cash equal to the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs, with an escrow agent selected by the applicable payee on such terms (subject to this Section 8.3(d)) as shall be mutually agreed upon by the Company, the Purchaser and the escrow agent. The payment or deposit into escrow of the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs, by the Purchaser pursuant to this Section 8.3(d) shall be made at the time the Purchaser is obligated to pay the Company such amount pursuant to Section 8.3 by wire transfer. With respect to the Purchaser, the escrow agreement shall provide that the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs in escrow or any portion thereof shall not be released to the Company unless the escrow agent receives any one or combination of the following: (i) a letter from the independent accountants of the Company, receiving the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs indicating the maximum amount that can be paid by the escrow agent to the Company without causing the Company to fail to meet the requirements of Sections 856(c)(2) and (3) of the Code determined as if the payment of such amount did not constitute Qualifying Income and the Company has $1,000,000 of income from unknown sources during such year which is not Qualifying Income (in addition to any known or anticipated income which is not Qualifying Income), in which case the escrow agent shall release such amount to the Company, or (ii) a letter from counsel to the Company receiving the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs indicating that (A) the Company received a ruling from the IRS holding that the receipt by the Company of the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs would either constitute Qualifying Income or would be excluded from gross income within the meaning of Sections 856(c)(2) and (3) of the Code or (B) the Company's

outside counsel has rendered a legal opinion to the effect that the receipt by the Company of the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs should either constitute Qualifying Income or should be excluded from gross income within the meaning of Sections 856(c)(2) and (3) of the Code, in which case the escrow agent shall release the remainder of the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs to the Company. The Purchaser agrees to amend this Section 8.3(d) at the reasonable request of the Company in order to (i) maximize the portion of the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs that may be distributed to the Company hereunder without causing the Company to fail to meet the requirements of Sections 856(c)(2) and (3) of the Code, (ii) improve the Company's chances of securing a favorable ruling described in this Section 8.3(d) or (iii) assist the Company in obtaining a favorable legal opinion from its outside counsel as described in this Section 8.3(d). Any amount of the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs that remains unpaid as of the end of a taxable year shall be paid as soon as possible during the following taxable year, subject to the foregoing limitations of this Section 8.3(d), provided that the obligation of the Purchaser to pay the unpaid portion of the Purchaser Termination Amount and, if applicable, the Purchaser Recovery Costs shall terminate on the December 31 following the date which is five (5) years from the Effective Date.

Section 8.4 Amendment; Delegation.

Subject to compliance with applicable Law, this Agreement may be amended, modified, and supplemented by mutual agreement of the Parties hereto at any time prior to the Closing Date. This Agreement may not be amended except by an instrument in writing signed by each of the Parties hereto. Each Seller Party hereby grants and delegates to the Company authority to enter into any amendment, grant any waiver or provide any consent as the Company shall determine. Each Seller Party acknowledges and agrees that any payment to be made to them by the Purchaser pursuant to this Agreement shall be paid to the Company and the Company shall receive such payments as agent on behalf of each Seller Party.

Section 8.5 Waiver.

At any time prior to the Closing Date, subject to applicable Law, (a) the Company may (i) extend the time for the performance of any obligation or other act of the Purchaser, (ii) waive in writing any inaccuracy in the representations and warranties of the Purchaser contained herein or in any document delivered pursuant hereto, and (iii) waive compliance by the Purchaser with any agreement or condition contained herein, and (b) Purchaser may (i) extend the time for the performance of any obligation or other act of any Seller Party, (ii) waive in writing any inaccuracy in the representations and warranties of any Seller Party contained herein or in any document delivered pursuant hereto, and (iii) waive compliance by any Seller Party with any agreement or condition contained herein. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party or Parties to be bound thereby. Notwithstanding the foregoing, no failure or delay by the Party or Parties in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder. Any waiver shall be effective only in the specific instance and for the specific purpose for which given and shall not constitute a waiver to any subsequent or other exercise of any right, remedy, power or privilege.

Section 8.6 Fees and Expenses.

(a) Except as otherwise expressly set forth in this Agreement (including Section 3.2 and Section 8.3), all expenses incurred in connection with this Agreement, the Sale and the other Contemplated Transactions shall be paid by the Party incurring such expenses, whether or not the Sale and the other Contemplated Transactions are consummated, including, legal fees, advisor fees, and other incidental expenses incurred in connection with the transactions contemplated by this Agreement; provided, however, that the Company shall pay all expenses related to the printing and distribution of the Information Statement, if any, other than the Purchaser's attorneys'

and accountants' fees incurred in relation to the Information Statement and one-half of any escrow fees; provided, further, that (i) the Purchaser shall pay all Expenses related to any lender's title insurance policies and costs to update existing surveys; and (ii) Purchaser and the Company shall each be liable for their share of certain title insurance policies, Transfer Taxes and other transaction specific expenses as set forth on Schedule 3 hereto.

(b) The provisions of this Section 8.6 shall survive the Closing or earlier termination of this Agreement.

ARTICLE 9.
GENERAL PROVISIONS

Section 9.1 Non-Survival.

(a) All of the representations or warranties in this Agreement or any certificate or other writing delivered pursuant to this Agreement, including any rights arising out of any breach of such representations or warranties post-Closing, shall survive the Closing for the Survival Period. The Seller Parties shall have no liability to the Purchaser with respect thereto unless and until the damages suffered by the Purchaser as a result thereof shall equal or exceed $250,000 in the aggregate, and the maximum total liability for which the Seller Parties shall be responsible with respect to all representations and warranties shall not exceed $8,794,800 in the aggregate (the "Cap"). Unless otherwise expressly herein stated to survive, all other representations, covenants, indemnities, conditions and agreements contained herein shall merge into and be superseded by the various documents executed and delivered at the Closing and shall not survive the Closing. The Seller Parties shall have no liability to the Purchaser after the Closing for any matter disclosed by the Seller Parties or actually known by the Purchaser prior to the Closing. Except as specifically set forth in Article 4, the Seller Parties have not made, make or have authorized anyone to make, any warranty or representation as to the Target Company Properties, any written materials delivered to the Purchaser, the persons preparing such materials, the truth, accuracy or completeness of such materials, the present or future physical condition, development potential, zoning, building or land use law or compliance therewith, the operation, income generated by, or any other matter or thing affecting or relating to the Target Company Properties or any matter or thing pertaining to this Agreement. The Purchaser expressly acknowledges that no such warranty or representation has been made and that the Purchaser is not relying on any warranty or representation whatsoever other than as is expressly set forth in Article 4. The Purchaser shall accept the Target Company Properties "as is" and in its condition on the Closing Date subject only to the express provisions of this Agreement and hereby acknowledges and agrees that, except as specifically set forth in Article 4, THE SELLER PARTIES HAVE NOT MADE, DO NOT MAKE AND SPECIFICALLY NEGATE AND DISCLAIM ANY REPRESENTATIONS, WARRANTIES OR GUARANTEES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, FUTURE OR OTHERWISE, OF, AS TO, CONCERNING OR WITH RESPECT TO, THE TARGET COMPANY PROPERTIES. Further, to the extent that the Seller Parties have provided to the Purchaser information from any inspection, engineering or reports concerning the Target Company Properties, except as specifically set forth in Article 4, the Seller Parties make no representations or warranties with respect to the accuracy or completeness, methodology of preparation or otherwise concerning the contents of such information. Subject to the express provisions hereof, except as specifically set forth in Article 4, the Purchaser acknowledges and agrees that each Seller Party makes no representation or warranty as to, and the Purchaser, for itself, its successors and assigns, hereby waives and releases the Seller Party from any present or future claims, at law or in equity, whether known or unknown, foreseeable or otherwise, arising from or relating to, the Target Company Properties, this Agreement or the transactions contemplated hereby, including without limitation the presence or alleged presence of asbestos, radon or any hazardous materials or harmful or toxic substances in, on, under or about the Target Company Properties, including without limitation any claims under or on account of (a) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as the same may have been or may be amended from time to time, and similar state statutes, and any regulations promulgated thereunder, (b) any other federal, state or local law, ordinance, rule or regulation, now or hereafter in effect, that deals with or otherwise in any manner relates to, environmental matters of any kind, (c) this Agreement, or

(d) the common law. The Purchaser hereby specifically acknowledges that the Purchaser has carefully reviewed this Section 9.1 and has discussed its import with legal counsel and that the provisions of this Section 9.1 are a material part of this Agreement. This Section 9.1 shall survive the Closing or earlier termination of this Agreement. The Confidentiality Agreement will survive the termination of this Agreement in accordance with its respective terms.

(b) No shareholder, officer, director, employee or agent of or consultant of or to the Seller Parties shall be held to any personal liability hereunder, and no resort shall be had to their property or assets, or the property or assets of the Seller Parties for the satisfaction of any claims hereunder or in connection with the affairs of the Seller Parties. Furthermore, provided the Company does not violate Section 9.15 hereof, each Seller Party's liability under this Agreement is explicitly limited to the Seller Parties' interest in the Target Company Properties, including any proceeds thereof. Provided the Company does not violate Section 9.15 hereof, the Purchaser shall have no recourse against any other property or assets of the Seller Parties, or to any of the past, present or future, direct or indirect, shareholders, partners, members, managers, principals, directors, officers, agents, incorporators, affiliates or representatives of the Seller Parties (collectively, the "Seller Group") or of any of the assets or property of any of the foregoing for the payment or collection of any amount, judgment, judicial process, arbitral award, fee or cost or for any other obligation or claim arising out of or based upon this Agreement and requiring the payment of money by the Seller Parties. Provided the Company does not violate Section 9.15 hereof, the Purchaser shall not seek enforcement of any judgment, award, right or remedy against any property or asset of a Seller Party or any Seller Group other than the Seller Parties' interest in the Target Company Properties or any proceeds thereof. The provisions of this Section 9.1(b) shall survive the termination of this Agreement.

Section 9.2 Notices.

Any notice, request, claim, demand and other communications hereunder shall be sufficient if in writing and sent (i) by facsimile transmission (providing confirmation of transmission) or e-mail of a pdf attachment (provided that any notice sent by facsimile or e-mail transmission on any Business Day after 5:00 p.m. (New York City time) or on any day that is not a Business Day shall be deemed to have been received at 9:00 a.m. (New York City time) on the next Business Day), or (ii) by reliable overnight delivery service (with proof of service), hand delivery or certified or registered mail (return receipt requested and first-class postage prepaid), addressed as follows (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 9.2):

if to the Purchaser: c/o Ares US Real Estate Fund IX, L.P.
245 Park Avenue
43nd Floor
New York, New York 10167
Attention: Keith Kooper
e-mail: kkooper@aresmgmt.com

with a copy to: c/o Ares US Real Estate Fund IX, L.P.
245 Park Avenue
42nd Floor
New York, New York 10167
Attention: Steven Wolf
e-mail: wolf@aresmgmt.com

and a copy to: c/o Ares US Real Estate Fund IX, L.P.
3344 Peachtree Road, N.E.
Suite 1950
Atlanta, Georgia 30326
Attention: Howard C. Huang
e-mail: hhuang@aresmgmt.com

and a copy to: Levenfeld Pearlstein, LLC
2 N. LaSalle Street
Suite 1300
Chicago, Illinois 60602
Attention: Thomas G. Jaros, Esq.
e-mail: tjaros@lplegal.com

if to the Seller Parties: Cottonwood Residential, Inc.
6340 S. 3000 East, #500
Salt Lake City, Utah 84121
Attention: Greg Christensen
e-mail: gchristensen@cottonwoodres.com

with a copy to: Cottonwood Residential, Inc.
6340 S. 3000 East, #500
Salt Lake City, Utah 84121
Attention: Nancy Noble
e-mail: nnoble@cottonwoodres.com

and a copy (which shall not constitute notice) to:

Goodwin Procter LLP
100 Northern Avenue
Boston, Massachusetts 02210
Attention: Gilbert G. Menna
Blake Liggio
Telephone No.: (617) 570-1000
e-mail: gmenna@goodwinlaw.com
bliggio@goodwinlaw.com

Section 9.3 Interpretation; Certain Definitions.

The Parties hereto have participated jointly in the negotiation and drafting of this Agreement. Consequently, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. References to "this Agreement" shall include the Seller Disclosure Letter. When a reference is made in this Agreement to an Article, Section, Appendix or Exhibit, such reference shall be to an Article or Section of, or an Appendix or Exhibit to, this Agreement, unless otherwise indicated. The table of contents and headings for this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other instrument made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any Law defined or referred to herein or in any agreement or instrument that is referred to herein means such Law as from time to time amended, modified or supplemented, including (in the case of statutes) by succession of comparable successor Laws. References to a Person are also to its successors and permitted assigns. All references to "dollars" or "$" refer to currency of the United States of America.

Section 9.4 Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any present or future Law, or public policy, (a) such term or other provision shall be fully separable, (b) this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision had never comprised a part hereof, and (c) all other conditions and provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable term or other provision or by its severance herefrom so long as the economic or legal substance of the Sale or the other Contemplated Transactions is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the Sale and the other Contemplated Transactions be consummated as originally contemplated to the fullest extent possible.

Section 9.5 Assignment.

Neither this Agreement nor any rights, interests or obligations hereunder shall be assigned or delegated, in whole or in part, by any of the Parties hereto (whether by operation of Law or otherwise) without the prior written consent of the other Parties hereto; provided, however, that the Purchaser's rights and obligations under this Agreement may be assigned and delegated in whole or in part, and without the consent of Seller, to one or more Subsidiaries or Affiliates of the Purchaser; provided, further, that no such assignment shall relieve the Purchaser of its obligations hereunder. Any attempt to make any such assignment without a consent required by the preceding sentence (if any) shall be null and void. Subject to the preceding sentences, but without relieving any Party of any obligation hereunder, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors or assigns. For the avoidance of doubt, any assignee of rights or delegate of obligations permitted by this Section 9.5 shall be a permitted assign for purposes of this Agreement.

Section 9.6 Entire Agreement.

This Agreement (including the exhibits, annexes and appendices hereto and the Seller Disclosure Letter) constitutes, together with the Confidentiality Agreement, the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings, both written and oral, among the Parties, or any of them, with respect to the subject matter hereof and thereof. Notwithstanding the prior sentence, solely as between the Purchaser, this Agreement (including the exhibits, annexes and appendices hereto and the Seller Disclosure Letter) constitutes the entire agreement with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings, both written and oral, with respect to the subject matter hereof and thereof.

Section 9.7 Third Party Beneficiaries.

This Agreement is not intended to and shall not confer any rights or remedies upon any Person other than the Parties hereto and their respective successors and permitted assigns.

Section 9.8 Miscellaneous.

The representations and warranties in this Agreement are the product of negotiations among the Parties hereto and are for the sole benefit of the Parties hereto. Any inaccuracies in such representations and warranties are subject to waiver by the Parties hereto in accordance with Section 8.5 without liability to any other Person. The representations and warranties in this Agreement may represent an allocation among the Parties hereto of risks associated with particular matters regardless of the knowledge of any of the Parties hereto. Accordingly, Persons other than the Parties hereto may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the Effective Date or as of any other date.

Section 9.9 Remedies.

(a) The Parties agree that irreparable damage would occur if any of the Seller Parties does not perform any of the provisions of this Agreement in accordance with its specific terms or otherwise breaches such provisions, and that monetary damages, even if available, would not be an adequate remedy therefor. It is accordingly agreed that, prior to the termination of this Agreement pursuant to Article 8 and other than in connection with a termination of this Agreement by the Company pursuant to Section 8.1(c)(ii) or by the Purchaser pursuant to Section 8.1(d)(ii), the Purchaser shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, in addition to any other remedy to which they are entitled at Law or in equity. Each of the Seller Parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief on the basis that the Purchaser has an adequate remedy at Law or that any award of specific performance is not an appropriate remedy for any reason at Law or in equity. The Purchaser seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction. The Parties hereto agree that none of the Seller Parties shall be entitled to an injunction, specific performance or other equitable relief to prevent and/or remedy a breach of this Agreement by the Purchaser or to enforce specifically the terms and provisions hereof and that the Seller Parties sole and exclusive remedy relating to a breach of this Agreement by the Purchaser or otherwise shall be the remedy set forth in Section 8.3(a); provided, however, that the Company shall be entitled to seek specific performance to prevent any breach by the Purchaser of Section 6.3(b).

(b) The Parties further agree (i) the seeking of remedies pursuant to Section 9.9(a) shall not in any respect constitute a waiver by the Purchaser seeking such remedies of its respective right to seek any other form of relief that may be available to it under this Agreement, including under Section 8.3, in the event that this Agreement has been terminated or in the event that the remedies provided for in Section 9.9(a) are not available or otherwise not granted and (ii) nothing set forth in this Agreement shall require the Purchaser to institute any proceeding for (or limit any of the Purchaser's right to institute any proceeding for) specific performance under this Section 9.9 prior or as a condition to exercising any termination right under Article 8 (and pursuing damages after such termination), nor shall the commencement of any Legal Proceeding by the Purchaser seeking remedies pursuant to Section 9.9(a) or anything set forth in this Section 9.9 restrict or limit the Purchaser's right to terminate this Agreement in accordance with the terms of Article 8 or pursue any other remedies under this Agreement that may be available then or thereafter.

(c) Notwithstanding anything to the contrary in this Agreement (including Section 8.2), the maximum aggregate liability of the Purchaser and its permitted assigns together for any losses, damages, costs or expenses of the Seller Parties or their Affiliates relating to the failure of the transactions contemplated by this Agreement to be consummated, or a breach of this Agreement by the Purchaser or its permitted assigns or otherwise, shall be limited to an amount equal to the amount of the Purchaser Termination Amount, plus the Purchaser Recovery Costs (collectively, the "Liability Limitation"), and in no event shall the Seller Parties or any of their Affiliates seek any amount in excess of the Liability Limitation in connection with this Agreement or the transactions contemplated hereby or in respect of any other document or theory of law or equity or in respect of any oral representations made or alleged to be made in connection herewith or therewith, whether at law or in equity, in contract, tort or otherwise.

Section 9.10 Counterparts.

This Agreement may be executed in one or more counterparts, and by the different Parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission or by e-mail of a pdf attachment shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 9.11 Governing Law.

This Agreement and all Legal Proceedings (whether based on contract, tort or otherwise), directly or indirectly, arising out of or relating to this Agreement or the actions of the Purchaser or the Seller Parties in the negotiation, administration, performance and enforcement thereof, shall be governed by, and construed in accordance with, the laws of the State of Maryland, without giving effect to any choice or conflict of Laws provision or rule (whether of the State of Maryland or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Maryland.

Section 9.12 Consent to Jurisdiction.

(a) Each of the Parties hereto hereby irrevocably submits to the exclusive jurisdiction of the courts of the State of Maryland and to the jurisdiction of Circuit Court for Baltimore City (Maryland) (the "Maryland Court"), for the purpose of any Legal Proceeding (whether based on contract, tort or otherwise), directly or indirectly, arising out of or relating to this Agreement or the actions of the Parties hereto in the negotiation, administration, performance and enforcement thereof, and each of the Parties hereto hereby irrevocably agrees that all claims in respect to such Legal Proceeding may be heard and determined exclusively in any Maryland state or federal court.

(b) Each of the Parties hereby irrevocably and unconditionally agrees to request and/or consent to the assignment of any such proceeding to the Maryland Court's Business and Technology Case Management Program. Each of the Parties hereby irrevocably and unconditionally (a) consents and submits to the exclusive jurisdiction of the Maryland Court for the purpose of any Legal Proceeding brought by any Party arising out of or relating to this Agreement or any ancillary agreement, (b) agrees not to commence any such action or proceeding except in the Maryland Court, (c) agrees that any claim with respect to any such action or proceeding shall be heard and determined in the Maryland Court, (d) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to venue of any such action or proceeding in the Maryland Court, and (e) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in the Maryland Court. Each of the Parties agrees that a final judgment in any such action or proceeding shall be conclusive, subject to any rights of appeal, and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Nothing in this Agreement shall, however, limit or affect the rights of any Party to pursue appeals from any judgments or orders of the Maryland Court as provided by Law. Each Party irrevocably consents to service of process in the manner provided for notices in Section 9.2. Nothing in this Agreement will affect the right of any Party to serve process in any other manner permitted by Law.

Section 9.13 Waiver of Jury Trial.

EACH OF THE PARTIES HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE OUT OF OR RELATING TO THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE), DIRECTLY OR INDIRECTLY, ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE SALE OR THE OTHER CONTEMPLATED TRANSACTIONS, OR THE ACTIONS OF THE PARTIES HERETO IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF. EACH OF THE PARTIES HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY,

AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.13.

Section 9.14 Time of the Essence.

Time is of the essence to this Agreement and to all dates and time periods set forth herein.

Section 9.15 Post-Closing Liquidity Covenant.

In order to provide funds available to pay or perform any Seller Party obligations which survive the Closing ("Seller Obligations"), the Company shall have and maintain liquidity in the form of cash, money market accounts, marketable securities, investment grade bonds or obligations (notes, bills, bonds) of the United States Government (the foregoing being referred to as "Permitted Investments") in an amount of no less than the Cap for the entire Survival Period; provided, however, if any claims for Seller Obligations are made by the Purchaser during the Survival Period, then (until such claims are fully and finally resolved) the Company shall have and maintain liquidity in the form of cash or Permitted Investments in an amount equal to the lesser of: (i) the Cap; or (ii) the aggregate amount of all such unresolved claims made by Purchaser.

Section 9.16 Joint and Several.

The obligations of the Seller Parties hereunder shall be joint and several.

Section 9.17 Stafford Closing.

The closing of the Purchaser's acquisition of the Stafford Target Company shall occur on October 8, 2018 in accordance with the terms set forth on Exhibit I to this Agreement and Exhibit I shall govern in all respects over the terms and provisions of this Agreement as it related to the Stafford Target Company.

[*Remainder of page intentionally left blank; signature page follows*.]

IN WITNESS WHEREOF, the Purchaser and the Seller Parties have caused this Agreement to be duly executed and delivered as of the date first written above by their respective officers thereunto duly authorized.

COTTONWOOD RESIDENTIAL, INC.

By: /s/ Gregg Christensen
Name: Gregg Christensen
Title: Executive Vice President

COTTONWOOD ACQUISITION LLC

By: Cottonwood Residential, Inc., its managing member

By: /s/ Chad Christensen
Name: Chad Christensen
Title: president

[SIGNATURE OF PURCHASER FOLLOWS ON NEXT PAGE]

AREG SUNBELT RESIDENTIAL LLC, a
Delaware limited liability company

By: /s/ Steven Wolf

Name: Steven Wolf
Title: Vice President

EXHIBIT A

FORM OF ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS

The undersigned, [ ] LLC[1], a Delaware limited liability company (the "Assignor"), as a member of [ ], a Delaware limited liability company (the "Company"), being duly authorized and for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), hereby contributes, transfers, conveys and assigns to **AREG SUNBELT RESIDENTIAL LLC**, a Delaware limited liability company (the "Assignee"), effective as of , 2018 (the "Effective Date"), all of Assignor's rights, title and interests in and to all of the membership interests in the Company owned by Assignor (i.e., 100% of the total issued and outstanding membership interests in the Company) (collectively, the "Interests").

Assignee hereby: (a) accepts such assignment of the Interests from Assignor (together any and all rights, benefits and privileges of Assignor thereunder); (b) assumes all obligations, duties and liabilities with respect to or in connection with the Interests on and after the Effective Date; and (c) agrees to be admitted to the Company as a substitute member of the Company with respect to the Interests being assigned hereby.

On the Effective Date, Assignor shall and does hereby withdraw from the Company as a member of the Company with respect to the Interests, and simultaneously therewith Assignee shall and is hereby admitted as a substitute member of the Company with respect to the Interests. The parties hereby agree that none of the transactions described herein shall dissolve the Company and the business of the Company shall continue thereafter.

Assignor hereby warrants and represents to Assignee that as of the date hereof, the Interests being assigned and transferred by Assignor to Assignee pursuant to this instrument are owned by Assignor free and clear of any and all encumbrances, claims and/or rights of any other person(s) or entity(ies), and all requirements and conditions to transfer the Interests have been satisfied. Assignor hereby covenants and agrees to warrant and defend the title to the Interests transferred hereby against all persons and entities whatsoever.

This instrument and the provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors, heirs, representatives and/or assigns.

This instrument may be executed in any number of duplicates and counterparts, each of which shall be deemed an original as to the party whose signature it bears, and all of which, when taken together, shall be deemed an original and constitute one and the same instrument.

Assignor hereby agrees to make, execute and deliver to Assignee any and all further instruments of conveyance, assignment or transfer, and any and all other instruments, as may be necessary or proper to carry out the purpose and intent of this instrument and/or to fully vest Assignee in all rights, titles and interests of Assignor in and to the Interests, which instruments shall be delivered to Assignee as soon as reasonably possible following Assignor's receipt of written demand therefor from Assignee without any unreasonable condition or delay on the part of Assignor.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;
SIGNATURES FOLLOW]

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[1] Assignor will be (i) Cottonwood Acquisition LLC (with respect to its Target LLC Equity Interest in Sunbelt Residential Target LLC, which owns the equity interests in the 8 Wholly-Owned Target Companies), and (ii) the 3 JV Entities (with respect to their respective JV Asset Equity Interests in the JV Asset Target Companies).

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed and made effective as of the date and year first written above.

ASSIGNOR:

[_____] LLC,
a Delaware limited liability company

By:_____
Name:_____
Title:_____

ASSIGNEE:

AREG SUNBELT RESIDENTIAL LLC, a
Delaware limited liability company

By: _____
Name:Howard Huang
Title: Vice President

[SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS]

PROPERTY MANAGEMENT AGREEMENT
[Property Name]

THIS PROPERTY MANAGEMENT AGREEMENT (this "Agreement") made and entered into as of [ ], 2018 (the "Effective Date") by and between **[PROPERTY SPE]**, a [ ] having an office at c/o Ares US Real Estate Fund IX, L.P., 245 Park Avenue, 42nd Floor, New York, New York 10167 (the "Owner") and Cottonwood Capital Property Management II, LLC, a Delaware limited liability company, having an office at 6340 South 3000 East Suite 500, Salt Lake City, Utah 84121 (the "Manager").

W I T N E S S E T H:

WHEREAS, Owner is the fee simple owner of that certain parcel of real property and all improvements thereon known as [ ] (the "Property");

WHEREAS, Manager is engaged in the business of managing, operating, and maintaining properties similar to the Property; and

WHEREAS, Owner desires to enter into an agreement with Manager to obtain the services of Manager as property manager, leasing agent and construction manager for the Property during the term of this Agreement, and Manager desires to accept such responsibilities and duties, in accordance with the terms and provisions contained herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises of the parties hereto, Owner and Manager hereby covenant and agree as follows:

1. Commencement of Services; Term. The term of this Agreement shall commence as of the Effective Date and shall expire on the second (2nd) anniversary of the Effective Date (the "Initial Term"), unless extended or sooner terminated as hereinafter provided. After the expiration of the Initial Term, subject to termination under Section 9, the term of this Agreement shall be automatically extended on a six-month basis (each, an "Extension Term"); provided, however, that in the event Owner or Manager notifies the other party no less than thirty (30) days prior to the commencement of an Extension Term that it elects not to so extend the Term, this Agreement shall automatically terminate on the last day of the Initial Term or the then current Extension Term, as applicable.

2. Appointment. Manager is hereby appointed as the exclusive managing agent and leasing agent for the Property. Manager shall have the duties, responsibilities and authority during the term of this Agreement as set forth in this Agreement. Manager agrees: (a) to perform such duties and responsibilities in accordance with the terms and provisions of this Agreement so as to cause the Property to be operated, maintained, and managed in a first-class, orderly and efficient manner generally consistent with the management of projects of a nature similar to the Property in the market where the Property is located, and (b) to use its diligent efforts and care to administer the Leases (as hereinafter defined) for the Property (the foregoing items in (a) and (b) being collectively the "Operating Standard").

3. Specific Services. On the terms and provisions set forth herein, at Owner's sole cost and expense and subject to the availability of funds in the Operating Account, Manager shall provide the following services to Owner and the Property:

(a) Management.

(i) Manager shall coordinate, supervise and direct the management and physical operation of the Property, including but not limited to, building cleaning, security, maintenance and general building repairs and maintenance.

(ii) Manager shall hire, pay, discharge and supervise all employees required for the management, operation, maintenance, leasing, leasing administration and marketing of the Property and the other services to be provided by Manager hereunder (the "Employees"). Manager shall have in its employ at all times, as employees of Manager and not of Owner, a sufficient number of capable Employees to properly and adequately manage and operate the Property, perform routine maintenance thereof, and provide the other services required to be performed by Manager hereunder. Owner shall have no liability with respect to any employment arrangements with any of the Employees. All matters pertaining to the employment, supervision, compensation, promotion and discharge of any of the Employees shall be the sole responsibility of Manager and shall be performed at Owner's expense and otherwise in accordance with the Approved Budget. Manager shall comply in all material respects with applicable laws and regulations concerning workers' compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employer-employee related subjects in connection with the Property. Manager may assign, reassign and/or terminate any Employees with responsibilities for the Property. Owner shall have the right to require Manager to reassign and/or terminate any Employees whom the Owner, in its reasonable discretion, deems unsatisfactory, provided that all costs associated therewith, including, without limitation, severance obligations, shall be at Owner's expense (unless such reassignment or termination is required because of a breach of this Agreement by such Employee). Manager shall not enter into any collective bargaining or other agreement regarding union employees which would be binding upon Owner or the Property without the consent of Owner. Manager shall (A) pay all wages and other benefits properly payable to Employees (provided that Owner makes the funds available for those Employees covered by the Approved Budget), (B) maintain adequate payroll records, (C) remit to the proper authorities all required income and social security withholding taxes, unemployment insurance payments, workers' compensation payments and such other amounts with respect to the wages and other benefits payable to such Employees as may be required under applicable laws, together in each case with all required reports or other filings, (D) obtain, maintain and administer all medical, disability and other insurance benefits, and other fringe benefits as may, from time to time, be required under any agreements or arrangements pertaining to Manager's employment of Employees (provided that Owner makes the funds available for those Employees covered by the Approved Budget), and (E) comply with any federal or state: (1) withholding tax, Social Security or unemployment laws existing or enacted in the future for the benefit of, or other laws affecting or respecting, the employment of Employees; and (2) anti-discrimination, anti-harassment and fair employment laws existing or enacted in the future respecting the employment of Employees. In no event shall Manager enter into an employment or engagement contract for Employees except in accordance with the Approved Budget.

(iii) Manager shall, at Owner's sole cost and expense and subject to the Approved Budget, use commercially reasonable efforts to ensure that the obligations of Owner, as landlord under the Leases, are performed timely and in a professional manner, and generally, to serve as Owner's representative and agent (to the extent provided for in this Agreement) in dealings with Tenants subject to the terms and conditions contained herein. Except as expressly set forth herein, Manager shall not, without Owner's prior written approval, incur any expense not covered by the Approved Budget to provide any additional services to Tenants (i.e., services that a Tenant is not already entitled to receive pursuant to its Lease) unless Tenants are obligated to reimburse Owner for such services pursuant to their Lease.

(iv) Manager shall execute, subject to the terms set forth herein, on behalf of Owner and in the ordinary course of the management of the Property, any contracts for security, cleaning, maintaining, repairing, or servicing the Property or any portion thereof (each a "Service Contract") in accordance with the Approved Budget; provided, however, each such Service Contract shall: (A) be in the name of Owner and signed by Manager, as agent for Owner, and (B) identify the Property. Unless Owner consents, Manager shall not execute any written Service Contract that is: (1) not assignable freely by Owner; (2) requires more than thirty (30) days prior written notice of cancellation; or (3) requires the payment of a fee or premium upon termination. Manager shall use commercially reasonable efforts to administer and supervise all Service Contracts. The third-party costs incurred in connection with such Service Contracts shall be deemed an expense incurred in connection with the management of the Property and shall be paid by Owner to the extent set forth in the Approved Budget or otherwise permitted hereunder to be incurred by Manager. Notwithstanding the foregoing, even if such is

included with in the Approved Budget, Manager shall obtain Owner's approval (not to be unreasonably withheld, conditioned or delayed) as to any Service Contract which involves an elective capital repair or elective replacement for an amount in excess of $5,000, Manager shall obtain three bids for any such expense. Upon written request Manager shall provide Owner with a copy of each Service Contract promptly after the execution and delivery thereof by the contractor. Except for the RIM Program and Tech Agreement, unless approved by Owner (such approval not to be unreasonably withheld, delayed or conditioned), Manager shall not engage any professionals or contractors (or purchase goods or services from any vendors thereof) with whom Manager, or its principals, has any financial or ownership affiliation or relationship, and in all events such engagement for goods and services shall be at competitive prices negotiated on an arms-length basis. Notwithstanding the foregoing, Owner acknowledges that: (i) Resident Indemnity Management, LLC, an affiliate of Manager, offers to Tenants (for an additional expense) the ability to participate in an indemnity program which protects Owner from certain liabilities caused by the Tenant (the "RIM Program"); and (b) Ditaro, LLC an affiliate of Manager, has entered into that certain Ditaro Tech Amenity Integration and Account Services Agreement pursuant to which certain technology and other services are provided to Tenants (the "Tech Agreement");

(v) In accordance with (and to the extent covered by) the Approved Budget or as otherwise expressly permitted hereunder, Manager shall supervise all ordinary and extraordinary repairs, decorations, and alterations to the Property such that the Property complies in all material respects with (A) all applicable federal, state, and municipal laws, regulations, and ordinances, and (B) the requirements of any Lease or Service Contract (provided that such Service Contract shall be for a service necessary for the operation, maintenance or repair of the building located on the Property in accordance with the Operating Standard). Manager will pay actual expenses for materials and labor for such purposes from the Operating Account (or Capital Expenditure Account, if applicable). Except in the case of an Emergency (as defined below), Manager may make only those expenditures set forth in the Approved Budget for repairs and maintenance. In case of any expense that Manager deems, in its commercially reasonable judgment, necessary to prevent (x) material injury to the Property, Owner, or to any persons or property, (y) criminal or civil liability with respect to Owner, and/or the Property, and/or (z) the imminent suspension of any necessary service in or to the Property (an "Emergency"), Manager may make expenditures to address such Emergency ("Emergency Expenses") which exceed the Approved Budget without Owner's prior approval; provided, however, that in each such instance Manager shall, before causing any such Emergency Expenses to be incurred, use practicable means under the circumstances to notify Owner of any Emergency Expense and obtain Owner's approval of such repairs. If Manager is unable to so inform Owner and obtain such approval, Manager will promptly inform Owner of any Emergency Expenses as soon as practicable after same are incurred. Except in the case of Emergency or as otherwise provided in the Approved Budget, Manager is not authorized to purchase, install, contract for, construct, or replace major items of new or replacement facilities or equipment (including, without limitation, carpet/floor coverings, appliances, HVAC equipment, major mechanical items, structural components, or any other capital improvements for the Property) unless directed to do so by Owner in writing, Manager shall, however, recommend that Owner take such action when Manager believes same to be necessary or desirable. Manager shall promptly inform Owner of any potentially dangerous conditions or contamination on the Property that Manager has discovered or its "on site" representative is informed of, and Manager shall take actions as Manager deems necessary to secure the Property and prevent further contamination or damage to the extent the same is allowed in the Approved Budget or otherwise authorized in connection with an Emergency.

(vi) Manager shall purchase all supplies incidental to the management, operation, maintenance, leasing administration and advertising of the Property out of the Operating Account in accordance with the Approved Budget.

(vii) Manager shall make and/or renew all contracts for water, sanitary and storm sewer, drainage, electricity, cable/internet, steam, gas, telephone, fuel and other utilities necessary or appropriate for the management and operation of the Property in accordance with the Approved Budget or as otherwise approved by Owner. All contracts for such utilities shall otherwise comply with Section 2(a)(iv) above.

(viii) Manager shall arrange for Service Contracts for the cleaning of all common areas. The cost of such cleaning shall be at Owner's expense and paid out of the Operating Account in accordance with the Approved Budget.

(ix) Notwithstanding anything to the contrary contained in this Agreement, Owner agrees and acknowledges that Manager may, from time to time, subcontract (in whole or in part) all of its duties and obligations under this Agreement to an entity affiliated with Manager (collectively, "Manager Subcontractor"), provided that (A) the nature of the affiliate relationship is disclosed by Manager to Owner in advance; (B) any such subcontracting will not result in additional expense to Owner or the Property; and (C) Manager shall be liable for any default in the provision of such services by the Manager Subcontractor. Whenever this Agreement refers to Manager and sets forth Manager's duties and obligations, the parties acknowledge that, if Manager does subcontract with Manager Subcontractor and therefore will not personally be carrying out the duties and obligations set forth herein, Manager will enforce its rights under the contract with such Manager Subcontractor to require Manager Subcontractor to carry out such duties and obligations. If Manager subcontracts with a Manager Subcontractor, with Manager's prior consent Owner may make payment directly to Manager Subcontractor of any payment due Manager Subcontractor. Any such payments approved by Manager and made by Owner or shall be credited toward the amount payable by Owner to Manager relative to the work performed or materials or equipment supplied by Manager Subcontractor as to which such payments relate. Notwithstanding anything in this Agreement to the contrary, Manager shall be primarily responsible for the duties and obligations under this Agreement, and any permitted subcontracting to Manager Subcontractor shall not release Manager from its rights and obligations under this Agreement.

(b) Administrative.

(i) Manager shall use commercially reasonable efforts to collect all rent and other payments of any kind whatsoever, and all other amounts payable (collectively, "Rent") from all persons occupying space in the Property (each, a "Tenant" and, collectively, the "Tenants") pursuant to any leases or licenses, occupancy or other agreements (each, a "Lease" and, collectively, the "Leases"). Manager shall use commercially reasonable efforts to not collect Rent more than one month in advance under any Lease (excluding security deposits and amounts received as compensation for the termination of any Lease) to the extent prohibited under the Loan Documents. All Rent so collected shall be deposited in the Operating Account, or in any other account directed by Owner in writing. All disbursements from the Operating Account shall be made in accordance with the terms of this Agreement. Manager shall also provide any information reasonably requested by Owner regarding any Leases and the Rents collected from such Leases.

(ii) Manager shall promptly forward to Owner a copy of any tax notices, lien affidavits, notices of default or delinquency or other material information received by Manager which relates to the Property.

(iii) In connection with the performance of Manager's duties under this Agreement:

(A) Notwithstanding anything to the contrary contained herein, Manager shall be obligated to make payments required under this Agreement only to the extent that funds are available in the Operating Account or otherwise provided by Owner.

(B) Approval of an Approved Budget by Owner shall not constitute authorization for Manager to expend any money except as set forth in the Approved Budget or as expressly set forth in this Agreement. Except as specifically authorized in this Agreement or the Approved Budget or in an Emergency, Manager will obtain Owner's written consent before making any expenditure of Owner's funds that are over the Approved Budget. To the extent set forth in the Approved Budget or otherwise expressly permitted hereunder, or if otherwise requested by Owner, Manager will make payments from the Operating Account (to the extent of sufficient funds) for all (1) payments due pursuant to any Loan Documents, (2) real property taxes and assessments applicable to the Property, and (3) insurance premiums or costs relating to the Property.

(C) If at any time there are insufficient funds in the Operating Account to pay all expenses related to the Property, then Manager shall notify Owner promptly upon obtaining knowledge thereof. In such event, Manager shall follow the directives of Owner as to which expenses shall be paid and which expenses shall not be paid (and, in no event, shall Manager have any liability in connection with the failure to pay any expenses). Manager shall not be obligated to advance any of its own funds to or for the account of Owner, nor to incur any liability unless Owner shall have furnished Manager with funds necessary for the discharge thereof. In addition to the foregoing, in the event that there is ever insufficient cash flow for Manager to operate the Property in accordance with the provisions of this Agreement, then Owner shall have no obligation to provide additional funds for such operation, provided, however, if Owner determines not to provide such additional funds for such operation within ten (10) business days of being notified of the need for such by Manager, then Manager shall have the right to terminate this Agreement upon written notice to Owner.

(iv) Manager shall prepare and submit to Owner a proposed operating budget, a proposed leasing administration and advertising budget, and a proposed capital budget for the management, operation, maintenance, leasing, leasing administration and advertising of the Property (collectively, the "Proposed Budget") for the forthcoming calendar year. The income and expense portion of such Proposed Budget shall reflect projected income and receipts from the Property and expenditures on an annual basis in reasonable detail with each category of expense listed on a separate line, and include estimates for costs and expenses for which Owner will be reimbursed by the Tenants under the Leases. The capital improvement portion of such Proposed Budget shall contain a reasonably detailed description of all alterations, replacements, additions and capital improvements of or to the Property with estimations of all amounts to be payable by Owner therefor.

(v) Proposed Budgets for each calendar year thereafter shall be delivered to Owner no later than November 15th of the calendar year preceding the year involved. Once approved by Owner, such Proposed Budget shall become the "Approved Budget". If Owner does not approve a Proposed Budget for the applicable calendar year, Manager shall, until such time as the Proposed Budget for the applicable calendar year is approved by Owner, be entitled to continue to operate the Property pursuant to the Approved Budget for the immediately preceding calendar year, with the line items therein adjusted as follows, to the extent applicable: (A) insurance, taxes, utilities, snow removal and debt service shall each be adjusted to actual amounts, (B) subject to clause (C), all extraordinary and non-recurring items for the current calendar year in such Approved Budget shall be deleted, (C) all Service Contracts in place shall be covered, (D) there shall be no capital expenditures made by Manager which are not covered under an existing contract (i.e., provided that an applicable capital expenditure is covered under an existing contract, the unexpended portion of such capital expenditure previously approved in the then most recent Approved Budget and which is covered under such existing contract shall continue to be approved and shall be treated as a specific line item (or line items) of the Proposed Budget that have been approved), and (v) with increases or decreases for all other line items determined based upon the percentage increase in the Consumer Price Index, All Urban Census (1982-84 = 100) promulgated by the Bureau of Labor Statics of the U.S. Department of Labor from January 1 of the previous year to January 1 of the year for which such Approved Budget is being promulgated. The Approved Budget for the balance of 2018 is attached hereto as **Schedule D**.

(vi) Manager shall use commercially reasonable efforts to implement and administer the Approved Budget. Manager agrees to use commercially reasonable efforts to keep the actual costs of managing, operating, maintaining, leasing administration and advertising the Property from exceeding the Approved Budget either in total or in any one line item category hereof. As used herein, the term "Major Expense Category" shall mean those line items described in **Schedule A** or any other major expense category established by Owner from time to time. Notwithstanding the foregoing or anything else to the contrary contained in this Agreement, (A) expenditures that are Emergency Expenses shall not be limited by amounts set forth in any Approved Budget and (B) Manager may expend Owner funds in excess of the amounts provided in the then Approved Budget so long as the expenditures do not exceed (i) any line item in such Approved Budget by more than five percent (5%) of such line item on a year-to-date basis, and (ii) the aggregate expenditures in any Major Expense Category of an Approved Budget by more than three percent (3%) of such Major Expense Category on a year-to-date basis.

The amounts referenced in (A) and (B) shall be referred to as "Permitted Variances". Whenever the "Approved Budget" is referred to in this Agreement, unless other expressly provided, such shall be interpreted to mean the Approved Budget, subject to adjustment for Permitted Variances. All expenses shall be charged to the proper line item as specified in the Approved Budget, and no expense may be classified or reclassified for the purpose of avoiding an excess in the annual budgeted amount of a line item. Manager shall secure Owner's prior written approval for any expenditure that exceeds the Permitted Variances.

(vii) Manager shall set up and maintain, for a period commencing on the Effective Date and ending not less than one (1) year after the date of termination or expiration of this Agreement, full and adequate books of account and other appropriate records necessary to reflect the results of the operation of the Property and such other records as reasonably requested by Owner relative to the Property and the ownership, management, operation, maintenance, leasing, leasing administration and advertising thereof, including collections and expenditures. Such books and records shall be owned by Owner and shall be kept in all material respects in accordance with the standards of the industry. All such files, books and records shall be kept in a secure location at the Property, or at the office of Manager, and be kept separate from records relating to other properties. Manager agrees that all proprietary or confidential data, information, documents and records that Manager obtains from, or on behalf of, Owner (and is identified as such by Owner) in performing its services shall be held in confidence (other than to Manager, its officers, employees, affiliates, shareholders or members, auditors, agents, advisors and attorneys) and shall not be revealed in any manner to any other person except upon the prior written consent of Owner and except as required by law, legal process or governmental regulation; provided any such obligation shall terminate upon the date which is one (1) year after the termination of this Agreement. If Manager receives legal process requesting any disclosure of such books and records, Manager shall notify Owner before responding to such legal process (unless such notice is prohibited by applicable law). During the term of this Agreement and during the one (1) year period after the date of termination or expiration of this Agreement, Owner and its respective agents, representatives, employees, or auditors may, at such times as Owner may determine and upon reasonable prior written notice, inspect, audit and copy any of Manager's records, books, reports, files and related materials related to the Property or to Manager's performance under this Agreement, at Owner's expense. Manager shall prepare and timely file 1099 Forms with the Internal Revenue Service, reporting payments to professionals and subcontractors employed on the Property as is appropriate in response to all applicable laws and regulations, as the same may be amended or modified from time to time, and promptly deliver copies of said forms to Owner after the filing thereof. If requested by Owner at any time, Manager shall furnish said forms to Owner for its review and approval prior to the filing thereof.

(viii) Manager shall set up and maintain appropriate accounts for deferred and contingency expenditures for the Property in accordance with the Approved Budget.

(ix) Manager shall prepare and deliver to Owner the following statements in a form reasonably acceptable to Owner, which statements shall be certified by Manager to be accurate in all material respects in accordance with Manager's records:

(A) On or before the fifteenth (15th) day following each month of the calendar year during the term of this Agreement, a profit and loss financial statement showing the results of operation of the Property for the prior month and the year to date, along with (1) a comparison of monthly and year-to-date actual income and expenses with the Approved Budget, (2) except for overages previously approved by Owner in writing, upon request from Owner, a detailed explanation of any items that are over the Approved Budget by a variance of greater than the Permitted Variances; provided, however, at Owner's request, Manager will submit an explanation of items that exceed the Approved Budget but are within such Permitted Variances, (3) delinquency reports; (4) balance sheet; (5) trial balance; (6) loan statement; (7) bank statement with cash reconciliation, and (8) general ledger.

(B) As additional support to the monthly financial statements, Manager shall provide Owner access to the following items within five (5) Business Days following a written request by Owner: (1) cash receipts and disbursement records; (2) paid invoices; (3) summaries of adjusting journal

entries; (4) supporting documentation for payroll, payroll taxes, employee benefits, and payment of employee related items, (5) all other payments to be made by Manager hereunder; and (6) such other information as Owner may reasonably request.

(C) Manager shall provide any additional reasonable reporting requirements of any Lender to the extent required under any applicable Loan Documents (as hereinafter defined).

(D) The monthly financial statements referred to in Section 3(b) (viii)(l) above shall be supported by: (1) monthly and year-to-date operating statements prepared for each calendar month, noting revenues and expenses and other information necessary and sufficient to fairly represent the results of the Property's operation during such month (and year to date); (2) an accounts receivable aging schedule; (3) an accounts payable schedule; (4) a statement of cash flow; (5) a rent roll; (6) a cash disbursement journal; (7) a summary of capital expenditures; and (8) a calculation of the Management Fee for such month.

(E) On or before the forty-fifth (45th) day following each quarter of the calendar year, a fixed asset register reflecting all capitalized assets, dates placed into service, useful life, current year depreciation and accumulated depreciation on a GAAP and tax basis.

(x) Manager shall cooperate with Owner's accountants and auditors to enable them to deliver audited financial statements to Owner in accordance with Owner's requirements.

(xi) Manager shall allow Owner, its accountants, attorneys, and agents, entry to any part of the Property at all times upon reasonable advance notice, and during business hours (provided such entry is in accordance with any applicable Lease) for the purpose of examining or inspecting the same or examining and making extracts of books and records of the Property or for any other purpose which Owner deems necessary or advisable.

(xii) Manager shall: (A) promptly deliver to Owner a copy of each incident report delivered to Manager or Manager's risk manager; (B) promptly inform Owner when Manager learns of any casualty or condemnation (or threatened condemnation), (C) promptly investigate and consult with, and make recommendations to, Owner with respect to all accidents or claims for damage relating to the ownership, operation or maintenance of the Property; (D) make (subject to Owner's approval) a complete and timely written report to the appropriate insurance company and prepare (for Owner's approval) any and all reports required by any insurance company in connection therewith; and (E) timely file all such reports with the insurance company as required under the terms of the applicable insurance policy and furnish a final copy of such reports to Owner; provided, however, Manager shall not be required to perform any of the foregoing actions in this subsection (xi) to the extent such are undertaken by a third party claims adjuster engaged by Owner;

(xiii) Manager shall monitor the insurance required to be maintained by each Tenant in the Property under its Lease and to obtain appropriate certificates of insurance from each Tenant evidencing the appropriate coverages.

(xiv) Manager shall monitor the insurance required to be maintained by each service provider to the Property under its Service Contract and to obtain appropriate certificates of insurance from each service provider evidencing the appropriate coverages.

(xv) Manager shall promptly provide Owner with any written notice received by Manager of any violation of any applicable law or any lawsuit brought against Owner or the Property, and provide insurers, as directed by Owner and to the extent applicable, with notice of such lawsuits.

(xvi) Except to the extent that the parties disagree on litigation strategy or a litigation matter at issue raises conflicts of interest between the parties, Manager will cooperate with Owner in the prosecution or defense

of any suit or legal proceeding relating to the Property which (in Owner's reasonable discretion) requires the involvement of Manager provided that such cooperation shall be at Owner's expense (unless Manager is required to indemnify Owner against proceeding in accordance with Agreement, in which event such shall be at Manager's expense).

(c) Leasing Administration and Marketing.

(i) Manager shall utilize an accepted lease form which complies with the custom and practice of the jurisdiction where the Property is located ("Lease Form") to be used for the leasing of space within the Property.

(ii) Manager shall institute suits for Rent or for use and occupancy, and any proceedings for recovery of possession in accordance with the Approved Budget; provided, however, (A) Manager shall not institute or settle any legal proceedings or any claim for delinquent Rents or for the enforcement of any other material obligation of any Tenant under its Lease without the consent of Owner, except for routine eviction actions (B) Owner shall have approval of Manager's designation and direction of legal counsel in connection with any litigation or settlement thereof, and (C) Manager agrees to notify Owner promptly if any counterclaim is filed against Manager or Owner. All legal expenses incurred in bringing such suits or proceedings shall be operating expenses and borne by Owner.

(iii) Manager shall use commercially reasonable efforts (subject to Owner's approval) to establish and continuously maintain at least one website at an appropriately titled domain name for the Property ("Website"). Rights to the Website including all content, artwork, graphic designs, links, layout, look and feel, works of authorship, software (both in object and source code form), work flows and processes, documentation and all other information needed to run the website shall be the sole property of Owner. To the extent that Manager hosts, develops or manages a Website and/or contracts for the hosting, development or management of a Website, Manager shall ensure that any rights in and to the Website including all intellectual property rights therein inure solely to Owner. If Manager hosts a Website or includes information or content related to the Property in any website of Manager, then Manager shall, upon expiration or earlier termination of the Term of this Agreement, make arrangements to transfer such website and/or information including all content, artwork, graphic designs, layout, look and feel, works of authorship, software (both in object and source code form), work flows and processes, documentation and all other information needed to run the content on a separate and distinct website to Owner or another person designated by Owner, with appropriate releases or transfers of rights with respect to all of the same. Any third-party contract for hosting, managing or development of any Website shall be subject to Owner's approval and, unless otherwise agreed by Owner, shall be in the name of Owner. All domain names registered in connection with a Website shall list Owner or another Person designated by Owner as the registrant

(iv) Manager shall also perform the following leasing administration services on behalf of Owner:

(A) investigate and evaluate the references and creditworthiness of prospective tenants for the Property (including, if required by law applicable to Owner, OFAC searches).

(B) cooperate with apartment finder or location services, provided that Manager shall not obligate Owner with respect to the payment of a commission except pursuant to a commission agreement approved by Owner.

(C) as directed by Owner, prepare and executed on behalf of Owner, in the name of Owner (and with the assistance of Owner's attorneys), leases of space in the Property (on standard form of lease), and renewals, modifications and expansions thereof.

(D) hire such advertising services, place such advertisements and generally supervise and attend to all promotional matters pertaining to the operation of the Property as Manager shall deem advisable; provided, however, that Owner's consent shall be required for all advertisements and promotional matters which are not included as part of the Approved Budget and payable out of the Operating Account.

(E) upon request by prospective tenants, arrange and conduct personal presentations and tours of the Property.

(d) Requirements of any Mortgages. As directed by Owner and at Owner's sole cost and expense, Manager shall use commercially reasonable efforts to assist Owner in complying in all material respects with all obligations of Owner arising under or in connection with the provisions of any loan agreements and other loan documents (collectively, the "Loan Documents") entered into with any Lender, including, without limitation, the provisions of the mortgage and/or mezzanine loan documents dated on or about the date hereof and entered into by Owner and/or any beneficial owner thereof in connection with one or more mortgage or mezzanine loans (collectively, the "Loans") from mortgage or mezzanine lenders (collectively, "Lender"). Without limiting the foregoing, provided that Owner informs Manager of the requirements of the Loan Documents, Manager, at Owner's sole cost and expense, shall be responsible for: (i) preparing and delivering all property-related reporting that is required to be made under the Loan Documents; and (ii) responding to any Lender requests for information which are required to be delivered under the Loan Documents (with respect to the preceding clauses (i) and (ii), provided that any requisite information or documentation is either in the possession of Manager or furnished to Manager).

(e) Operating Account. As directed by Owner, Manager shall deposit all Rents and other funds collected from the operation of the Property and any other funds to which Owner may be entitled hereunder in a special account or accounts at a bank directed by Owner for the Property separate and apart from Manager's own funds ("Operating Account"); provided, however, if required by the Loan Documents, Manager shall initially deposit the Rents in such account as directed by Owner. The Operating Account shall be initially funded by Owner with an amount of working capital reasonably determined by Owner. In accordance with the Approved Budget, Manager shall pay out of the Operating Account on a monthly basis the operating expenses of the Property and any other payments relative to the Property as required by and subject to the terms of this Agreement, including, without limitation, Manager's reimbursable payroll expenses and the Management Fee. At Owner's election, Owner may cause Manager to establish other accounts. Owner shall have the right from time to time to direct Manager to change the Operating Account to another institution selected by Owner (in which event Manager shall promptly comply with Owner's direction). The Operating Account shall not be commingled with any other funds of Manager. Manager shall notify Owner of the establishment, title, and number of the Operating Account. Owner and Manager shall be signatories on the Operating Account; provided, that (i) Manager shall draw on the Operating Account solely to pay for expenses in amounts that are included within an Approved Budget or as otherwise expressly permitted under this Agreement, (ii) Manager shall not draw on the Operating Account to reimburse itself for any payment advanced by Manager or to pay itself or any of its affiliates any fee or compensation without first obtaining the prior written consent of Owner (provided, however, that Manager may withdraw funds to pay itself fees that are due and payable hereunder (or to reimburse itself for any payment advanced by Manager in accordance with this Agreement) so long as Manager accounts for such payments in the monthly statements delivered pursuant hereto); and (iii) there shall not be any restriction on the right of Owner to draw on the Operating Account. Upon request by Owner, Manager shall promptly inform Owner of the amounts contained in the Operating Account.

(f) Security Deposits and Advance Rents. Manager shall maintain detailed records of all security deposits and advance Rents. Manager shall comply in all material respects with applicable federal, state, and municipal laws, ordinances, and regulations concerning the holding and retention of security deposits (including requirements regarding segregation). To the extent required by applicable law or the terms of any Lease, Tenant security deposits shall be deposited in a separate interest bearing commercial account or certificate of deposit and shall be disbursed in accordance with the applicable Leases pursuant to which such deposits have been made. Except as otherwise required by law or the specific provisions of the applicable Leases, all interest on said security account shall accrue to the benefit of Owner, and Manager shall periodically, but not less than annually, transfer any such accrued and paid interest on such security account to the Operating Account or otherwise to pay said interest as may be required by law or the applicable Lease. If any security deposit is in the form of a letter of credit, Manager shall hold such letter of credit and monitor the periodic renewal or expiration dates thereof.

(g) Schedule of Personnel or Subcontractors. Upon written request by Owner, Manager shall provide to Owner a schedule of all personnel who are "on-site" and engaged in the management, operation, maintenance, leasing administration or advertising of the Property. The schedule shall include the name of each person and their respective title and salary range (inclusive of any potential bonuses). Manager agrees to designate a representative for 24-hour emergency contact purposes. Owner and Manager acknowledge and agree that Employees of Manager may perform services related to the Property and other properties owned or managed by Manager or an affiliate of Manager and that Manager will be reimbursed pro rata for such Employees' time and services related to the Property, inclusive of applicable employee benefits; provided that such Employees' costs are set forth in the Approved Budget (or otherwise approved by Owner).

(h) Supervision of Tenants.

(i) Manager shall use commercially reasonable efforts to attend to and resolve all complaints of Tenants and shall attempt to resolve any complaints, disputes or disagreements by or among Tenants.

(ii) Manager shall use commercially reasonable efforts to monitor the occupancy and operation of all Tenants to determine that the Tenants are complying with the terms and provisions of their respective Leases, including, without limitation, the rules and regulations of the Property, if applicable. Manager shall notify the respective Tenants and Owner of any violations of such Leases promptly after Manager obtains actual knowledge of any such violations, and shall use commercially reasonable efforts to cause such Tenants to correct such violations promptly.

(iii) Without Owner's prior written consent, Manager shall not permit any person to occupy any space in the Property unless such occupancy is pursuant to a written Lease. In addition, unless Manager has obtained Owner's prior written consent, Manager shall not permit any Tenant to take occupancy in any space at the Property unless such Tenant has delivered to Manager or Owner (A) the security deposit, if any, required under the terms of such Tenant's Lease, (B) a current certificate of insurance in compliance with the terms and provisions of such Tenant's Lease or evidence of participation in the RIM Program; and (C) any rent required to be paid prior to a Tenant taking occupancy of its demised premises. Manager shall supervise the moving in and out of all Tenants in a manner which causes a minimum of disturbance to the other Tenants, including, without limitation, an assessment for damages and a recommendation on the disposition of any deposit held as security for the performance by the Tenant under its Lease with respect to the premises vacated.

(i) Miscellaneous Duties. In addition to all other duties specifically referenced in this Agreement, Manager's duties shall include:

(i) maintaining orderly files containing, without limitation, rent records, insurance policies, Leases and subleases, correspondence, receipted bills and vouchers and all other documents and papers pertaining to the Property or the operation thereof and such records, documents and papers shall at all times remain the property of Owner;

(ii) using commercially reasonable efforts to cooperate in all reasonable respects with all other persons employed by Owner in connection with the Property including, without limitation, Owner's accountants in regard to the preparation and filing by Owner of federal, state, local and any other income or other tax returns required by any governmental authority;

(iii) considering and recording Tenant service requests, showing the action taken with respect to each and thoroughly investigating and reporting to Owner in a timely fashion with appropriate recommendations as to all complaints of a nature that would reasonably be expected to have a material adverse effect on the Property or the Approved Budget;

(iv) examining for accuracy all bills received for the services, work and supplies ordered in connection with maintaining and operating the Property and, except as otherwise herein provided, paying such bills as and when the same shall become due and payable in accordance with the Approved Budget;

(v) monitoring the real estate tax assessments, and advising and consulting with a third party consultant or attorney selected by Manager and approved by Owner with respect thereto;

(vi) verifying with Owner the due date and charge for and the desirability, if any, and requirements for protesting and reducing any and all real estate taxes and upon Owner's request and with the assistance of the consultant or attorney engaged by Owner, initiate any protests and or filings in connection with the payment, protest, or reduction or increase of any real estate taxes and/or special assessments; and

(vii) using commercially reasonable efforts to enforce sign control and placing and removing, or causing to be placed and removed, at Owner's expense, such signs upon the Property as Manager, in the exercise of its reasonable business judgment and having due regard to Owner's reputation and image, deems appropriate, subject, however, to the terms and conditions of the Leases and to any applicable ordinances and regulations.

(j) OEAs/REAs. Manager shall likewise use commercially reasonable efforts to monitor the compliance by any Tenant of any restrictions of any recorded operation and easement agreements, reciprocal easement agreements or similar agreements which encumber the Property ("OEAs/REAs") which Owner provides written notice of Manager. At the direction of Owner, at Owner's sole cost and expenses and subject to available funds, Manager shall use commercially reasonable efforts to take such actions as may be reasonably necessary to exercise Owner's rights under any such OEAs/REAs. In addition, if any of the OEAs/REAs require that a counterparty maintain any insurance coverage, Manager shall use commercially reasonable efforts to obtain such certificates of insurance annually from each such counterparty and review same for compliance with the OEAs/ REAs at Owner's sole costs and expense . To the extent required by the OEAs/REAs, Manager shall calculate and collect all: (i) pass-throughs, charges, charges for work or services, and any and all other sums payable by counterparties under the OEAs/REAs; and (ii) any and all other charges that may from time to time be due and payable to Owner from counterparties under the OEAs/REAs. Manager shall notify Owner of any defaults by Owner or any counterparty under any of the OEAs/REAs.

(k) Leasing. Manager is hereby appointed as the exclusive leasing agent for the Property. Manager represents that it is duly licensed as required in the jurisdiction in which the Property is located to provide such leasing services. In furtherance of its appointment as leasing agent:

(i) For so long as Owner utilizes a lease rent optimization program ("LRO Program"), Manager shall utilize the LRO Program when determining the rental rates for Leases. Owner and Manager shall jointly establish the parameters for such LRO Program, but the determination of Owner shall govern on all matters relating to the LRO Program. Owner may terminate to cease using the LRO Program (or may alter the LRO Program) at any time in its discretion. In the event a LRO Program is not utilized to establish rental rates and terms, then the minimum rental rates and other leasing guidelines shall be established by Owner in connection with the establishment of the Annual Budget. The LRO Program or leasing guidelines set forth in the Annual Budget (as applicable) shall be referred to herein as the "Approved Leasing Program".

(ii) Manager shall use commercially reasonable efforts to cause the Property to be fully rented to desirable Tenants, and in connection therewith shall: (A) propose, supervise and implement the Approved Leasing Program; (B) advertise the Property; and (C) order and purchase all signs, renting plans, price lists, booklets, circulars and advertising to offer space in the Property for rent.

(iii) Manager may, without Owner's approval enter into Leases that satisfy the criteria set forth in the Approved Leasing Program. All Leases shall be in Owner's name and, unless and until revoked by Owner, shall be executed by Manager as Owner's agent and property manager. Upon written request by Owner, Manager shall deliver a copy thereof to Owner.

(iv) Manager shall address the following Lease administration matters in accordance with the Operating Standard: (A) waivers, discounts, compromises, or releases of any Tenant (or any guarantor under any

guaranty of any Lease) from its obligations under its Lease (or such guaranty); (B) modifications of any Lease; (C) relocations of any Tenant within the Property; or (D) any subletting of any part of the Property or any assignment of any Lease by any Tenant thereunder.

(l) Construction Management – Capital Improvements.

(i) **Schedule B** to this Agreement sets forth a list of various activities (collectively, "Capital Improvements") for which Manager may be entitled to a Construction Management Fee (defined below) on account of providing the construction management services set forth in subsection (l)(ii) below. Despite the fact that a particular activity is included on **Schedule B**, Manager shall only be entitled to a Construction Management Fee if the Capital Improvement(s) in question: (A) individually or in the aggregate for single project (e.g. "club house renovation" or "dog park") exceeds $5,000 to complete if such Capital Improvements are not provided for in the Approved Budget but are agreed upon by both Parties or (B) is otherwise set forth in the Approved Budget. In connection with the preparation of each Proposed Budget, Manager may identify for Owner's approval those repairs, replacements and improvement projects which Manager believes qualify as a Capital Improvement for which a Construction Management Fee shall be due.

(ii) In its capacity as construction manager (as such term is commonly understood in the construction industry) of all Capital Improvements, Manager shall use commercially reasonable efforts to cause the Capital Improvements to be timely completed in a good and workmanlike manner, on a lien free basis, in accordance with the Approved Plans (defined below), the applicable Approved Budget (defined below) and any applicable laws and regulations. In that regard, Manager shall, in each case to the extent applicable with respect to the particular Capital Improvements:

(A) coordinate with Owner and architects for the review of various alternative configurations of the Capital Improvements and assist Owner in defining the scope of work and monitor the design and construction of all Capital Improvements;

(B) procure, coordinate and advise Owner with respect to all aspects of the planning, design and engineering, including all architectural work, for the Capital Improvements required for the construction of the Capital Improvements;

(C) coordinate the preparation, finalization and delivery of all plans and specifications necessary for the completion of the Capital Improvements, which plans and specification (once approved by Owner) shall become the "Approved Plans";

(D) coordinate the preparation, finalization and delivery of the budget for the cost of the completion of the Capital Improvements, which budget (once approved by Owner) shall become the "Approved Budget";

(E) coordinate the issuance of any necessary governmental approvals for the Capital Improvements;

(F) facilitate and coordinate the competitive bidding of all contracts to be awarded and coordinate and direct pre-bid conferences with contractors in connection with Capital Improvements;

(G) review, negotiate and advise Owner about the construction agreements, provided, however, all construction agreements, and all renewals, modifications and amendments to construction agreements, and all change orders in connection therewith, shall, unless otherwise determined by Owner, be executed by Owner and Manager shall have no power or authority to execute or approve any of the foregoing;

(H) schedule and attend, as necessary, all space planning, design and construction meetings in connection with Capital Improvements;

(I) establish and monitor project time schedules;

(J) administer and coordinate job site construction meetings as necessary;

(K) cause the books and records maintained on behalf of Owner to include vouchers, statements, receipted bills and invoices, and all other records, covering all collections, if any, disbursements, and other material data in connection with the construction of the Capital Improvements;

(L) obtain and review all necessary: (i) lien releases, and (ii) insurance requirements of contractors performing work (including the requirement to obtain required insurance certificates);

(L) review all payment requests pursuant to the contract documents and make recommendations to Owner and, if requested, prepare loan disbursement requests with all requisite back-up documentation in order to obtain payment for the Capital Improvements;

(M) inspect the construction of all Capital Improvements and use commercially reasonable efforts to cause a minimum of disturbance to the operation of the Property and to other Tenants then occupying or preparing to occupy space in the Property;

(N) assist contractors in obtaining notices or certificates of completion;

(O) obtain (and/or assist in the obtaining of) certificates of occupancy or equivalent documents;

(P) conduct final walk-throughs and monitor the completion of all punchlists,

(Q) obtain from contractors, subcontractors, material suppliers or other consultants all such guarantees, instructions, equipment manuals, warranties and all other pertinent documents relating to the Capital Improvements; and

(R) if any construction, mechanics' or materialmen's liens should be filed, or should attach, with respect to the Project by reason of the construction of the Capital Improvements, use commercially reasonable efforts to cause the immediate removal of such liens or post security against the consequences of their possible foreclosure, and if Owner requests, procure an endorsement(s) to the owner's title policy insuring Owner against the consequences of the foreclosure or enforcement of such lien(s).

(iii) In no event shall Manager be liable to Owner or to any third party for any failure to comply with, or the violation of, any such laws, ordinances, orders, rules, regulations or requirements (unless such results from a failure of Manager to perform the obligations enumerated in subsection (l)(i) above). Manager shall not be responsible for the performance, construction means, methods, techniques, sequences and procedures of contractors or subcontractors retained by Owner to complete the Capital Improvements (unless Manager fails to properly supervise such contractors and subcontractors as provided in subsection (l)(ii) above).

(iv) Owner shall cooperate with Manager as may be necessary for Manager to perform the services provided under this Agreement. Such cooperation shall include, but not limited to, provision of any material information, objectives, constraints, or criteria regarding the Capital Improvements and the provision of any tests, inspections or reports as may be required by law or as may be necessary for the completion of the Capital Improvements. Owner acknowledges that Manager does not and shall not be required to provide any legal, accounting, or insurance advice in connection with performing the construction management services. If Owner has knowledge of any fault or defect in the Capital Improvements, or non-conformance with the contract documents, Owner shall use commercially reasonable efforts to promptly notify Manager.

(m) Design Services. If requested by Owner, Manager shall assist in the design of some (or all) of those elements of the Property set forth on **Schedule C** to this Agreement (to the extent applicable given the nature of the Property). As compensation for the provision of those design services, Owner agrees to pay to Manager the designed fees set forth on Schedule C (each a "Design Fee"). Nothing herein shall mandate that Owner actually utilize Manager for any aspect of the Property and Owner may (in its discretion) decide to utilize third parties to provide design services for the elements identified on **Schedule C** (in which event no Design Fee shall be due to Manager).

4. Standards.

(a) Manager will perform its duties and obligations in accordance with the Operating Standard.

(b) Manager shall use commercially reasonable efforts, at Owner's sole cost and expense, to: (a) comply with any anti-corruption policy adopted by Owner from time to time and provided to Manager (the "Anti-Corruption Policy") and (b) comply with applicable anti-corruption laws, including commercial bribery laws, in connection with the performance of all duties and obligations related to this Agreement.

(c) Except as provided in Section 4(d) and Section 4(e) below, the parties hereto shall not be prohibited or restricted in any way from investing in or conducting, either directly or indirectly, and may invest in and/or conduct, either directly or indirectly, businesses of any nature whatsoever, including the ownership and operation of businesses or properties similar to or in the same geographical area as those contemplated by this Agreement, without the obligation to first present the opportunities for such investment or conduct to the other party hereto.

(d) Notwithstanding Section 4(c) above, Manager shall in no event intentionally and directly solicit any existing tenant of the Property to relocate to any other building or property located in the Market Area (as defined below) in which Manager, or any Manager Affiliate (defined below) has any direct or indirect interest, as a leasing agent, property manager, developer or owner as of the Effective Date (an "Existing Market Property"), provided, however, the foregoing restrictions shall not be deemed or interpreted to prohibit Manager or any Affiliate from leasing space at any Existing Market Property to any tenants or prospective tenants of the Property which were made aware of the availability of such space through general advertising or marketing activities that are not specifically targeted at the Property's tenants or prospective tenants. As used herein, "Market Area" shall mean all of the area within a one-half (.50) mile radius of the Property.

(e) Notwithstanding Section 4(b) above, after the Effective Date, Manager and all Manager Affiliates shall be prohibited from: (i) acting and property manager or leasing agent for any multi-family residential project similar to the Property within the Market Area (other than an Existing Market Property); or (ii) developing or owning any interest in a multi-family residential project similar to the Property which is located within the Market Area. "Manager Affiliate" means any other person or entity directly or indirectly controlled by, controlling or under common control with Manager, or any person or entity that owns, directly or indirectly, ten percent (10%) or more of the equity interests in Manager. For the purposes of the foregoing definition, "control" when used with respect to Manager means the power to direct the management and policies of Manager, directly or indirectly, whether through the ownership of voting securities or other beneficial interest, by contract or otherwise; and the terms "controlling" and "controlled" have the meanings correlative to the foregoing.

5. Compensation.

(a) Management Fee. During the term of this Agreement, Manager shall receive, as consideration, remuneration and as an operating expense for the services provided under this Agreement, and in addition to any other compensation specifically provided for herein, an annual management fee ("Management Fee") equal to three percent (3%) of the Gross Revenues with respect to management and other services to be provided hereunder, which Management Fee shall be paid in monthly installments in arrears on the 5th day of each calendar month based on the Gross Revenues of the prior calendar month. Notwithstanding the foregoing, the Management Fee shall not be paid unless and until the all current utilities, current payroll expenses and monthly amounts due under any Loan Documents have all been paid. Manager will pay the Management Fee to itself from the Operating Account on the 5th day of each applicable calendar month, pro-rated for any partial calendar month, subject, however, to Owner right to audit and verify the accuracy of Manager's calculation of the Management Fee on an annual basis. "Gross Revenues" shall mean all (i) Rent collected by Owner under the Leases or in connection with the Property, (ii) amounts collected by Owner from all licensees, parking contract holders, concessionaires, and similar users of any portion of the Property (including all amounts collected from vending machines and coin-operated telephones) at the Property and proceeds of rental value insurance or

business interruption insurance to the extent paid to Owner in lieu of any amounts provided for in clauses (i)-(ii) above. Gross Revenue will not include any (i) tenant security deposits (except to the extent applied toward the payment of Rent due under the Leases), (ii) interest on any funds received in connection with the operation of the Property, (iii) insurance proceeds (except as provided above) or condemnation awards, (iv) amounts received on account of any abatement, reduction or refund of property taxes, (v) discounts or dividends on insurance policies, (vi) sums collected through litigation (other than for nonpayment of Rent due under the Leases or other income as described in clause (iii) above)), (vii) proceeds from the sale, financing or refinancing of the Property or any portion thereof or interest therein, (viii) capital contributions to Owner by, or loans to Owner by, partners of Owner, or (ix) any lease termination fees.

(b) Manager's Costs to be Reimbursed. During the term of this Agreement, Manager will be entitled to make payments (in addition to payments of the Management Fee set forth in subparagraph (a) above) to itself out of the Operating Account for those costs, expenses and fees ("Manager's Costs") directly incurred in rendering services in connection with the Property in accordance with the terms of the Approved Budget or as otherwise expressly permitted by this Agreement or by Owner, including: (i) payroll expenses provided for in the Approved Budget or otherwise approved by Owner for those Employees attributable to the management, operation, and maintenance of the Property ("Dedicated Employees"), if any, including, without limitation, the pro rata share of payroll expenses for such Dedicated Employees with respect to such Dedicated Employees' time and services related to the Property, inclusive of applicable employee benefits; (ii) unless reserved under the Loan Documents, premiums for the following insurance required to be obtained by Manager under this Agreement shall be paid when due out of the Operating Account: (A) worker's compensation insurance allocable to the Dedicated Employees; and (B) automobile liability insurance, but only for Manager's vehicles dedicated solely to and garaged at the Property; and (iii) a fair and reasonable allocation for: (A) Manager's cost of property management software expenses (e.g. Entrata); (B) information technology support services; (C) a payroll services fee; (D) support of the LRO Program; and (E) marketing support services. Premiums for insurance required to be obtained by Owner under this Agreement shall be paid, when due out of the Operating Account. Upon request by Owner, Manager shall provide to Owner statements covering the payments and reimbursements described in this Section 5(b). Manager shall allocate fairly and reasonably any and all personnel and other costs incurred by Manager relating to its home office between costs allocable to the Property and costs unaffiliated therewith and Owner shall only be required to reimburse Manager for such costs allocable to the Property that are included in the Approved Budget or otherwise approved by Owner.

(c) Construction Management Fees. In connection with any Capital Improvements, Owner shall pay Manager a construction management fee ("Construction Management Fees") for Manager's supervisory and coordinating services in the amount of five percent (5%) on all hard costs of all Capital Improvements. Such fees shall be paid Manager as and when the costs of the underlying work are paid.

(d) Design Fee. If Owner engages Manager to provide design services with respect to any of the matters set forth on **Schedule C** to this Agreement, Owner shall pay Manager the design fee specified on **Schedule C** (each a "Design Fee"). Design Fees shall be paid Manager as and when the costs of the underlying work are paid.

6. Insurance and Indemnity.

(a) Owner Insurance Requirements. Owner shall obtain (or if approved by Owner, Manager shall obtain), at Owner's expense, insurance coverage described herein for the Property. Without limiting the generality of the foregoing, Owner agrees that the minimum insurance coverage described in this Section 6(a) shall be obtained. Manager shall cause all premium payments required in order to keep all the Owner required insurance coverage in effect to be paid in accordance with the Approved Budget or otherwise in accordance with the terms of the Loan Documents on a timely basis out of funds provided by Owner directly or out of the Operating Account. Owner agrees that the minimum insurance coverage set forth in (i) and (ii) below shall be maintained by Owner:

(i) Property damage insurance, or builder's risk insurance, where applicable, to cover physical loss or damage to the Property on an "all risk" (aka) "Special form" basis, including fire and extended coverage perils,

and including vandalism and malicious mischief, on a full replacement cost basis. Manager shall use commercially reasonable efforts to comply with all the warranties, terms, and conditions of such insurance of which it has been specifically advised. Manager shall notify Owner and specified insurance brokers within twenty-four (24) hours after Manager receives notice of any loss or damage to the Property.

(ii) The following additional insurance coverage shall also be obtained (which shall also cover Owner's employees):

Type of Coverage	**Amounts/Limits**
Workers' Compensation For any owner employees	Coverage A: Minimum limits required by statute Coverage B (Employer's Liability): $500,000 Bodily Injury by Accident (Each Accident) $500,000 Bodily Injury by Disease (Policy Limit) $500,000 Bodily Injury by Disease (Each Employee)
Commercial General Liability Insurance ("CGL") (Occurrence Form)	$1,000,000 per occurrence $2,000,000 aggregate on a per location basis Including broad form contractual liability coverage, bodily injury, property damage, personal injury, advertising injury, products and completed operations.
Umbrella Liability Insurance (above Employer's Liability, CGL and Automobile Insurance)	$10,000,000 per occurrence and aggregate
Automobile, Combined Single Limit Bodily Injury and Property Damage Insurance for any owned or non-owned auto	$1,000,000 per accident
Uninsured Motorists	As required by statute
Business Interruption Insurance	Twelve (12) months of projected gross revenues from the Property, or such other amounts as may be required by the Loan Documents

Insurance required of Owner shall be secured from insurance companies licensed or authorized to do business in the jurisdiction where the Property is located and having a minimum AM Best rating of A-/IX. Manager shall obtain certificates of insurance on or before the date of this Agreement. All such policies shall be at Owner's sole cost. The CGL and Umbrella Liability Insurance shall include Owner and Lender as mortgagee or additional or named insureds or loss payees, as applicable, and shall name Manager as an additional insured for acts or actions within the scope of duties as Owner's real estate manager. In addition, all insurance required by (i) and (ii) above shall, to the extent permitted by law, include a waiver of subrogation in favor of Manager, but only for acts within the scope of Manager's duties. In cases where Owner and Manager maintain insurance policies that duplicate coverage, Owner's General Liability and Excess shall be primary, except for claims of gross negligence

or willful misconduct or acts taken by Manager in violation of this Agreement. Notwithstanding the foregoing, all insurance obtained by Owner shall be not less than the types of coverage and minimum standards required under the Loan Documents.

(b) Manager's Insurance. Manager agrees that the minimum insurance coverage set forth below shall be maintained by Manager, without reimbursement from Owner except as provided in Section 5(b) and as set forth in the Approved Budget:

(i) Commercial General Liability Insurance and Umbrella Liability insurance, written on an occurrence basis, including contractual liability coverage, with limits of not less than Ten Million Dollars ($10,000,000) combined per occurrence and in the aggregate for bodily injury, property damage, advertising injury personal injury liability, with a completed operation and independent contractors' endorsement. These policies will not contribute with insurance for defense or indemnity provided by the policy described above to the extent it is determined Manager is working within scope of his duties. Should any self-insured retention (SIR) or deductible be incorporated within the policy of insurance, the responsibility to fund such financial obligations shall rest entirely with Manager and such SIR/deductible shall be deemed covered in accordance with the Commercial General Liability form required; provided, however, in no event shall such SIR or deductible exceed Twenty-Five Thousand Dollars ($25,000);

(ii) Automobile Liability Insurance covering both owned and non-owned vehicles, with limits of not less than One Million Dollars ($1,000,000) combined single limit for bodily injury and property damage, including uninsured motorist coverage as required by statute and naming Owner as an additional insured (provided that any additional cost charged by the carrier to so name Owner shall be reimbursed to Manager in the Approved Budget).

(iii) Workers' Compensation Insurance, as required by the jurisdiction in which the Project is located, covering all Manager's employees and Employers Liability Insurance with limits of not less than One Million Dollars ($1,000,000) for bodily injury by accident; One Million Dollars ($1,000,000) for bodily injury by disease per employee; and One Million Dollars ($1,000,000) bodily injury by disease policy limit.

(iv) Crime insurance including third party coverage in an amount of not less than One Million Dollars ($1,000,000). Such insurance shall cover Employees and Owner's employees, in each case, that have access to space at the Property or to receipts, books, rents or checking accounts connected with the Property, including, but not limited to, the on-premises personnel and any secretary or bookkeeper maintaining, handling or receiving financial records or receipts. This policy shall cover theft by Manager's employees and Owner.

(v) Real estate errors and omission insurance in an amount equal to not less than One Million Dollars ($1,000,000). Such insurance shall be carried for the term of this Agreement and for two (2) years after the termination of this Agreement. Owner agrees to pay Manager at the time of the termination of this Agreement for the cost of this insurance for the two (2) year period after the termination of this Agreement.

(vi) Employment Practices Liability Insurance with minimum limits of One Million Dollars ($1,000,000) per claim covering both first party and third party claims for employees and naming owner as an additional insured (provided that any additional cost charged by the carrier to so name Owner shall be reimbursed to Manager in the Approved Budget).

Insurance required of Manager shall be secured from insurance companies licensed or authorized to do business in the in the jurisdiction where the Property is located and having a minimum AM Best rating of A-/IX. Manager shall obtain certificates of insurance on or before the date of this Agreement. All such policies, with the exception of the Worker's Compensation Insurance, shall include Manager as additional or named insureds, mortgagee or loss payee, as applicable (and the policies for Commercial General Liability Insurance, Umbrella Liability Insurance and Automobile Liability Insurance shall additionally include Owner (and if required by

Owner any Lender) as an additional or named insured), and shall provide that Manager (and Owner, as applicable, with respect to the policies described in the immediately preceding parenthetical) are additional insureds with respect to liability arising out of acts or omissions of Manager. Upon request, Manager shall furnish Owner, a certificate of insurance, or other proof, evidencing the required insurance coverages provided for above, which certificates (to the extent permitted under such policies) shall evidence that the carrier will endeavor to give Owner at least thirty (30) days' prior written notice of cancellation or material change in coverage (provided however only ten (10) days' notice will be required for cancellation due to non-payment of premium). A copy of the additional insured endorsements shall be attached to the certificate of insurance. In addition, all required insurance shall, to the extent permitted by law, include a waiver of subrogation, indemnity and hold harmless in favor of Owner and each of the Lenders.

(c) Third Party Contractor Insurance. Manager shall require that each contractor retained to perform work at the Property maintains insurance against risk of physical damage to personal property belonging to the contractor in amounts sufficient to replace such personal property in the event of loss, and insurance coverage in the following minimum amounts:

Type of Coverage	**Amounts/Limits**
Workers' Compensation	As required by law
Employer's Liability	$1,000,000 – each accident $1,000,000 – policy limit $1,000,000 – each employee
Commercial General Liability (Occurrence Form)	$1,000,000 per occurrence and $2,000,000 aggregate per project Including broad form contractual liability coverage, independent contractors, bodily injury, property damage, personal injury, advertising injury, products and completed operations.
Comprehensive Auto Liability	$1,000,000 Combined Single Limit for bodily injury and property damage for any owned or non-owned autos
Uninsured Motorists	As required by statute
Umbrella Liability Insurance (above Employer's Liability, CGL, and Automobile Insurance)	Limits commensurate with exposures and reasonably approved by Owner prior to commencement of any work
Professional Liability	$1,000,000 per claim and annual aggregate, with an extended period of indemnity covering the exposures for the professional services rendered by Manager under this contract. Coverage shall be maintained in effect during the period of this agreement and for not less than two (2) years after termination of this agreement.

Insurance required of contractors shall be secured from insurance companies licensed to do business in the Commonwealth of Virginia and having a minimum AM Best rating of A-/IX. Manager shall obtain certificates of insurance on or before the date that work commences from each contractor performing work at the Property and keep on file such certificates of insurance or other evidence of compliance with these requirements. All such policies, with the exception of the Worker's Compensation Insurance, shall include Owner, Manager and each of the Lenders as additional or named insureds, mortgagee or loss payee, as applicable, and shall provide that Manager and Owner are additional insureds with respect to liability arising out of the ongoing and completed

operations of the contractor. A copy of the additional insured endorsements shall be attached to the certificate of insurance. In addition, all required insurance shall, to the extent permitted by law, include a waiver of subrogation, indemnity and hold harmless in favor of Owner, Manager and each of the Lenders.

(d) Waiver of Subrogation. Owner and Manager each release and waive any right of recovery against the other (and against the other's respective officers, directors, shareholders, partners, members, employees, subsidiaries, agents, affiliates, contractors, lenders, trustees, beneficiaries, licensees, successors and assigns), for any bodily injury, property damage, or loss covered by any policy of insurance required by this Agreement, or which would have been covered had the party carried the insurance it was required to carry by this Agreement, or within any SIR or deductible in such policy. No insurance policy required by this Agreement shall prohibit such release and waiver. In addition, the insurance policies required of Owner and Manager by this Agreement shall contain a waiver of claims against the other by the insurer, whether by subrogation or otherwise (and against the other's respective officers, directors, shareholders, partners, members, employees, subsidiaries, agents, trustees, beneficiaries, licensees, successors, and assigns). If any insurance policy required by this Agreement provides that a waiver of subrogation may only be granted by endorsement, Owner or Manager, as the case may be, shall secure an endorsement providing the waiver of subrogation.

(e) Indemnification.

(i) Except as otherwise expressly provided below, Owner shall indemnify, defend and save Manager and its shareholders, officers, directors, partners, members, employees, agents, successors and assigns (collectively "Covered Persons") harmless from and against any claims, demands, liabilities, losses, damages, expenses (including, without limitation, court costs and reasonable attorneys' fees), judgments and amounts (collectively, "Liabilities") arising out of or in connection with (A) the management, operation, maintenance, leasing administration or advertising of the Property in accordance with this Agreement or (B) any action taken or omitted by any Covered Person related to the management, operation, maintenance, leasing administration or advertising of the Property in accordance with this Agreement; provided, however, that Liabilities as used in this Section 6(e)(i) shall not include any claims, demands, liabilities, losses, damages, or expenses (including, without limitation, court costs and attorneys' fees), judgments and amounts made in connection with any liability arising out of any fact with respect to which Manager is expressly required to indemnify Owner pursuant to the provisions of Section 6(e)(iii) below.

(ii) Promptly after a Covered Person receives notice of the commencement of any action or other proceeding in respect of which indemnification may be sought hereunder, such Covered Person shall notify Owner thereof; provided, that the failure to so notify shall not relieve Owner from any obligation hereunder unless and only to the extent that such failure results in Owner's forfeiture of (or material prejudice to) substantive rights or defenses of Owner. If any such action or other proceeding is brought against any Covered Person, Owner shall be entitled to assume the defense thereof at its expense with counsel chosen by Owner and reasonably satisfactory to Manager; provided, however, that any Covered Person may at its own expense retain separate counsel to participate in such defense if such action or proceeding involves criminal charges against such Covered Person. Notwithstanding the foregoing, such Covered Person shall have the right to employ separate counsel at Owner's expense and to control its own defense of such action or proceeding if (A) there are or may be legal defenses available to such Covered Person that are different from or additional to those available to Owner, (B) in the reasonable opinion of counsel to such Covered Person, a conflict or potential conflict exists between Owner and such Covered Person that would make such separate representation advisable, or (C) Owner fails to take prompt action with respect to such action after notice from Manager.

(iii) Manager shall indemnify, defend and save Owner and its shareholders, officers, directors, partners, members, employees, agents, successors and assigns (collectively, the "Indemnitees") harmless from any Liabilities arising from fraud, criminal conduct, gross negligence, willful misconduct or a material breach of this Agreement by Manager provided such breach was not caused by Owner, and Owner has furnished to Manager sufficient funds to perform Manager's obligations hereunder ; provided, however, that Liabilities as used in this

Section 6(e)(iii) shall not include any claims, demands, liabilities, losses, damages, or expenses (including, without limitation, court costs and attorneys' fees), judgments and amounts made in connection with any liability arising out of Owner's or any other Indemnitee's fraud, criminal conduct, gross negligence, willful misconduct or willful breach of any provision of this Agreement. Promptly after an Indemnitee receives notice of the commencement of any action or other proceeding in respect of which indemnification may be sought hereunder, such Indemnitee shall notify Manager thereof, provided that the failure to so notify shall not relieve Manager from any obligation hereunder unless and only to the extent that such failure results in Manager's forfeiture of (or material prejudice to) substantive rights or defenses of Manager. If any such action or other proceeding is brought against any Indemnitee, Manager shall be entitled to assume the defense thereof at its expense with counsel chosen by Manager and reasonably satisfactory to the Indemnitee; provided, however, that any Indemnitee may at its own expense retain separate counsel to participate in such defense if such action or proceeding involves criminal charges against such Indemnitee. Notwithstanding the foregoing, such Indemnitee shall have the right to employ separate counsel at Manager's expense and to control its own defense of such action or proceeding if (A) there are or may be legal defenses available to such Indemnitee that are different from or additional to those available to Manager, (B) in the reasonable opinion of counsel to such Indemnitee, a conflict or potential conflict exists between Manager and such Indemnitee that would make such separate representation advisable, or (C) Manager fails to take prompt action with respect to such action after written notice from Owner.

(iv) Notwithstanding anything in this Agreement to the contrary, claims under the indemnities described in this Section 6(e) shall be offset by any and all amounts received by any Covered Person or Indemnitee, as the case may be, under any applicable insurance coverage with respect to such claim. Notwithstanding anything else in this Agreement to the contrary, all rights and obligations of either party set forth in this Section 6(e) shall survive the termination or expiration of this Agreement.

7. Relationship of the Parties. Owner has engaged Manager as an independent contractor for the sole purpose of providing the services described in this Agreement. Nothing in this Agreement shall constitute a partnership or joint venture, and, except to the extent that Manager is to enter into contracts in Owner's name and take similar actions on behalf of Owner as provided for in this Agreement, nothing in this Agreement shall create an agency or similar relationship. Neither Manager nor Owner shall represent to any other Person that Manager's relationship to Owner hereunder is other than as described above.

8. Sale of Property. If Owner decides to sell or refinance the Property, or any portion thereof, either directly or indirectly, Manager shall (at no out of pocket cost and with no liability to Manager) cooperate in all reasonable respects with Owner and its respective representatives, including leasing agents, tax consultants, brokers involved in the sale of the Property, any potential lender or purchaser of the Property (or portion thereof or interest therein), appraisers, and counsel in an attempt to allow such representatives to perform their duties efficiently and without unreasonable interference. Such parties shall be allowed to visit the Property and inspect the same at such times during business hours as Owner may request provided Tenant permission (if applicable) has been obtained. In addition, Manager shall assist Owner at Owner's sole cost and expense in preparing for a sale of the Property (or portion thereof or interest therein) in all reasonable respects, including, without limitation, by preparing lease schedules, property reports, financial statements and proration/closing statements; provided, however, that Manager shall have no liability for the substance of such prepared materials. Upon any sale of Owner's entire interest in the Property to a third party, this Agreement shall automatically terminate on the closing date. Manager shall not be entitled to any brokerage fee or similar compensation in connection with a sale of the Property or any portion thereof.

9. Termination.

(a) Termination for Cause by Owner. Owner shall have the right, effective immediately following written notice from Owner to Manager, to terminate this Agreement (without payment of any fee, premium or penalty, other than fees and expenses as provided in Section 9(c)):

(i) if Manager shall default in performing any of its obligations hereunder that may be cured by the payment of a sum of money and such default shall not be cured within a period of five (5) Business Days after written notice of such default is given by Owner to Manager (provided that Manager shall not be in default of this Agreement if Manager fails to take an action due to Owner's failure to provide sufficient funds to Manager hereunder when the expense of such action was Owner's responsibility under this Agreement);

(ii) if Manager shall default in any material respect in any of its other obligations hereunder (not specifically addressed in other subsections of this Section 9) and if such default shall not have been cured within thirty (30) days after written notice thereof is given by Owner to Manager or if such default is of a nature that it cannot be cured within such 30-day period and Manager shall have commenced to cure such default within such 30-day period and thereafter expeditiously proceeds to cure the same, such 30-day period shall be extended for an additional period of time as is reasonably necessary for Manager in the exercise of due diligence to cure such default, such additional period not to exceed sixty (60) days (provided that Manager shall not be in default of this Agreement if Manager fails to take an action due to Owner's failure to provide sufficient funds to Manager hereunder when the expense of such action was Owner's responsibility under this Agreement);

(iii) if Manager applies for or consents to the appointment of a receiver, trustee, or liquidator of Manager or of all or a substantial part of its assets, files a voluntary petition in bankruptcy, or admits in writing its inability to pay its debts as they come due, makes a general assignment for the benefit of creditors, files a petition or an answer seeking reorganization or arrangement with creditors or takes advantage of any insolvency law, or files an answer admitting the material allegations of a petition filed against Manager in any bankruptcy, reorganization, or insolvency proceeding, or if an order, judgment, or on the application of a creditor, a decree is entered by any court of competent jurisdiction adjudicating Manager bankrupt or insolvent or approving a petition, seeking reorganization of Manager or appointing a receiver, trustee, or liquidator of Manager or of all or a substantial part of its assets;

(iv) if the Property, or all or substantially all of the interest of Owner, is sold, transferred, conveyed or otherwise disposed of (including, without limitation, pursuant to a net lease of the Property with a term for 49 years or more pursuant to an arrangement that is akin to a sale, a deed-in-lieu of foreclosure or a foreclosure sale) to any third party, including, without limitation, any Lender (including any Lender or any purchaser at a foreclosure sale);

(v) if the Property (or a substantial portion thereof) is destroyed; provided that to the extent that Owner rebuilds the Property, upon substantial completion of the rebuilt Property, Owner shall enter into a new property management agreement with Manager substantially upon the same terms and conditions as set forth herein;

(vi) the loss of any material license required under applicable legal requirements for Manager to carry out its obligations under this Agreement that is not cured within ten (10) Business Days of such loss;

(vii) the commission of any act or omission by the Manager that constitutes willful misconduct or gross negligence involving its duties under this Agreement;

(viii) the commission of any act or omission by the Manager that constitutes fraud with respect to the Property; or

(ix) if Manager violates Section 4(d) or Section 4(e).

(b) Termination for Convenience. Notwithstanding anything to the contrary contained herein,

(i) [Intentionally Deleted]

(ii) Manager shall have the right to terminate this Agreement at any time for any reason or no reason upon sixty (60) days' prior written notice to Owner.

(c) Effect of Termination.

(i) Upon the termination or expiration of this Agreement in accordance with the terms of this Agreement, Owner's obligation to pay Manager's compensation shall cease immediately as to the Property except for compensation earned but not yet paid to Manager prior to such termination or expiration, and, except as otherwise provided in this Section 9(c), the parties shall have no further rights or obligations to the other as to the Property. Owner's obligation to pay to Manager the Management Fee and any other fees, costs, and expenses earned as provided in this Agreement but not yet paid prior to such termination or expiration will survive the termination or expiration of this Agreement; provided, however, to the extent that this Agreement is terminated as a result of Manager's default hereunder, then Owner may offset against any amounts remaining payable to Manager the amount of such damages. Otherwise, upon termination of this Agreement, the relationship created hereby shall immediately cease and Manager shall have no further right to act for Owner or draw checks on the Operating Account or pursue any of the activities described in this Agreement.

(ii) Notwithstanding the foregoing, the termination or expiration of this Agreement shall not affect the rights of either party with respect to liability or claims accrued, or arising out of events occurring, prior to the date of such termination or expiration (including, without limitation, the defense and indemnification obligations set forth in Section 6(e) hereof).

(iii) Upon the termination or expiration of this Agreement and the payment of any amounts due to Manager under this Agreement, Manager shall reasonably cooperate with Owner and any successor manager, at no expense or liability to Manager, to effectuate a smooth transition of management and operation of the Property, and Manager shall promptly (A) deliver to Owner all books, records (including all Leases and Service Contracts), files (including information stored on computers), contracts, rent rolls, receipts for deposits, unpaid bills and other documents (including, without limitation, advertising materials, keys, combinations to locks, equipment and supplies) relating to the performance of its obligations hereunder as to the Property; (B) deliver to Owner: (1) all Rents and other income received by Manager, including Tenant security deposits in connection with any Leases and other monies of Owner on hand and in any bank account, (2) all security deposits and other funds in Manager's possession which belong to Owner or have been received by Manager with regard to the Property and (3) as received, any monies due Owner under this Agreement but received by Manager after such termination, (C) assign, transfer, or convey to Owner all Service Contracts and personal property relating to or used in the management, operation, maintenance, leasing administration or advertising of the Property, except any personal property which was paid for from Manager's own funds and is owned by Manager; (D) surrender and deliver to Owner possession of all space (if any) occupied by Manager in the Property as the building management office (i.e., other than space occupied by Manager as a Tenant under a lease therefor); provided that Manager shall have a reasonable amount of time to move out of said office; and (E) at no out-of-pocket cost to Manager, perform any other actions, or deliver any other documents, with respect to the Property or Owner and reasonably required hereunder upon termination of this Agreement, including facilitating an orderly transition of management to a new manager of the Property. Within thirty (30) days after such termination or expiration, Manager shall deliver to Owner a final accounting, reflecting the balance of income and expenses as of the date of such termination or expiration of this Agreement. Manager shall, at Owner's cost in accordance with the Approved Budget, remove all signs that it placed at the Property indicating that it is the manager of same and restore all damage resulting therefrom. Manager shall also, for a period of ninety (90) days after such expiration or cancellation, make itself reasonably available to consult with and advise Owner or such other person or persons regarding the operation and maintenance of the Property; in such event, Owner shall reimburse Manager

for all of its reasonable costs and expenses incurred during such 90-day period (plus a reasonable hourly rate for Manager's time provided such hourly rate shall be disclosed in advance by Manager) in connection with providing such consulting and advisory services to Owner or such other person or persons regarding the Property. This Section shall survive the expiration or earlier termination of this Agreement.

10. Notices. All notices, demands, requests or other communications (collectively, "Notices") which may be or are required to be given, served, or sent by any party to any other party pursuant to this Agreement shall be in writing and shall be hand delivered or transmitted by e-mail (with the original to be sent the same day by Federal Express or other nationally recognized overnight delivery service) or by Federal Express or other nationally recognized overnight delivery service addressed to the recipient at its address set forth below (or at such other address as the recipient may theretofore have designated in writing). Each Notice which shall be hand delivered or sent by Federal Express in the manner described shall be deemed sufficiently given, served, sent, received, or delivered for all purposes on the day the Notice is delivered to the addressee (with the return receipt, the delivery receipt, or the affidavit of messenger being deemed conclusive (but not exclusive) evidence of such delivery), provided that such day is a Business Day (if such day is not a Business Day, such Notice shall be deemed given and received on the first Business Day following such day), or if delivery is refused, then on the day that delivery of the Notice is refused by the addressee upon presentation, provided that such day is a Business Day (if such day is not a Business Day, such Notice shall be deemed given and received on the first Business Day following such day). Each Notice which shall be e-mailed in the manner described above shall be deemed sufficiently given, served, sent, received, or delivered for all purposes on the date of such e-mail provided that (i) such e-mail is received prior to 5:00 P.M. (EST) on a Business Day (if such email is received on a day that is not a Business Day or such email is received after 5:00 P.M. (EST) on a Business Day, such Notice shall be deemed given and received on the first Business Day following such day) and (ii) further provided that the original of such notice is sent by Federal Express or other nationally recognized overnight delivery service, as provided above. Subject to the above, all Notices shall be addressed as follows:

If to Manager:

Cottonwood Capital Property Management II, LLC
Old Mill II
6340 3000 East, Suite 500
Salt Lake City, Utah 84121
Attention: Gregg Christensen
e-mail: gchristensen@cottonwoodres.com

If to Owner :

c/o Ares US Real Estate Fund IX, L.P.
245 Park Avenue, 43rd Floor
New York, New York 10167
Attention: Keith Kooper
e-mail: kkooper@aresmgmt.com

with a copy to:
c/o Ares Management LLC
245 Park Avenue, 42nd Floor
New York, New York 10167
Attention: Steven Wolf
e-mail: wolf@aresmgmt.com

with a copy to:
c/o Ares Management LLC
3344 Peachtree Road, N.E., Suite 1950
Atlanta, Georgia 30326
Attention: Howard C. Huang
e-mail: hhuang@aresmgmt.com

with a copy to:

Levenfeld Pearlstein, LLC
2 North LaSalle Street, Suite 1300
Chicago, Illinois 60602
Attention: Thomas Jaros
e-mail: tjaros@lplegal.com

Any party may change the address for the delivery of notices by the delivery of a Notice in accordance with this Section. Notices on behalf of the respective parties may be given by their attorneys and any such notice shall have the same effect as if in fact subscribed by the party on whose behalf it is given.

11. No Assignment. Subject to Section 27, this Agreement may not be assigned by either party without the prior written consent of the other party hereto.

12. Governing Law. This Agreement shall be governed in accordance with the laws of the jurisdiction where the Property is located, without giving effect to principles of conflicts of laws.

13. Complete Agreement. This document forms the complete agreement and represents the full arrangement between Owner and Manager for the provision of Manager's services for the Property. Except to the extent referred to herein, there are no representations, agreements, or understandings, oral or written, between Owner and Manager pertaining to the subject matter of this Agreement that are not fully expressed herein.

14. Successors and Assigns. Subject to Section 11, this Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective legal representatives, successors, and permitted assigns.

15. Attorneys' Fees. In the event any party brings or commences a legal proceeding to enforce any of the terms of this Agreement, the prevailing patty in such action shall have the right to recover reasonable attorneys' fees and costs from the non-prevailing party to be fixed by the court in the same action.

16. Modifications and Changes. This Agreement cannot be altered, amended, or modified except by another agreement in writing signed by Manager and Owner.

17. Headings. The Article and Section headings contained herein are for convenience or reference only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement.

18. Third Parties. Except with respect to indemnitees under Section 6(e), none of the benefits or obligations hereunder of either party shall run to or be enforceable by any party other than the other party to this Agreement.

19. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

20. Rule of Construction. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

21. Recordation. Neither this Agreement nor any memorandum thereof shall be recorded.

22. Cooperation. Either party shall promptly give to the other party all pertinent information if any claims, demands, suits, or other legal proceedings are threatened, made, or instituted by any person against such party that arise out of any of the matters relating to this Agreement or the Property.

23. Representations of Manager. Manager makes the following representations, warranties and covenants to Owner, all of which shall survive the execution, delivery, performance, termination or expiration of this Agreement:

(a) Manager is duly organized, validly existing, and in good standing under the laws of the state of its formation or incorporation, and has complied with all applicable laws in order to conduct business in the state where the Property is located and where its services are to be performed;

(b) Manager has all power and authority required to execute, deliver, and perform this Agreement;

(c) The execution, delivery, and performance of this Agreement have been duly authorized by all necessary action on the part of Manager; and

(d) Manager has or will obtain all licenses and permits necessary to legally and validly execute, deliver, and perform this Agreement.

24. Representations of Owner. Owner makes the following representations, warranties and covenants to Manager all of which shall survive the execution, delivery, performance, termination or expiration of this Agreement:

(a) Owner is duly organized, validly existing, and in good standing under the laws of the state of its formation of incorporation, and has complied with all applicable laws in order to conduct business in the state where the Property is located;

(b) Owner has all power and authority required to execute, deliver, and perform this Agreement; and

(c) The execution, delivery, and performance of this Agreement have been duly authorized by all necessary action on the part of such party.

25. Representatives; Consents and Approvals. Any party's consents and approvals may be given only by that party or its representatives from time to time designated in writing. Any party may from time to time designate representatives to approve matters, receive reports, materials, or other items, or otherwise take action on behalf of that party, and the other party shall reasonably cooperate with such representatives to the same extent as if dealing directly with the party itself.

26. Limitation of Owner's and Manager's Liability. Owner and Manager agree that, notwithstanding any other provision of this Agreement or any rights which Manager might otherwise have at law, equity, or by statute, whether based on contract or some other claim, any liability of Owner to Manager shall be satisfied only from Owner's interest in the Property and the proceeds thereof. Without limiting the generality of the foregoing, if Owner is or becomes a partnership, the general or limited partners, employees, agents or affiliates of Owner shall not in any manner be personally or individually liable for the obligations of Owner hereunder or for any claims related to this Agreement or the management, operation, maintenance, leasing administration or advertising of the Property. The officers, employees, agents or affiliates of Owner shall not in any manner be personally or individually liable for the obligations or Owner hereunder or for any claims related to this Agreement or the management, operation, maintenance, leasing administration or advertising of the Property. The officers, employees, agents or affiliates of Manager shall not in any manner be personally or individually liable for the obligations or Manager hereunder or for any claims related to this Agreement or the management, operation, maintenance, leasing administration or advertising of the Property.

27. Lender Matters. Notwithstanding any provision to the contrary, Owner shall have the right to assign this Agreement to a Lender to secure Owner's obligation to repay a loan from such Lender to Owner. Manager agrees to enter into any reasonable and customary Lender-required consent and subordination agreements in connection with any applicable Loans (collectively, "Subordination Agreements").

28. Counterparts. This Agreement may be signed in any number of counterparts each of which shall be deemed to be an original, with the same effect as if the signatures thereto and hereto were on the same instrument.

29. Business Day. "Business Day" shall mean a day that is not a Saturday or Sunday or a legally recognized public holiday in the United States, the State of New York or the state or commonwealth where the Property is located.

30. Force Majeure. Inability of either party to commence or complete its obligations hereunder by the dates herein required resulting from delays caused by strikes, picketing, acts of God, war, governmental action or inaction, emergencies or other events relating to the Property beyond either party's reasonable control shall extend the period for the performance of the obligations for the period equal to the period(s) of any such delay(s) provided, however, that: (a) this provision may never be utilized to delay or excuse performance of an obligation which involves only the payment of money; and (b) in order to take advantage of this provision, the party relying on this provision must provide prompt written that such an event has occurred along with a reasonably detailed description of the nature of the event in question and its expected duration.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Property Management Agreement on the day and year first hereinabove written.

OWNER:

[PROPERTY SPE]

By: _____
Name: _____
Title: _____

MANAGER:

COTTONWOOD CAPITAL PROPERTY MANAGEMENT, LLC

By: _____
Name: _____
Title: _____

SCHEDULE A

MAJOR EXPENSE CATEGORIES

Operating Expenses:

- Total General and Administrative Expense
- Total Management Fees
- Total Management Payroll [this could be combined with Maintenance in Total Payroll]
- Total Maintenance Payroll [this could be combined with Management in Total Payroll]
- Total Payroll
- Total Repairs and Maintenance In House
- Total Grounds and Landscaping In House
- Vendor Contract Services
- Total Advertising and Marketing
- Total Legal and Professional
- Total Utilities
- Total Taxes
- Total Insurance
- Total Misc Expense

Capital Expenditures:

- Building Improvements

[END OF SCHEDULE A]

SCHEDULE B

CAPITAL IMPROVEMENTS FOR WHICH A CONSTRUCTION MANAGEMENT FEE MAY BE DUE

GL Code – GL Description	Cost Code	Cost Code Description	CM Fee Charged
Playground – Recurring	5100-05	Playground Equipment	No
Playground – Recurring	5100-10	Playground Fencing	Yes
Playground – Recurring	5100-15	Playground Landscaping	Yes
Pool Recurring	5200-05	Outdoor Kitchen	Yes
Pool Recurring	5200-10	Pool Area Lighting	Yes
Pool Recurring	5200-15	Pool Equipment	No
Pool Recurring	5200-20	Pool Furniture	No
Site Furnishings – Recurring	5300-05	Bike Racks	No
Site Furnishings – Recurring	5300-10	Package Lockers	No – Unless a room is to be constructed or electrical is involved
Site Furnishings – Recurring	5300-15	Park Grill	No
Site Furnishings – Recurring	5300-20	Picnic Tables and Benches	No
Site Furnishings – Recurring	5300-25	Shade Structure	No – Unless design is involved
Site Furnishings – Recurring	5300-30	Trash Cans	No
Site Furnishings – Recurring	5300-35	Mailboxes	No – Unless a mailbox structure has to be designed and constructed
Pool/Spa Surfaces – Recurring	5400-05	Pool Deck	Yes
Pool/Spa Surfaces – Recurring	5400-10	Pool Resurface	Yes
Pool/Spa Surfaces – Recurring	5400-15	Spa Resurface	Yes
Storage	5450-05	Storage	Yes
Fitness Recurring	5500-05	Fitness Audio/Visual	Yes
Fitness Recurring	5500-10	Fitness Electrical (rough and Finish)	Yes
Fitness Recurring	5500-15	Fitness Equipment	No
Fitness Recurring	5500-20	Fitness Exterior Doors	Yes
Fitness Recurring	5500-25	Fitness Flooring	Yes
Fitness Recurring	5500-30	Fitness Paint	Yes
Tennis Court/Dog Park/Car Wash – Recurring	5600-05	Car Wash	No
Tennis Court/Dog Park/Car Wash – Recurring	5600-10	Dog Park Benches and Shade	No
Tennis Court/Dog Park/Car Wash – Recurring	5600-15	Dog Park Equipment	No
Tennis Court/Dog Park/Car Wash – Recurring	5600-20	Dog Park Fencing and Gates	Yes
Tennis Court/Dog Park/Car Wash – Recurring	5600-25	Dog Park Ground Cover	Yes
Tennis Court/Dog Park/Car Wash – Recurring	5600-30	Dog Park Landscaping	Yes
Tennis Court/Dog Park/Car Wash – Recurring	5600-35	Dog Park Lighting	Yes
Tennis Court/Dog Park/Car Wash – Recurring	5600-40	Dog Park Water Feature	Yes

GL Code – GL Description	Cost Code	Cost Code Description	CM Fee Charged
Tennis Court/Dog Park/Car Wash – Recurring	5600-45	Tennis Fencing	Yes
Tennis Court/Dog Park/Car Wash – Recurring	5600-50	Tennis Net	No
Tennis Court/Dog Park/Car Wash – Recurring	5600-55	Tennis Resurface	Yes
Security System – Recurring	5610-05	Cameras	Yes
Security System – Recurring	5610-10	Key Fobs (New System)	No – Unless installing a system not there previously and construction and design is involved
Security System – Recurring	5610-15	Key Management Systems	No – Unless new design is needed and construction is involved
Security System – Recurring	5610-20	Alarms	No
Golf Cart	5620-05	Leasing Cart	No
Golf Cart	5620-10	Maintenance Cart	No
Equipment/Tools	5630-05	Equipment	No
Equipment/Tools	5630-10	Tools over $250	No
Equipment/Tools	5630-15	Trash Compactor Replacement	No – Unless new enclosure have to be designed and constructed
Equipment/Tools	5630-20	Elevator Equipment	No
Equipment/Tools	5630-25	Electric Car Chargers	No – Unless new electrical and construction is involved
Fire Protection	5640-05	Fire Alarms	Yes
Fire Protection	5640-10	Fire Extinguishers (large scale)	Yes
Fire Protection	5640-15	Fire Walls/Fire Blocking	Yes
Fire Protection	5640-25	Sprinklers Repairs	Yes
Fire Protection	5640-30	Carbon Monoxide Detectors	No
Exterior Doors – Recurring	5650-05	Patio Doors	Yes
Exterior Doors – Recurring	5650-10	Unit Front Doors	Yes
Retaining Walls – Recurring	5660-05	Retaining Walls	Yes
Gates and Fences – Recurring	5670-05	Compactor Enclosures	Yes
Gates and Fences – Recurring	5670-10	Dumpster Enclosures	Yes
Gates and Fences – Recurring	5670-15	Gate Operators and Gates	Yes
Gates and Fences – Recurring	5670-20	Property Fencing	Yes
Common Lighting/Electrical – Recurring	5680-05	Breezeway Lighting	Yes
Common Lighting/Electrical – Recurring	5680-10	Building Lighting	Yes
Common Lighting/Electrical – Recurring	5680-15	Light Poles	Yes
Common Lighting/Electrical – Recurring	5680-20	Main Power Lines	Yes

GL Code – GL Description	Cost Code	Cost Code Description	CM Fee Charged
Common Lighting/Electrical – Recurring	5680-25	Meter Fences	Yes
Common Lighting/Electrical – Recurring	5680-30	Meter Panels	Yes
Common Lighting/Electrical – Recurring	5680-35	Building HVAC – Common areas	Yes
Common Lighting/Electrical – Recurring	5680-40	Green Improvements (Lighting)	Yes
Common Lighting/Electrical – Recurring	5680-45	Wiring	Yes
Common Lighting/Electrical – Recurring	5680-50	Communication Equipment	No
Building Façades – Recurring	5690-05	Brick/Stone Veneer	Yes
Building Façades – Recurring	5690-10	Exterior Paint	Yes
Building Façades – Recurring	5690-15	Shutters	Yes
Building Façades – Recurring	5690-20	Siding	Yes
Building Façades – Recurring	5690-25	Soffits	Yes
Building Façades – Recurring	5690-30	Stucco	Yes
Parking Lot – Recurring	5700-05	Asphalt Repairs	Yes
Parking Lot – Recurring	5700-10	Car Stops	Yes
Parking Lot – Recurring	5700-15	Parking Concrete Repairs	Yes
Parking Lot – Recurring	5700-20	Van Accessible Space	Yes
Roof and Gutters – Recurring	5710-05	Chimneys	Yes
Roof and Gutters – Recurring	5710-10	Gutters/Downspouts	Yes
Roof and Gutters – Recurring	5710-15	Roof Repairs	Yes
Roof and Gutters – Recurring	5710-20	Roof Replacement	Yes
Roof and Gutters – Recurring	5710-25	Roof Vents	Yes
Signage – Recurring	5720-05	Building Signs	No
Signage – Recurring	5720-10	Directional Signs	No
Signage – Recurring	5720-15	Monument Signs	No
Carports/Garages – Recurring	5730-05	Carport	Yes
Carports/Garages – Recurring	5730-10	Garage Doors	Yes
Walkways/Stairs/Breezeways – Recurring	5740-05	Railing/Handrails	Yes
Walkways/Stairs/Breezeways – Recurring	5740-10	Sidewalk Repairs	Yes
Walkways/Stairs/Breezeways – Recurring	5740-15	Stair Treads	Yes
Walkways/Stairs/Breezeways – Recurring	5740-20	Concrete Repairs	Yes
Walkways/Stairs/Breezeways – Recurring	5740-25	Corridor Flooring	Yes
Walkways/Stairs/Breezeways – Recurring	5740-30	Corridor Paint	Yes
Walkways/Stairs/Breezeways – Recurring	5740-35	Elevator Finishes	Yes
Walkways/Stairs/Breezeways – Recurring	5740-40	Breezeway Ceilings	Yes
Walkways/Stairs/Breezeways – Recurring	5740-45	Structural Stair Repairs	Yes
Building Structural Repairs	5800-05	Balcony Repair/Replace	Yes

GL Code – GL Description	Cost Code	Cost Code Description	CM Fee Charged
Building Structural Repairs	5800-10	Foundation	Yes
Building Structural Repairs	5800-15	Landings	Yes
Building Structural Repairs	5800-20	Elevator Shafts	Yes
Building Structural Repairs	5800-25	Truss Replacement	Yes
Common Plumbing	5900-05	Regulator Valves	Yes
Common Plumbing	5900-10	Sewer Lines	Yes
Common Plumbing	5900-15	Supply Lines	Yes
Common Plumbing	5900-20	Green Improvements (Plumbing)	Yes
Common Plumbing	5900-25	Pumps	Yes
Common Plumbing	5900-30	Water Meters	Yes
Landscaping – Recurring	6000-05	Erosion/Drainage	Yes
Landscaping – Recurring	6000-10	Fountains	Yes
Landscaping – Recurring	6000-15	Irrigation	Yes
Landscaping – Recurring	6000-20	Plantings/Enhancements	Yes
Landscaping – Recurring	6000-25	Ponds	Yes
Landscaping – Recurring	6000-30	Tree Removal/Trimming (Part of Large Landscape Project)	Yes
Model – Recurring	6100-05	Model Flooring	Yes
Model – Recurring	6100-10	Model Furniture/Furnishings	No
Model – Recurring	6100-15	Model Paint	Yes – Unless done by onsite staff
Office Computer Equipment/ Software	6200-05	Computers	No
Office Computer Equipment/ Software	6200-10	Printers	No
Office Computer Equipment/ Software	6200-15	Scanners	No
Office Computer Equipment/ Software	6200-20	Copiers	No
Office Computer Equipment/ Software	6200-25	Software over $250/item	No
Clubhouse Recurring	6300-05	Business Center Furniture/ Furnishings	No
Clubhouse Recurring	6300-10	Clubhouse Appliances	No
Clubhouse Recurring	6300-15	Clubhouse Audio/Visual	Yes
Clubhouse Recurring	6300-20	Clubhouse Electrical/Lighting	Yes
Clubhouse Recurring	6300-25	Clubhouse Exterior Doors	Yes
Clubhouse Recurring	6300-30	Clubhouse HVAC	Yes
Clubhouse Recurring	6300-35	Clubhouse Flooring	Yes
Clubhouse Recurring	6300-40	Clubhouse Furniture/Furnishings	No
Clubhouse Recurring	6300-45	Clubhouse Interior Construction	Yes
Clubhouse Recurring	6300-50	Clubhouse Paint	Yes
Clubhouse Recurring	6300-55	Laundry Room	Yes
Windows – Recurring	6400-05	Windows (whole window, not glass)	Yes
Playground Improvements	7000-10	Playground Equipment	Yes
Playground Improvements	7000-15	Playground Fencing	Yes
Playground Improvements	7000-20	Playground Landscaping	Yes
Pool Renovation	7100-05	Awnings	Yes
Pool Renovation	7100-10	Fireplace	Yes
Pool Renovation	7100-15	Grills	Yes

GL Code – GL Description	Cost Code	Cost Code Description	CM Fee Charged
Pool Renovation	7100-20	Outdoor Kitchen	Yes
Pool Renovation	7100-25	Pool Area Lighting	Yes
Pool Renovation	7100-30	Pool Deck Resurface	Yes
Pool Renovation	7100-35	Pool Landscaping	Yes
Pool Renovation	7100-40	Pool Equipment	Yes
Pool Renovation	7100-45	Pool Furniture	Yes
Pool Renovation	7100-50	Pool Resurface	Yes
Pool Renovation	7100-55	Pergolas	Yes
Site Furnishings – Improvements	7200-05	Bike Racks	Yes
Site Furnishings – Improvements	7200-10	Package Lockers	Yes
Site Furnishings – Improvements	7200-15	Park Grills	Yes
Site Furnishings – Improvements	7200-20	Picnic Tables and Benches	Yes
Site Furnishings – Improvements	7200-25	Shade Structures	Yes
Site Furnishings – Improvements	7200-30	Trash Cans	Yes
Site Furnishings – Improvements	7200-35	Mailboxes	Yes
Fitness Renovation	7300-05	Fitness Audio/Visual	Yes
Fitness Renovation	7300-10	Fitness Electrical (rough and Finish)	Yes
Fitness Renovation	7300-15	Fitness Equipment	Yes
Fitness Renovation	7300-20	Fitness Exterior Doors	Yes
Fitness Renovation	7300-25	Fitness Flooring	Yes
Fitness Renovation	7300-30	Fitness Paint	Yes
Tennis Court/Dog Park/Car Wash	7400-05	Car Wash	Yes
Tennis Court/Dog Park/Car Wash	7400-10	Dog Park Benches and Shade	Yes
Tennis Court/Dog Park/Car Wash	7400-15	Dog Park Equipment	Yes
Tennis Court/Dog Park/Car Wash	7400-20	Dog Park Fencing and Gates	Yes
Tennis Court/Dog Park/Car Wash	7400-25	Dog Park Ground Cover	Yes
Tennis Court/Dog Park/Car Wash	7400-30	Dog Park Landscaping	Yes
Tennis Court/Dog Park/Car Wash	7400-35	Dog Park Lighting	Yes
Tennis Court/Dog Park/Car Wash	7400-40	Dog Park Water Feature	Yes
Tennis Court/Dog Park/Car Wash	7400-45	Tennis Fencing	Yes
Tennis Court/Dog Park/Car Wash	7400-50	Tennis Net	Yes
Tennis Court/Dog Park/Car Wash	7400-55	Tennis Resurface	Yes
Tennis Court/Dog Park/Car Wash	7400-60	Dog Park General Construction	Yes
Security System Renovation	7450-05	Cameras	Yes
Security System Renovation	7450-10	Key Fobs (New System)	Yes
Security System Renovation	7450-15	Key Management Systems	Yes
Security System Renovation	7450-20	Alarms	Yes
Commercial Space Improvements	7470-05	Commercial Audio/Visual	Yes
Commercial Space Improvements	7470-10	Commercial Electrical/Lighting	Yes
Commercial Space Improvements	7470-15	Commercial Exterior Doors	Yes
Commercial Space Improvements	7470-20	Commercial Flooring	Yes
Commercial Space Improvements	7470-25	Commercial Interior Construction	Yes
Commercial Space Improvements	7470-30	Commercial Paint	Yes
Exterior Doors	7500-05	Patio Doors	Yes
Exterior Doors	7500-10	Unit Front Doors	Yes
Retaining Walls	7550-05	Retaining Walls	Yes
Gates and Fences	7570-05	Compactor Enclosures	Yes
Gates and Fences	7570-10	Dumpster Enclosures	Yes
Gates and Fences	7570-15	Gate Operators and Gates	Yes
Gates and Fences	7570-20	Property Fencing	Yes
Common Lighting/Electrical	7600-05	Breezeway Lighting	Yes

GL Code – GL Description	Cost Code	Cost Code Description	CM Fee Charged
Common Lighting/Electrical	7600-10	Building Lighting	Yes
Common Lighting/Electrical	7600-15	Building HVAC – Common areas	Yes
Common Lighting/Electrical	7600-20	Light Poles	Yes
Common Lighting/Electrical	7600-25	Main Power Lines	Yes
Common Lighting/Electrical	7600-30	Meter Fences	Yes
Common Lighting/Electrical	7600-35	Meter Panels	Yes
Common Lighting/Electrical	7600-40	Green Improvements (Lighting)	Yes
Common Lighting/Electrical	7600-45	Wiring	Yes
Building Façades	7650-05	Brick/Stone Veneer	Yes
Building Façades	7650-10	Exterior Paint	Yes
Building Façades	7650-15	Shutters	Yes
Building Façades	7650-20	Siding	Yes
Building Façades	7650-25	Soffits	Yes
Building Façades	7650-30	Stucco	Yes
Building Façades	7650-35	Tree Trimming (Part of Façade Project)	Yes
Parking Lot Improvements	7670-05	Asphalt Repairs	Yes
Parking Lot Improvements	7670-10	Asphalt Seal and Stripe	Yes
Parking Lot Improvements	7670-15	Car Stops	Yes
Parking Lot Improvements	7670-20	Curbing	Yes
Parking Lot Improvements	7670-25	Parking Concrete Repairs	Yes
Parking Lot Improvements	7670-30	Parking Drainage	Yes
Parking Lot Improvements	7670-35	Speed Bumps	Yes
Roof and Gutters	7700-10	Chimneys	Yes
Roof and Gutters	7700-15	Gutters/Downspouts	Yes
Roof and Gutters	7700-20	Roof Repairs	Yes
Roof and Gutters	7700-25	Roof Replacement	Yes
Roof and Gutters	7700-30	Roof Vents	Yes
Signage	7800-05	Building Signs	Yes
Signage	7800-10	Directional Signs	Yes
Signage	7800-15	Monument Signs	Yes
Carports/Garages	7900-05	Carport	Yes
Carports/Garages	7900-10	Garage Doors	Yes
Walkways/Stairs/Breezeways	8000-05	Corridor Flooring	Yes
Walkways/Stairs/Breezeways	8000-10	Corridor Paint	Yes
Walkways/Stairs/Breezeways	8000-15	Elevator Finishes	Yes
Walkways/Stairs/Breezeways	8000-20	New Sidewalks	Yes
Walkways/Stairs/Breezeways	8000-25	Paint/Stain Breezeway Floors	Yes
Walkways/Stairs/Breezeways	8000-30	Railing/Handrails	Yes
Walkways/Stairs/Breezeways	8000-35	Stair Treads	Yes
Walkways/Stairs/Breezeways	8000-40	Breezeway Ceilings	Yes
Walkways/Stairs/Breezeways	8000-45	Structural Stair Improvements	Yes
Landscaping Improvements	8100-05	Erosion/Drainage	Yes
Landscaping Improvements	8100-10	Fountains	Yes
Landscaping Improvements	8100-15	Irrigation	Yes
Landscaping Improvements	8100-20	Plantings/Enhancements	Yes
Landscaping Improvements	8100-25	Ponds	Yes
Landscaping Improvements	8100-30	Tree Removal (Large Scale)	Yes
Model	8200-05	Model Flooring	Yes
Model	8200-10	Model Furniture/Furnishings	Yes
Model	8200-15	Model Paint	Yes
Clubhouse Renovation	8300-05	Business Center Furniture/ Furnishings	Yes

GL Code – GL Description	Cost Code	Cost Code Description	CM Fee Charged
Clubhouse Renovation	8300-10	Clubhouse Appliances	Yes
Clubhouse Renovation	8300-15	Clubhouse Audio/Visual	Yes
Clubhouse Renovation	8300-20	Clubhouse Electrical/Lighting	Yes
Clubhouse Renovation	8300-25	Clubhouse Exterior Doors	Yes
Clubhouse Renovation	8300-30	Clubhouse Flooring	Yes
Clubhouse Renovation	8300-35	Clubhouse Furniture/Furnishings	Yes
Clubhouse Renovation	8300-40	Clubhouse Interior Construction	Yes
Clubhouse Renovation	8300-45	Clubhouse Paint	Yes
Clubhouse Renovation	8300-50	Laundry Room	Yes
Clubhouse Renovation	8300-55	Clubhouse HVAC	Yes
Clubhouse Renovation	8300-60	Clubhouse Landscaping	Yes
Clubhouse Renovation	8300-65	Package Lockers	Yes
Windows	8400-05	Windows (whole window, not glass)	Yes
Unit Renovations	6500-01	Unit GC Contract	Yes
Unit Renovations	6500-02	Unit Materials (All)	Yes
Unit Renovations	6500-03	Unit Subcontract Labor	Yes
Unit Renovations	6500-05	Unit Appliances	Yes
Unit Renovations	6500-10	Unit Backsplash	Yes
Unit Renovations	6500-15	Unit Blinds	Yes
Unit Renovations	6500-20	Unit Cabinets	Yes
Unit Renovations	6500-25	Unit Countertops	Yes
Unit Renovations	6500-30	Unit Door Hardware	Yes
Unit Renovations	6500-35	Unit Doors	Yes
Unit Renovations	6500-40	Unit Electrical	Yes
Unit Renovations	6500-45	Unit Flooring	Yes
Unit Renovations	6500-50	Unit Light Fixtures	Yes
Unit Renovations	6500-55	Unit Paint	Yes
Unit Renovations	6500-60	Unit Plumbing Fixtures	Yes
Unit Renovations	6500-65	Unit Tubs/Showers	Yes
Unit Renovations	6500-70	Unit Washer/Dryers	Yes
Unit Renovations	6500-75	Unit Fireplace	Yes
Uninsured Project WIP	8350-05	Uninsured Damages	No
Uninsured Project WIP	8350-10	Asbestos Abatement	No
Uninsured Project WIP	8350-15	Radon Mitigation	No
Uninsured Project WIP	8350-20	Moisture Damage	No
Uninsured Project WIP	8350-25	Cancellation Fee	No
Insured Damages	8360-05	Insured Damages	No

[END OF SCHEDULE B]

SCHEDULE C

DESIGN FEES

Description	Base Fee
Color Consult (exterior paint schemes)	$500
Clubhouse Drawings	$5,000
Clubhouse Design	$7,000
Amenities design w drawings	$3,500
Model Designs and Install	$2,500
All Furniture	10% markup if the furniture is purchased through Manager and pricing is approved by Owner

[END OF SCHEDULE C]

SCHEDULE D

APPROVED BUDGET FOR BALANCE OF 2018

[NOTE: APPROVED BUDGET TO BE ATTACHED AT TIME OF EXECUTION]

Exhibit C-1

MANAGEMENT INCENTIVE ALLOCATION AGREEMENT

THIS MANAGEMENT INCENTIVE ALLOCATION AGREEMENT (this "Agreement) is dated [ ], 2018, by and between **AREG SOUTHEAST RESIDENTIAL LLC**, a Delaware limited liability company ("Ares") and **COTTONWOOD CAPITAL PROPERTY MANAGEMENT II, LLC**, a Delaware limited liability company ("Manager").

RECITALS

A. As of the date hereof, Ares is the sole member of Sunbelt Residential Target LLC, a Delaware limited liability company ("Target LLC"). As of the date hereof, Ares or Target LLC is the sole member of each entity identified as a "Property Owner" **Exhibit A** (each a "Property Owner" and, collectively, the "Property Owners"). As of the date hereof, each Property Owner is the owner of their respective "Property" identified on **Exhibit A** (each a "Property" and, collectively, the "Properties").

B. Ares acquired Target LLC and each of the Property Owners from an affiliate of Manager pursuant to the terms and conditions of that certain Purchase and Sale Agreement dated July 31, 2018 (the "Purchase Agreement").

C. Concurrent with the execution of this Agreement and the closing of the transactions contemplated by the Purchase Agreement, each Property Owner has entered into a separate Property Management Agreement with Manager pursuant to which Manager has agreed to act as the property manager, leasing agent and construction manager for each Property (each a "Management Agreement" and, collectively, the "Management Agreements").

D. Ares and Manager desire to enter into this Agreement in order to set forth the terms and conditions under which Ares will cause the distribution from Target LLC to Manager of certain incentive allocations on account of the Management Agreements.

E. As soon as practicable following the Stafford Closing Date (as defined in the Purchase Agreement), Ares will contribute or cause to be contributed to Target LLC each of the Property Owners not already owned by Target LLC as of the date of this Agreement in a tax deferred contribution pursuant to Section 721(a) of the Code.

F. By execution hereof and effective as of the date of this Agreement, the Manager and Ares (each, a "Tax Partner") agree that Target LLC shall be treated as a tax partnership for U.S. federal, state and local income tax purposes and will be treated for U.S. federal, state and local income tax purposes as holding the Properties (the "Tax Election"). This Agreement (including **Exhibit B** attached hereto) shall be treated as Target LLC's "partnership agreement," as described in Section 761(c) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations thereunder. In furtherance of the foregoing, (i) Target LLC will be treated as receiving all distributions and shall be entitled to all allocations in respect of the Property Owners for U.S. federal, state and local income tax purposes, and (ii) the Manager shall be entitled to certain distributions and allocations from Target LLC as provided in this Agreement.

AGREEMENT

NOW, THEREFORE, taking the foregoing recitals into account, and in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Defined Terms**. The following terms as used herein shall be defined as follows:

(a) "Ares Invested Capital" shall mean, as of the date such is calculated, the total amount of all capital contributions made by Ares to the Property Owners (including all capital contributions made to acquire the

Properties and Target LLC), without reduction on account of any return of capital contributions or any other distributions to Ares which may have been made prior to the date of calculation.

(b) "Distributions" means cash distributions (including distributions of cash flow and capital event proceeds) from the Property Owners on account of the Properties.

(c) "For Cause Termination" means a termination of a Management Agreement by a Property Owner pursuant to Section 9(a) of the applicable Management Agreement.

(d) "IRR" means the annual discount rate which establishes the net present value of distributions to Ares as being equal to the net present value of the capital contributions made by Ares. In determining the IRR, the following shall apply: (a) all capital contributions shall be treated as having been contributed to the Property Owner on the actual day on which Ares funds were actually delivered to the Property Owner; (b) all distributions shall be treated as if received on the actual day on which the distribution was made; (c) all distribution amounts shall be based on the amount of the distribution prior to the application of any federal, state or local taxation to Ares (including any withholding or deduction requirements); and (d) all amounts shall be calculated using the X-IRR function of Microsoft Excel.

(e) "Manager Convenience Termination" means a termination of a Management Agreement: (i) by Manager pursuant to Section 9(b)(i) of any Management Agreement; or (ii) on account of an Manager's determination not to renew the term of any Management Agreement pursuant to Section 1 of such Management Agreement.

(f) "Tax Authority" means any U.S. federal, state or local governmental authority which has jurisdiction over Ares, Target LLC or the Property Owners with respect to matters of income taxation or the Tax Election.

(g) "Tax Dispute" means any audit, adjustment, controversy, inquiry, claim, litigation or dispute initiated by a Tax Authority which challenges, disputes or otherwise seeks information with respect to the Tax Election.

2. **Incentive Allocation**. Provided this Agreement shall not have terminated pursuant to Section 3 below, in addition to the fees payable pursuant to each of the Management Agreements, from and to the extent of any Distributions from Target LLC, Ares shall cause a distribution from Target LLC to Manager of an additional incentive allocation as follows (which shall be treated or U.S. federal, state and income tax purposes as being first distributed to Target LLC and thereafter further apportioned, allocated and distributed between the Tax Partners):

(a) First, no amount shall be due to Manager from Distributions on account of the Incentive Allocation, until such time as Ares shall receive Distributions from the Properties equal to the greater of: (i) a ten percent (10%) IRR with respect to Ares Invested Capital and (ii) one hundred sixty percent (160%) of Ares Invested Capital; and thereafter

(b) Second, after Ares receives Distributions in an amount to satisfy Section 2(a), Manager shall be paid a distribution (the "**Incentive Allocation**") from Target LLC equal to 20% of all Distributions from Target LLC, with the balance being paid to Ares.

Any Incentive Allocation that is due to be paid under this Agreement shall be paid not more than 60 days after the date on which the applicable Distributions giving rise to such Incentive Allocation were paid by Target LLC. If Ares shall determine that any reserves should be established by Target LLC or any Property Owners from amounts which would otherwise be subject to Distribution, once such reserves are no longer required, such will be subject to the provisions of this Section 2. Upon Manager's request and at Manager's sole cost and expense, Manager may from time to time review Ares' books and records in order to confirm the amount of the Incentive Allocation (if any).

3. **Termination of Agreement**.

(a) Prior to the Portfolio Liquidation Date, Ares shall have the right to terminate this Agreement upon the occurrence of any of the following events (a "Termination Event"):

(i) if Property Owners have exercised its rights to terminate the Management Agreement for five or more Properties as the result of a For Cause Termination;

(ii) if Manager has exercised its rights to terminate the Management Agreement for five or more Properties as the result of a Manager Convenience Termination;

(iii) if any representation or warranty in the Purchaser Agreement made the "Company" or the "Seller" (as such terms are defined in the Purchaser Agreement) shall have been false or inaccurate when made (or remade) in any material respect;

(iv) the failure to pay Reporting Costs or Indemnified Liabilities when due pursuant to this Agreement.

In the event Ares desires to terminate this Agreement upon the occurrence of a Termination Event, Ares shall deliver written notice to Manager specifying the Termination Event in question. Upon receipt of such notice, this Agreement shall automatically terminate and neither party shall have any obligation to the other, except those obligations hereunder which expressly survive termination. Without limiting the foregoing, upon a termination of this Agreement as a result of a Termination Event and upon the payment of the final Incentive Allocation, Target LLC be treated as terminated and all assets of Target LLC distributed to Ares for federal, state, and local income tax purposes.

(b) This Agreement shall automatically terminate on the date that Ares shall no longer own any direct or indirect interest in any of the Property (the "Portfolio Liquidation Date") and neither party shall have any obligation to the other, except those obligations hereunder which expressly survive termination.

(c) Upon the termination of this Agreement, Ares shall be obligated to cause the distribution of any Incentive Allocation which shall have actually been earned pursuant to this Agreement prior to the effective date of such termination and such obligation shall survive the termination of this Agreement. For purposes of clarity, upon the occurrence of the Portfolio Liquidation Date, Ares shall continue to be bound to cause the distribution of any final Incentive Allocation which may be due to Manager pursuant to this Agreement and such obligation shall survive the termination of this Agreement. Any such final Incentive Allocation shall be distributed as set forth in Section 2. Thereafter, no further Incentive Allocation shall be due to Manager whatsoever under this Agreement. In the event that any Management Agreement shall remain in effect as of the termination of this Agreement, such Management Agreement shall continue in full force and effect until terminated pursuant it to its terms. Upon the payment of the final Incentive Allocation, the tax partnership created hereby shall terminate for U.S. federal, state and income tax purposes.

4. **Relationship of Parties**. The Tax Partners agree that the agreement to treat Target LLC as a tax partnership is for tax purposes only and is not intended to in any other manner create a partnership between the Tax Partners in any other manner whatsoever. Without limiting the foregoing, in no event whatsoever shall Manager ever: (i) be deemed a member or partner of any Property Owner or Ares by virtue of this Agreement; (ii) have any right to participate in the management of any Project Owner, Target LLC or Ares by virtue of this Agreement; (iii) have any right to be consulted with respect to (or otherwise in any way participate in decision making with respect to) the sale, leasing, refinancing, contribution or any other transfer made with respect to the Properties, Property Owners, Target LLC or Ares; or (iv) have any authority to execute any document, grant any consent, make any election or otherwise take any action on behalf of any Project Owner, Target LLC or Ares by virtue of this Agreement. Ares shall have sole and exclusive authority over all decisions made with respect to the Properties, Target LLC and the Property Owners without any need for any approval of Manager, including if such would reduce or eliminate the amount of the Incentive Allocation to be paid hereunder. Provided that Ares does not breach the express terms and conditions of this Agreement, Ares shall not have any liability to Manager on account of any action taken, decision made or omission occurring with respect to the Properties, the Property

Owners, Target LLC or Ares (all such liability being hereby waived and released by Manager). Ares shall have no duties whatsoever to Manager in connection with the Properties, Target LLC, Property Owners or Ares (other than the obligation to cause the distribution of the Incentive Allocation when due) and hereby waives any right to claim that any such duty exists or is established by virtue of this Agreement. Manager has no right to contribute capital to, make any loans to or acquire any interest whatsoever in Ares, Target LLC or any Property Owner. Manager has no right to demand or receive any distributions from any Property Owners or Ares. It is acknowledged by Manager that the Incentive Allocation is not a guaranteed payment, but rather such will only become payable when and if Distributions are made by Target LLC in an amount sufficient to permit the distribution of the Incentive Allocation in accordance with Section 2. Unless and until an Incentive Allocation is actually due hereunder, Manager shall not be deemed a creditor of Ares or any Property Owner for any purpose. This Agreement is intended to result the formation of Target LLC as a partnership by the Tax Partners for U.S. federal, state and income tax purposes, and no party shall take any action inconsistent therewith. Notwithstanding anything to the contrary in this Agreement, no person shall be entitled or authorized to file any election to treat Target LLC as a corporation for tax purposes (unless and until this Agreement is terminated by virtue of a Termination Event). The limited liability company agreement of Target LLC shall include a provision that it shall not be interpreted in a manner inconsistent with this Agreement.

5. **Capital Accounts**.

(a) A separate capital account (each, a "Capital Account") shall be maintained for each Tax Partner in accordance with the rules of Treasury Regulations Section 1.704-1(b)(2)(iv), and this Section 5(a) shall be interpreted and applied in a manner consistent therewith. Whenever Target LLC would be permitted to adjust the Capital Accounts of the Tax Partners pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) to reflect revaluations of Target LLC property may so adjust the Capital Accounts. In the event that the Capital Accounts of the Tax Partners are adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) to reflect revaluations of Target LLC property, (i) the Capital Accounts of the Tax Partners shall be adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain or loss, as computed for book purposes, with respect to such property, (ii) the Tax Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under Section 704(c) of the Code and (iii) the amount of upward and/or downward adjustments to the book value of Target LLC property shall be treated as income, gain, deduction and/or loss for purposes of applying the allocation provisions of Exhibit B. In the event that Section 704(c) of the Code applies to Target LLC property, the Capital Accounts of the Tax Partners shall be adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain and loss, as computed for book purposes, with respect to such property.

(b) The Tax Partners hereby adopt the provisions set forth in **Exhibit B** with respect to allocations of income and loss in respect of Target LLC.

6. **Costs and Indemnity**.

(a) Manager shall pay or reimburse Ares and Target LLC for all out-of-pocket expenses incurred by Ares or Target LLC in connection with the preparation and filing of all U.S. federal, state and local tax returns (and related reporting documents), including the costs of the third-party accountants and tax preparers engaged by Target LLC or Ares to prepare such tax returns and reporting documents, in each case, solely to the extent such costs are incremental to the costs Ares would otherwise have incurred had the Tax Election not been made (collectively, the "Reporting Costs"). Ares will provide Manager with invoices for the amount of such Report Costs incurred and such shall be paid or reimbursed to Ares or Target LLC within ten (10) business days of presentation.

(b) Manager agrees to defend, indemnify and hold Ares, Target LLC, the Property Owners and any officers, directors or members of Ares, Target LLC, the Property Owners (collectively the "Indemnitees") harmless from

and against any and all costs, fees, expenses, penalties, claims, liabilities or damages suffered or incurred by any Indemnitees as a result of any Tax Dispute (excluding, for the avoidance of doubt, any taxes of Ares (or its direct or indirect owners) relating to the income or operations of the Properties) (the "Indemnified Liabilities"). Once an Indemnitee becomes aware of or receives notice of any Tax Dispute, the Indemnitee shall promptly provide notice to the Manager (a "Claim Notice"); provided, however, that the failure of an Indemnitee to so notify the Manager shall not limit or otherwise affect the Indemnitees' rights to be indemnified or reimbursed pursuant hereto, except to the extent such delay shall materially adversely prejudice any defense of such Tax Dispute. No Indemnitee shall take any actions, including an admission of liability, which would bar the Manager from enforcing any applicable coverage under any available policies of insurance or surety bonds or would materially prejudice the defense of a Tax Dispute. Each of the Tax Partner agrees to cooperate in a commercially reasonable manner with the other Tax Partner Parties in the conduct and resolution of each and every Tax Dispute and Opposing Claim (as defined below); provided, however, the Indemnitee shall not be required to incur any out-of-pocket costs in connection with such cooperation if the Tax Dispute is required to be indemnified by the Manager hereunder. None of the Parties shall settle, compromise or consent to the entry of any judgment with respect to any such Tax Dispute or Opposing Claim, without the prior written consent of the other applicable Parties in either such instance, which consent shall not be unreasonably withheld, conditioned or delayed.

(c) The Tax Partners shall jointly supervise, manage and direct the defense of any Tax Dispute and commence and prosecute any suit, action or proceeding (including, without limitation, any counterclaim) in response to any Tax Dispute with counsel selected by the Manager (an "Opposing Claim"). The cost of such defense and any Opposing Claim shall be borne by the Manager. The Indemnitees shall, however, have the right, in their sole discretion, to employ or cause to be employed separate counsel in any action in respect of such Tax Dispute or Opposing Claim and to participate in the defense or prosecution thereof, as applicable, but the fees and expenses of such counsel shall be borne solely by the Indemnitee; provided, however, the reasonable and documented fees and expenses of such separate counsel shall be paid by Manager if separate counsel is required to be engaged by any Indemnitee because (i) the Manager fails to conduct a commercially reasonable defense diligently, in good faith and in accordance with this Agreement, including the timely payment of all of the on-going costs of such defense when due, or (ii) Indemnitee shall reasonably determine, after consultation with its own separate counsel, that use of counsel selected by the Manager to represent Indemnitee is reasonably likely to present a conflict of interest that Indemnitee is not willing to waive, including situations in which there are one or more legal defenses available to Indemnitee are in addition to or conflict with those available to the Manager. All reasonable and documented costs and expenses (including, without limitation, all reasonable and documented attorneys' fees and disbursements, court costs and experts' and consultants' fees and disbursements) in connection with the defense, settlement or compromise of any Tax Dispute and without duplication of any collection costs) shall be payable by the Manager and included within the Indemnified Liabilities.

(d) In the event that Manager shall fail to pay any Reporting Costs or Indemnified Liabilities when due (a "Delinquent Amount"), Manager acknowledges and agrees that (in addition to any and all other rights and remedies under this Agreement or applicable law), Ares shall be entitled to offset such any such Delinquent Amount against: (i) any fee then due to Manager under the Management Agreements; or (ii) the Incentive Allocation.

(e) The provisions of this Section 6 shall survive the termination of this Agreement.

7. **Brokerage Fees**. Ares and Manager represent that neither has engaged any person entitled to any brokerage commission, finder's fee, placement fee or other fee on account of this Agreement. Ares agrees to indemnify and hold Manager and its affiliates harmless from and against any actual loss, damage (excluding consequential, punitive and special damages), liability, claim, cost or expense (including, but not limited to, reasonable attorneys' fees) paid or actually incurred by Manager or its affiliates from and against any person claiming to be due any brokerage commission, finder's fee, placement fee or other fee on account of its representation of Ares with respect to this Agreement. Manager agrees to indemnify and hold Ares and its affiliates harmless from and against any actual loss, damage (excluding consequential, punitive and special

damages), liability, claim, cost or expense (including, but not limited to, reasonable attorneys' fees) paid or actually incurred by Ares or its affiliates from and against any person claiming to be due any brokerage commission, finder's fee, placement fee or other fee on account of its representation of Manager with respect to this Agreement.

8. **Miscellaneous**.

(a) Notices. Any notice required or permitted to be given hereunder by one party to the other shall be in writing, and the same shall be given and shall be deemed to have been received (i) upon actual receipt when personally delivered, (ii) on the date of transmission, if given by electronic mail or other electronic means (with suitable evidence of transmission retained by sender); or (iii) on the delivery date as recorded by the delivery service, if sent by Federal Express or other overnight mail; provided that all such notices are sent to the party at the addresses hereinafter specified:

(a) If to Manager:

Cottonwood Capital Property Management
II, LLC
6340 S. 3000 East, #500
Salt Lake City, Utah 84121
Attention: Gregg Christensen
Nancy Noble
e-mail: gchristensen@cottonwoodres.com
nnoble@cottonwoodres.com

With a copy to:

Goodwin Procter LLP
100 Northern Avenue
Boston, Massachusetts 02210
Attention: Gilbert G. Menna
Blake Liggio
Telephone No.: (617) 570-1000
e-Mail: gmenna@goodwinlaw.com
bliggio@goodwinlaw.com

(b) If to Ares:

c/o Ares US Real Estate Fund IX, L.P.
245 Park Avenue, 43nd Floor
New York, New York 10167
Attention: Keith Kooper
e-mail: kkooper@aresmgmt.com

with a copy to:

c/o Ares Management LLC
245 Park Avenue, 42nd Floor
New York, New York 10167
Attention: Steven Wolf
e-mail: wolf@aresmgmt.com

with a copy to:

c/o Ares Management LLC
3340 Peachtree Road, N.E., Suite 1660
Atlanta, Georgia 30326
Attention: Howard C. Huang
e-mail: hhuang@aresmgmt.com

with a copy to:

Levenfeld Pearlstein, LLC
2 North LaSalle Street, Suite 1300
Chicago, Illinois 60602
Attention: Thomas Jaros
e-mail: tjaros@lplegal.com

From time to time either party may designate another address or addressee for itself for all purposes under this Agreement by giving to the other party not less than fifteen (15) days' advance written notice of such change of address or addressee in accordance with the provisions hereof. Refusal to accept delivery of notice shall be deemed receipt thereof.

(b) Assignment; Binding Effect. This Agreement shall not be assigned by Manager or Ares. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of Ares and Manager.

(c) Confidentiality. Ares and Manager shall not, without the prior written approval of the other party, disclose, make any news release, public announcement, denial, or confirmation or otherwise distribute, any information with respect to the subject matter of this Agreement, including, without limitation, any advertisement, publication or news release regarding the fact that Ares and Manager have entered into this Agreement, except as shall be required to perform their respective obligations hereunder or as may be required by law. Each of Ares and Manager agrees that any breach of this obligation by such party will result in irreparable harm to the other party, that a legal remedy is inadequate and the party harmed shall be entitled to specific performance. The provisions of this Section shall survive the termination of this Agreement.

(d) Entire Agreement. This Agreement embodies the entire agreement between Ares and Manager and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by the party charged to be bound thereby.

(e) Governing Law. This Agreement shall be construed in accordance with the laws of the State of New York.

(f) Legal Fees. In any legal action brought by one party hereto against the other to enforce or interpret the terms of this Agreement, or to resolve any dispute concerning any part of this Agreement, the party prevailing in such proceeding shall be entitled, in addition to such other relief as the court, referee or arbitrator, as applicable, may grant, to an award of its costs, including the reasonable fees and disbursements of its attorneys.

(g) Time of the Essence. Time is of the essence in connection with this Agreement and each and every provision hereof.

(h) Headings. The section headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect any of the terms hereof.

(i) Waiver. The waiver of either party of any breach or violation of, or default under, any provisions of this Agreement shall not be deemed a continuing waiver of such provision or a waiver by such party of any other provision or of any subsequent breach or violation of this Agreement or default thereunder.

(j) Severability. In case any one or more provisions set forth in this Agreement, or the application thereof to any person or circumstance shall for any reason be held invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or the application of such provisions to other persons or circumstances, and this Agreement shall be enforced to the greatest extent permitted by law.

(k) Exculpation. No officer, director, employee, of either Ares or the Manager shall have any personal liability for any matter related to this Agreement.

(l) Counterparts and Electronic Execution. This Agreement may be signed: (i) in any number of counterparts each of which shall be deemed to be an original, with the same effect as if the signatures thereto and hereto were on the same instrument; and (ii) by electronic means (including scanned signature delivered by PDF attachment to an e-mail) and all such electronic signatures shall be deemed originals for all purposes.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, this Management Incentive Allocation Agreement has been executed as of the date first written above.

ARES:

AREG SOUTHEAST RESIDENTIAL LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

MANAGER:

COTTONWOOD CAPITAL PROPERTY MANAGEMENT II, LLC

By: _____
Name: _____
Title: _____

Exhibit A

List of Properties and Property Owners

Property	Property Owner
1070 Main 1070 W. Main Street Hendersonville, TN	Cottonwood Arbors on Main H, LLC
4804 Haverwood 4804 Haverwood Lane Dallas, TX	CW Haverwood 1, LLC CW Haverwood 2, LLC
Oaks at North Dallas 4701Haverwood Lane Dallas, TX	CW Oak 1, LLC CW Oak 2, LLC
Bluffs at Vista Ridge 625 E. Vista Ridge Mall Drive Lewisville, TX	Cottonwood Bluffs at Vista Ridge H, LLC
Spring Pointe 3501 North Jupiter Road Richardson, TX	Cottonwood Spring Pointe H, LLC
Retreat at Stafford 12700 Stafford Road Stafford, TX	CW Stafford Apartments, LLC
Blue Swan 11710 Parliament Drive San Antonio, TX	Cottonwood Blue Swan H, LLC Cottonwood Blue Swan Cash, LLC
Waterford Creek 10510 Waterford Creek Lanes Charlotte, NC	Waterford Creek, LLC
Midtown Crossing 317 Lynn Road Raleigh, NC	CW Midtown Crossing, LP
Arbors at Fairview 1000 Arbor Keats Drive Simpsonville, SC	Arbors at Fairview Apartments LLC
Plantations at Haywood 135 Haywood Crossing Drive Greenville, SC	Haywood Plantations Property Owner, LLC
Retreat at River Park 3100 River Exchange Drive Sandy Springs, GA	CW River Park Apartments, LLC

[END OF EXHIBIT A]

Exhibit B

Allocation of Income and Loss

B.1 Allocation of Net Income and Net Loss. The net profit or net loss of Target LLC (and if necessary individual items of gross income or loss), determined on an annual basis in accordance with sound accounting principles, shall be allocated among the Tax Partners in a manner that will, so far as possible, cause the Capital Account of each Tax Partner at the end of each fiscal year to equal the following amount (which may be positive or negative):

(a) The distribution (if any) that such Tax Partner would have received had, on the last day of the fiscal year, (i) all Target LLC assets been sold for an amount of cash equal to their book value (determined in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)), (ii) all Target LLC liabilities had been satisfied with cash according to their terms (limited, with respect to each non-recourse liability, to the book value of the assets securing such liability) and (iii) the net proceeds of the sale described in clause (i), after satisfaction of the liabilities described in clause (ii), together with any remaining Target LLC cash, had been distributed among the Tax Partners in accordance with Section 2; less

(b) The sum of (i) the amount, if any, that such Tax Partner is obligated (or deemed obligated) to contribute to the capital of the Target LLC, (ii) such Tax Partner's share of partnership minimum gain (determined in accordance with Treasury Regulations Section 1.704-2(g)), and (iii) such Tax Partner's share of partner non-recourse debt minimum gain (determined in accordance with Treasury Regulations Section 1.704-2(i)(5)), in each case calculated on the last day of each such fiscal year and without duplication.

In Ares's good faith discretion, after taking into account the reasonable requests of the Manager, the net profit or net loss of Target LLC may be allocated among the Tax Partners in accordance with any other reasonable method selected by Ares that takes due account of the Tax Partners' economic interests in Target LLC and risk of loss as reflected by their capital contributions, rights to distributions and liability (direct and indirect) for the Target's debts and other obligations.

B.2 Regulatory Allocations. This Agreement shall be deemed to include "qualified income offset," "minimum gain chargeback" and "partner nonrecourse debt minimum gain chargeback" provisions within the meaning of the Treasury Regulations under Section 704(b) of the Code. Accordingly, notwithstanding any other provision of this Agreement, items of gross income shall be allocated to the Members on a priority basis to the extent and in the manner required by such provisions.

B.3 Section 704(b) of the Code. The allocation provisions contained in this Exhibit B are intended to comply with Section 704(b) of the Code and the Treasury Regulations promulgated thereunder, and shall be interpreted and applied in a manner consistent therewith.

B.4 Tax Allocations. Allocations of items of income, gain, deduction and loss for federal income tax purposes shall be allocated in the same manner as the corresponding items are allocated for book purposes, except as otherwise required pursuant to Section 704(c) of the Code.

B.5 Tax Elections and Decisions. Any tax elections or other decisions relating to allocations or tax matters shall be made by Ares, subject to the consent of the Manager to the extent such tax election or decision is reasonably expected to adversely affect the Manager in a manner that is materially more detrimental to the Manager as compared to Ares. Ares shall cause to be prepared and timely filed after the end of each taxable year of Target LLC all federal and state income tax returns required of Target LLC for such taxable year. The Manager shall reimburse Ares for all out-of-pocket expenses related to such tax filings, solely to the extent such costs are incremental to the costs Ares would otherwise have incurred.

B.6. Tax Information. Target LLC shall provide a Schedule K-1 to the Manager for Target LLC and any other information reasonably available to Target LLC as the Manager may require to comply with other tax reporting requirements imposed by law. Tax Partners acknowledge that the Target LLC may not be able to provide all information required for income tax reporting purposes on a timely basis and that they should expect to extend the time for filing their income tax returns.

B.7 Withholding. Target LLC shall at all times be entitled to make payments with respect to any Tax Partner in amounts required to discharge any obligation of Target LLC to withhold from a distribution otherwise payable to such Tax Partner or with respect to amounts allocable to such Tax Partner or to make any other payments to any governmental authority with respect to any foreign, federal, state or local tax or withholding liability arising as a result of such Tax Partner's interest in Target LLC (collectively, "Withholding Payments"). Any Withholding Payment made from funds withheld upon a distribution will be treated as distributed to such Tax Partner for all purposes of this Agreement. Any other Withholding Payment will be deemed to be a recourse loan by Target LLC to the relevant Tax Partner. The amount of any Withholding Payment treated as a loan, plus interest thereon from the date of each such Withholding Payment until such amount is repaid to Target LLC at an interest rate per annum equal to the lower of the prime rate quoted in The Wall Street Journal from time to time, plus two percent (2%) and the highest rate permitted by applicable law, shall be repaid to Target LLC, as determined by Ares in its good faith discretion, in whole or in part, (i) upon demand by Target LLC or (ii) by deduction from any distributions payable to the relevant Tax Partner pursuant to this Agreement (with the amount of such deduction treated as distributed to the relevant Tax Partner). If the proceeds to Target LLC from an investment are reduced on account of taxes withheld at the source or otherwise imposed on Target LLC or any subsidiary, and such taxes are imposed on, or with respect to, one or more of the Tax Partners in Target LLC, the amount of the reduction shall be borne by the relevant Tax Partners and treated as if it were paid by Target LLC as a Withholding Payment with respect to such Tax Partners. Any Imputed Underpayment Amount shall be treated as if it were paid by Target LLC as a Withholding Payment with respect to the appropriate Tax Partners. For purposes of this Agreement, "Imputed Underpayment Amount" means (i) any "imputed underpayment" within the meaning of Section 6225 of the Code (or any corresponding or similar provision of state, local or foreign tax law) paid (or payable) by Target LLC, including any costs, interest, penalties or additions to tax with respect to any such adjustment, (ii) any amount not described in clause (i) paid (or payable) by Target LLC as a result of the application of the provisions of Sections 6221-6242 of the Code (or any corresponding or similar provision of state, local or foreign tax law), including any costs, interest, penalties or additions to tax and penalties, and/or (iii) any amount paid (or payable) by any entity treated as a partnership for U.S. federal income tax purposes in which Target LLC holds (or has held) a direct or indirect interest other than through entities treated as corporations for U.S. federal income tax purposes to the extent that Target LLC bears the economic burden of such amounts, whether by law or agreement, as a result of the application of the provisions of Sections 6221-6242 of the Code (or any corresponding or similar provision of state, local or foreign tax law), including any costs, interest, penalties or additions to tax and penalties. Ares shall reasonably determine the portion of an Imputed Underpayment Amount attributable to each Tax Partner or former Tax Partner. The portion of the Imputed Underpayment Amount that Ares reasonably attributes to a Tax Partner shall be treated as a Withholding Payment with respect to such Tax Partner. The portion of the Imputed Underpayment Amount that Ares reasonably attributes to a former Tax Partner of Target LLC shall be treated as a Withholding Payment with respect to such former Tax Partner's transferee(s) or assignee(s), as applicable. Each Partner agrees to indemnify and hold harmless Target LLC and the other Tax Partner from and against any and all liability with respect to Withholding Payments required on behalf of, or with respect to, such Tax Partner. A Tax Partner's obligation to so indemnify shall survive the liquidation and dissolution of Target LLC, and Target LLC may pursue and enforce all rights and remedies it may have against each such Tax Partner under this Section B.7.

B.8 Partnership Representative

(a) Ares shall appoint, remove and replace Target LLC's partnership representative (referred to herein as the "Partnership Representative"). Upon the resignation or removal of the Partnership Representative, a successor Partnership Representative shall be selected by Ares. The initial Partnership Representative shall be Ares.

(b) In accordance with Code Section 6221 et seq. (as in effect for tax years commencing after December 31, 2017) (the "New Audit Procedures"), the Partnership Representative shall represent Target LLC in any tax dispute, controversy, audit or other administrative proceeding with the Internal Revenue Service and in any judicial proceeding regarding the same. The Partnership Representative shall be entitled to take such actions on behalf of Target LLC in any and all such administrative or judicial proceedings as it reasonably determines to be appropriate.

(c) The Partnership Representative shall be entitled to make any and all elections under the New Audit Procedures, including without limitation an election out of the New Audit Procedures under Code Section 6221(b) or to an election to "push out" to Target LLC's Tax Partners and former Tax Partners any "partnership adjustment" under Code Section 6226.

(d) The Partnership Representative shall employ experienced tax counsel to assist the Partnership Representative. Notwithstanding the foregoing, it shall be the responsibility of each Tax Partner, at its expense, to employ tax counsel to represent its separate interests to the extent not inconsistent with the New Audit Procedures.

(e) The Partnership Representative shall keep the Tax Partners informed of all administrative and judicial proceedings with the Internal Revenue Service and shall furnish to each Tax Partner who so requests in writing a copy of each notice or other communication received by the Partnership Representative from the Internal Revenue Service, except such notices or communications as are sent directly to such Tax Partner by the Internal Revenue Service.

(f) Target LLC shall not be obligated to pay any fees or other compensation to the Partnership Representative in its capacity as such; provided, however, that all reasonable expenses incurred by the Partnership Representative in serving as the Partnership Representative shall be Target LLC expenses and the Partnership Representative shall be reimbursed by Target LLC in connection therewith. If the Partnership Representative is required by law or regulation to incur fees and expenses in connection with tax matters not affecting each of the Tax Partners, then the Partnership Representative may, in its sole discretion, obtain reimbursement from those Tax Partners on whose behalf such fees and expenses were incurred.

(g) The Tax Partners agree to cooperate in good faith to timely provide information reasonably requested by the Partnership Representative as needed to comply with the Partnership Representative's responsibilities under the Code (and to provide notice to the Partnership Representative of any change in such information), including information that will enable Target LLC to make (and take full advantage of) any elections available to Target LLC under the New Audit Procedures.

(h) Target LLC shall make any payments of assessed amounts under Code Section 6221 and shall allocate any such assessment among the current or former Tax Partners of Target LLC for the "reviewed year" to which the assessment relates in a manner that reflects the current or former Tax Partners' respective interests in Target LLC for that reviewed year based on such Tax Partners share of such assessment as would have occurred if Target LLC had amended the tax returns for such reviewed year and such Tax Partner incurred the assessment directly (using the tax rates applicable to the Company under Code Section 6225(b)).

(i) To the extent that Target LLC is assessed amounts under Code Section 6221(a) and an election under Code Section 6226 has not been made with respect to such amounts, the current or former Tax Partners(s) to which this assessment relates such amounts are treated as Imputed Underpayment Amount and treated pursuant to the provisions of Section B.7.

(j) Unless waived by Ares in its sole discretion, the transferee or successor of a Tax Partner shall be responsible (jointly and severally with the transferor or predecessor) for any liability that the transferor Tax Partner might have for taxes assessable against the former Tax Partner under this clause.

(k) The provisions contained in Section B.8 shall (i) survive the dissolution of Target LLC, the redemption or withdrawal of any Tax Partner or the transfer of any Tax Partner's interest in Target LLC; and (ii) take precedence over any inconsistent provisions of this Agreement.

(l) The Partnership Representative shall also serve as the Target LLC's representative and agent in connection with the administration of any other Tax Dispute that requires or allows for the appointment of a Target LLC representative.

[END OF EXHIBIT B]

Exhibit C-2

MANAGEMENT INCENTIVE FEE AGREEMENT

THIS MANAGEMENT INCENTIVE FEE AGREEMENT (this "Agreement) is dated [ ], 2018, by and between **AREG SOUTHEAST RESIDENTIAL LLC**, a Delaware limited liability company ("Ares") and **COTTONWOOD CAPITAL PROPERTY MANAGEMENT II, LLC**, a Delaware limited liability company ("Manager").

RECITALS

A. As of the date hereof, Ares is the sole member of Sunbelt Residential Target LLC, a Delaware limited liability company ("Target LLC"). As of the date hereof, Ares or Target LLC is the sole member of each entity identified as a "Property Owner" **Exhibit A** (each a "Property Owner" and, collectively, the "Property Owners"). As of the date hereof, each Property Owner is the owner of their respective "Property" identified on **Exhibit A** (each a "Property" and, collectively, the "Properties").

B. Ares acquired Target LLC and each of the Property Owners from an affiliate of Manager pursuant to the terms and conditions of that certain Purchase and Sale Agreement dated July 31, 2018 (the "Purchase Agreement").

C. Concurrent with the execution of this Agreement and the closing of the transactions contemplated by the Purchase Agreement, each Property Owner has entered into a separate Property Management Agreement with Manager pursuant to which Manager has agreed to act as the property manager, leasing agent and construction manager for each Property (each a "Management Agreement" and, collectively, the "Management Agreements").

D. Ares and Manager desire to enter into this Agreement in order to set forth the terms and conditions under which Ares (and not the Property Owners) will pay to Manager certain incentive fees on account of the Management Agreements.

E. As soon as practicable following the Stafford Closing Date (as defined in the Purchase Agreement), Ares will contribute or cause to be contributed to Target LLC each of the Property Owners not already owned by Target LLC as of the date of this Agreement in a tax deferred contribution pursuant to Section 721(a) of the Code.

AGREEMENT

NOW, THEREFORE, taking the foregoing recitals into account, and in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Defined Terms**. The following terms as used herein shall be defined as follows:

(a) "Ares Invested Capital" shall mean, as of the date such is calculated, the total amount of all capital contributions made by Ares to the Property Owners (including all capital contributions made to acquire the Properties and Target LLC), without reduction on account of any return of capital contributions or any other distributions to Ares which may have been made prior to the date of calculation.

(c) "Distributions" means cash distributions (including distributions of cash flow and capital event proceeds) that are received by Ares from the Property Owners on account of the Properties.

(c) "For Cause Termination" means a termination of a Management Agreement by a Property Owner pursuant to Section 9(a) of the applicable Management Agreement.

(c) "IRR" means the annual discount rate which establishes the net present value of distributions to Ares as being equal to the net present value of the capital contributions made by Ares. In determining the IRR, the following shall apply: (a) all capital contributions shall be treated as having been contributed to the Property Owner on the actual day on which Ares funds were actually delivered to the Property Owner; (b) all distributions shall be treated as if received on the actual day on which the distribution was made; (c) all distribution amounts shall be based on the amount of the distribution prior to the application of any federal, state or local taxation to Ares (including any withholding or deduction requirements); and (d) all amounts shall be calculated using the X-IRR function of Microsoft Excel.

(d) "Manager Convenience Termination" means a termination of a Management Agreement: (i) by Manager pursuant to Section 9(b)(i) of any Management Agreement; or (ii) on account of an Manager's determination not to renew the term of any Management Agreement pursuant to Section 1 of such Management Agreement.

2. **Incentive Fee**. Provided this Agreement shall not have terminated pursuant to Section 3 below, in addition to the fees payable pursuant to each of the Management Agreements, from and to the extent of any Distributions from the Property Owners to Ares, Ares shall pay to Manager an additional incentive management fee as follows:

(a) First, no amount shall be due to Manager from Distributions on account of the Incentive Fee, until such time as Ares shall receive Distributions from the Properties equal to the greater of: (i) a ten percent (10%) IRR with respect to Ares Invested Capital and (ii) one hundred sixty percent (160%) of Ares Invested Capital; and thereafter

(b) Second, after Ares receives Distributions in an amount to satisfy Section 2(a), Manager shall be paid an incentive management fee (the "**Incentive Fee**") fee equal to 20% of all Distributions received by Ares from the Property Owner, with the balance being paid to Ares.

Any Incentive Fee that is due to be paid under this Agreement shall be paid not more than 60 days after the date on which the applicable Distributions giving rise to such Incentive Fee were received by Ares. If Ares shall determine that any reserves should be established by Target LLC, any Property Owners or Ares from amounts which would otherwise be subject to Distribution, once such reserves are no longer required, such will be subject to the provisions of this Section 2. Upon Manager's request and at Manager's sole cost and expense, Manager may from time to time review Ares' books and records in order to confirm the amount of the Incentive Fee (if any).

3. **Termination of Agreement**.

(a) Prior to the Portfolio Liquidation Date, Ares shall have the right to terminate this Agreement upon the occurrence of any of the following events (a "Termination Event"):

(i) if Property Owners have exercised its rights to terminate the Management Agreement for five or more Properties as the result of a For Cause Termination;

(ii) if Manager has exercised its rights to terminate the Management Agreement for five or more Properties as the result of a Manager Convenience Termination; or

(iii) if any representation or warranty in the Purchaser Agreement made the "Company" or the "Seller" (as such terms are defined in the Purchaser Agreement) shall have been false or inaccurate when made (or remade) in any material respect.

In the event Ares desires to terminate this Agreement upon the occurrence of a Termination Event, Ares shall deliver written notice to Manager specifying the Termination Event in question. Upon receipt of such notice, this Agreement shall automatically terminate and neither party shall have any obligation to the other, except those obligations hereunder which expressly survive termination.

(b) This Agreement shall automatically terminate on the date that Ares shall no longer own ay direct or indirect interest in any of the Property (the "Portfolio Liquidation Date") and neither party shall have any obligation to the other, except those obligations hereunder which expressly survive termination.

(c) Upon the termination of this Agreement, Ares shall be obligated to pay any Incentive Fee which shall have actually been earned pursuant to this Agreement prior to the effective date of such termination and such obligation shall survive the termination of this Agreement. For purposes of clarity, upon the occurrence of the Portfolio Liquidation Date, Ares shall continue to be bound to pay any final Incentive Fee which may be due to Manager pursuant to this Agreement and such obligation shall survive the termination of this Agreement. Any such final Incentive Fee shall be payable as set forth in Section 2. Thereafter, no further Incentive Fee shall be due to Manager whatsoever under this Agreement. In the event that any Management Agreement shall remain in effect as of the termination of this Agreement, such Management Agreement shall continue in full force and effect until terminated pursuant it to its terms.

4. **Relationship of Parties**. In no event whatsoever shall Manager ever: (a) be deemed a member of any Property Owner or Ares by virtue of this Agreement; (b) have any right to participate in the management of any Project Owner, Target LLC or Ares by virtue of this Agreement; (c) have any right to be consulted with respect to (or otherwise in any way participate in decision making with respect to) the sale, leasing, refinancing, contribution or any other transfer made with respect to the Properties, Property Owners, Target LLC or Ares; or (iv) have any authority to execute any document, grant any consent, make any election or otherwise take any action on behalf of any Project Owner, Target LLC or Ares by virtue of this Agreement. Ares shall have sole and exclusive authority over all decisions made with respect to the Properties, Target LLC and the Property Owners without any need for any approval of Manager, including if such would reduce or eliminate the amount of the Incentive Fee to be paid hereunder. Provided that Ares does not breach the express terms and conditions of this Agreement, Ares shall not have any liability to Manager on account of any action taken, decision made or omission occurring with respect to the Properties, the Property Owners, Target LLC or Ares (all such liability being hereby waived and released by Manager). Manager acknowledges and agrees that Ares shall have no duties whatsoever to Manager in connection with the Properties (other than the obligation to pay the Incentive Fee when due) and hereby waives any right to claim that any such duty exists or is established by virtue of this Agreement. Manager has no right to contribute capital to, make any loans to, or acquire any interest whatsoever in Ares, Target LLC or any Property Owner. Manager has no right to demand or receive any distributions from any Property Owners or Ares. It is acknowledged by Manager that the Incentive Fee is not a guaranteed payment, but rather such will only become payable when and if Distributions are made to Ares in an amount sufficient to permit the payment of the Incentive Fee in accordance with Section 2. Unless and until an Incentive Fee is actually due hereunder, Manager shall not be deemed a creditor of Ares or any Property Owner for any purpose.

5. **Brokerage Fees**. Ares and Manager represent that neither has engaged any person entitled to any brokerage commission, finder's fee, placement fee or other fee on account of this Agreement. Ares agrees to indemnify and hold Manager and its affiliates harmless from and against any actual loss, damage (excluding consequential, punitive and special damages), liability, claim, cost or expense (including, but not limited to, reasonable attorneys' fees) paid or actually incurred by Manager or its affiliates from and against any person claiming to be due any brokerage commission, finder's fee, placement fee or other fee on account of its representation of Ares with respect to this Agreement. Manager agrees to indemnify and hold Ares and its affiliates harmless from and against any actual loss, damage (excluding consequential, punitive and special damages), liability, claim, cost or expense (including, but not limited to, reasonable attorneys' fees) paid or actually incurred by Ares or its affiliates from and against any person claiming to be due any brokerage commission, finder's fee, placement fee or other fee on account of its representation of Manager with respect to this Agreement.

6. **Miscellaneous**.

(a) Notices. Any notice required or permitted to be given hereunder by one party to the other shall be in writing, and the same shall be given and shall be deemed to have been received (i) upon actual receipt when

personally delivered, (ii) on the date of transmission, if given by electronic mail or other electronic means (with suitable evidence of transmission retained by sender); or (iii) on the delivery date as recorded by the delivery service, if sent by Federal Express or other overnight mail; provided that all such notices are sent to the party at the addresses hereinafter specified:

(a) If to Manager:

Cottonwood Capital Property Management II, LLC
6340 S. 3000 East, #500
Salt Lake City, Utah 84121
Attention: Gregg Christensen
Nancy Noble
e-mail: gchristensen@cottonwoodres.com
nnoble@cottonwoodres.com

With a copy to:

Goodwin Procter LLP
100 Northern Avenue
Boston, Massachusetts 02210
Attention: Gilbert G. Menna
Blake Liggio
Telephone No.: (617) 570-1000
e-Mail: gmenna@goodwinlaw.com
bliggio@goodwinlaw.com

(b) If to Ares:

c/o Ares US Real Estate Fund IX, L.P.
245 Park Avenue, 43nd Floor
New York, New York 10167
Attention: Keith Kooper
e-mail: kkooper@aresmgmt.com

with a copy to:

c/o Ares Management LLC
245 Park Avenue, 42nd Floor
New York, New York 10167
Attention: Steven Wolf
e-mail: wolf@aresmgmt.com

with a copy to:

c/o Ares Management LLC
3340 Peachtree Road, N.E., Suite 1660
Atlanta, Georgia 30326
Attention: Howard C. Huang
e-mail: hhuang@aresmgmt.com

with a copy to:

Levenfeld Pearlstein, LLC
2 North LaSalle Street, Suite 1300
Chicago, Illinois 60602
Attention: Thomas Jaros
e-mail: tjaros@lplegal.com

From time to time either party may designate another address or addressee for itself for all purposes under this Agreement by giving to the other party not less than fifteen (15) days' advance written notice of such change of address or addressee in accordance with the provisions hereof. Refusal to accept delivery of notice shall be deemed receipt thereof.

(b) Assignment; Binding Effect. This Agreement shall not be assigned by Manager or Ares. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of Ares and Manager.

(c) Confidentiality. Ares and Manager shall not, without the prior written approval of the other party, disclose, make any news release, public announcement, denial, or confirmation or otherwise distribute, any information with respect to the subject matter of this Agreement, including, without limitation, any advertisement, publication or news release regarding the fact that Ares and Manager have entered into this Agreement, except as shall be required to perform their respective obligations hereunder or as may be required by law. Each of Ares and Manager agrees that any breach of this obligation by such party will result in irreparable harm to the other party, that a legal remedy is inadequate and the party harmed shall be entitled to specific performance. The provisions of this Section shall survive the termination of this Agreement.

(d) Entire Agreement. This Agreement embodies the entire agreement between Ares and Manager and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by the party charged to be bound thereby.

(e) Governing Law. This Agreement shall be construed in accordance with the laws of the State of New York.

(f) Legal Fees. In any legal action brought by one party hereto against the other to enforce or interpret the terms of this Agreement, or to resolve any dispute concerning any part of this Agreement, the party prevailing in such proceeding shall be entitled, in addition to such other relief as the court, referee or arbitrator, as applicable, may grant, to an award of its costs, including the reasonable fees and disbursements of its attorneys.

(g) Time of the Essence. Time is of the essence in connection with this Agreement and each and every provision hereof.

(h) Headings. The section headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect any of the terms hereof.

(i) Waiver. The waiver of either party of any breach or violation of, or default under, any provisions of this Agreement shall not be deemed a continuing waiver of such provision or a waiver by such party of any other provision or of any subsequent breach or violation of this Agreement or default thereunder.

(j) Severability. In case any one or more provisions set forth in this Agreement, or the application thereof to any person or circumstance shall for any reason be held invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or the application of such provisions to other persons or circumstances, and this Agreement shall be enforced to the greatest extent permitted by law.

(k) Exculpation. No officer, director, employee, of either Ares or the Manager shall have any personal liability for any matter related to this Agreement.

(l) Counterparts and Electronic Execution. This Agreement may be signed: (i) in any number of counterparts each of which shall be deemed to be an original, with the same effect as if the signatures thereto and hereto were on the same instrument; and (ii) by electronic means (including scanned signature delivered by PDF attachment to an e-mail) and all such electronic signatures shall be deemed originals for all purposes.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, this Management Incentive Fee Agreement has been executed as of the date first written above.

ARES:

AREG SOUTHEAST RESIDENTIAL LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

MANAGER:

COTTONWOOD CAPITAL PROPERTY MANAGEMENT II, LLC

By: _____

Name: _____

Title: _____

Exhibit A

List of Properties and Property Owners

Property	Property Owner
1070 Main 1070 W. Main Street Hendersonville, TN	Cottonwood Arbors on Main H, LLC
4804 Haverwood 4804 Haverwood Lane Dallas, TX	CW Haverwood 1, LLC CW Haverwood 2, LLC
Oaks at North Dallas 4701Haverwood Lane Dallas, TX	CW Oak 1, LLC CW Oak 2, LLC
Bluffs at Vista Ridge 625 E. Vista Ridge Mall Drive Lewisville, TX	Cottonwood Bluffs at Vista Ridge H, LLC
Spring Pointe 3501 North Jupiter Road Richardson, TX	Cottonwood Spring Pointe H, LLC
Retreat at Stafford 12700 Stafford Road Stafford, TX	CW Stafford Apartments, LLC
Blue Swan 11710 Parliament Drive San Antonio, TX	Cottonwood Blue Swan H, LLC Cottonwood Blue Swan Cash, LLC
Waterford Creek 10510 Waterford Creek Lanes Charlotte, NC	Waterford Creek, LLC
Midtown Crossing 317 Lynn Road Raleigh, NC	CW Midtown Crossing, LP
Arbors at Fairview 1000 Arbor Keats Drive Simpsonville, SC	Arbors at Fairview Apartments LLC
Plantations at Haywood 135 Haywood Crossing Drive Greenville, SC	Haywood Plantations Property Owner, LLC
Retreat at River Park 3100 River Exchange Drive Sandy Springs, GA	CW River Park Apartments, LLC

Exhibit D

TITLE AND NON-IMPUTATION AFFIDAVIT

STATE OF _____

COUNTY OF _____

File No. / Commitment No. FN-32017-Multi; File No _____ (the "Commitment")

1. Representatives of [_____, a Delaware limited liability company ("Property Owner")] and Cottonwood Acquisition, LLC, a Delaware limited liability company ("Seller", and collectively with Property Owner, "Company") have reviewed the Commitment;

2. To the knowledge of the Company, except as set forth on the rent roll attached hereto as Exhibit A, no other person has possession or any right to possession of the Property or any interest therein, and the Company has not granted any purchase options or rights of first refusal with respect to the Property which are outstanding;

3. Except as set forth on Exhibit B attached hereto[1]:

   (a) within the last [_____ (__) days][2], the Company has not (i) made, ordered or contracted for any construction, repairs, alterations or improvements to be made on or to the Property which have not been paid for in full, (ii) ordered materials for any such construction, repairs, alterations or improvements which have not been paid for in full, or (iii) attached any fixtures to the Property which have not been paid for in full; and

   (b) there are no outstanding or disputed claims for any work or item referred to in paragraph (a).

4. To the knowledge of the Company, the Company has not received written notice of any violation of any covenants, conditions or restrictions of record affecting the Property and there are no disputes with any adjoining property owners as to the location of property lines, or the encroachment of any improvements.

   All references herein to the "knowledge" of the Company or words of similar import shall refer only to the actual knowledge of Gregg Christensen, Executive Vice President of the Company, and shall not be construed to refer to the knowledge of any other officer, director, shareholder, employee, agent or representative of the Company, any direct or indirect owner of any beneficial interest in the Company, or any affiliate of any of the foregoing, or to impose or have imposed upon such individuals any duty to investigate the matters to which such knowledge, or the absence thereof, pertains. There shall be no personal liability on the part of the aforementioned individuals arising out of any representations or warranties made herein.

5. Neither Company nor Cottonwood Residential, Inc., a Maryland corporation, as the direct or indirect owner of Company (the "Parent") has done anything to create any defect, lien, encumbrance, transfer of interest, constructive trust, other equity in, or other matter affecting the land not disclosed in the Commitment, nor does it have any knowledge of any such adverse interests not disclosed in the Commitment (collectively, "Adverse Interests").

Seller, [***insert for Plantations at Haywood*: recognizing that funding may occur prior to a Deed, Mortgage or Deed of Trust being officially filed for record in the appropriate Clerk's Office,]** agrees that in consideration of Stewart Title Guaranty Company (the "Title Company") issuing a policy without exception to any matters

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[1] If any work is disclosed, the Title Insurer will require a Title Indemnity from Parent (i.e. any ongoing work at Plantations at Haywood).

[2] To be revised for each state: TX – 120 days; GA – 90 days; NC – 120 days; SC – 90 days; TN – 90 days if no notice of completion filed of record upon full completion; 30 days if notice of completion filed of record upon full completion.

which may arise between the effective date of the commitment for title insurance and [***insert for Plantations at Haywood*: the earlier of (i) the date the documents creating the interest being insured are filed for record, which matters may constitute an encumbrance on or affect the title of the Property, and (ii) five (5) business days following the date hereof**[3]**] [*insert for all other properties*: the date hereof]** (the "GAP"), to promptly defend, remove, bond, or otherwise dispose of any encumbrance, lien, or objectionable matter to title which may arise or be filed, as the case may be, against the Property during the GAP. Seller further agrees to **hold harmless and indemnify** the Title Company and its parent, subsidiary, and affiliated companies, and its owners, shareholders, directors, officers, employees, agents, and representatives of the foregoing, and their successors and assigns against all losses, expenses, costs, and fees, including, but not limited to, reasonable attorneys' fees, which may arise out of Seller's failure to so remove, bond, or otherwise dispose of any said liens, encumbrances, or objectionable matters created by Company in the GAP.

This Affidavit is given to induce the Title Company to issue its policy or policies of title insurance with full knowledge that the Title Company will rely upon the accuracy of same.

Non-Imputation/Adverse Interests:

This Affidavit is further given to induce the Title Company to issue a Non-Imputation Endorsement so that, notwithstanding the terms of the Conditions and Stipulations or the Exclusions from Coverage of the title insurance policies to the contrary, in the event of loss or damage insured against under the title insurance policies, the Title Company will not deny its liability thereunder to the Property Owner under Paragraph 3(a), 3(b) or 3(e) of the Exclusions from Coverage by reason of the action or inaction or knowledge of Company, all as more fully set forth in the Non-Imputation Endorsement to be issued;

The Title Company would refrain from issuing the Non-Imputation Endorsements to the title insurance policies in the absence of the representations, agreements and undertakings contained herein, and the Title Company is issuing the Non-Imputation Endorsement in reliance upon the undertakings of Parent and the issuance of such title insurance policies with the Non-Imputation Endorsements shall be the consideration for the above undertakings by Parent;

Parent, for itself, its heirs, successors, personal representatives and assigns, does hereby covenant and agree with the Title Company: (1) to forever fully **protect, indemnify, defend and save** the Title Company harmless from and against from any and all loss, cost, damages, reasonable attorneys' fees and expenses of every kind and nature which it may suffer, expend or incur under or by reason of, or in consequence of, the title insurance policy issued in connection with the above Commitment and with the Non-Imputation Endorsements on account of, or in consequence of, or going out of any Adverse Interests, or on account of the assertion or enforcement thereof or of any rights existing or hereafter arising or which may be claimed to exist under, or by reason of or in consequence of, or growing out of the Adverse Interests; (2) to **provide for the defense**, at their own expense, on behalf and for the protection of the Title Company and parties protected under the Non-Imputation Endorsements who may become so protected, against loss or damage under the title insurance policies with the Non-Imputation Endorsements (but without prejudice to the right of the Title Company to defend if it so elects) in all litigation consisting of actions or proceedings based on any Adverse Interests which may be asserted, established or enforced in, to, upon, against or in respect to the lands or any part thereof, or interest therein; and (3) to **pay, discharge, satisfy or remove** all or any of the Adverse Interests, when called upon by the Title Company after thirty (30) days' notice in writing and mailed to Parent.

The Title Company shall have the right at any time hereafter, after written notice to Parent, when it shall deem necessary, expedient, desirable or of interest to do so, in its sole discretion, to pay, discharge, satisfy or remove from the title to said real estate all or any of the Adverse Interests. Parent covenants and agrees to pay to the Title Company all amounts reasonably so expended on demand.

[Remainder of Page Left Blank.
Signature Page Follows.]

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[3] The date hereof shall be the closing date of the transactions.

Signature Page to Title and Non-Imputation Affidavit

AFFIANT OF SELLER:

_____

Name: Gregg Christensen
Not individually, but as an officer of Seller

STATE OF _____
COUNTY OF _____

This Affidavit was acknowledged and sworn before me on _____, 2018 by Gregg Christensen, Executive Vice President of Cottonwood Acquisition LLC, a Delaware limited liability company, on behalf of said limited liability company.

_____
Notary Public

Printed Name: _____
My Commission Expires: _____

PARENT (acknowledging Paragraph 5 above, and agreeing to be liable for all indemnities set forth above):

COTTONWOOD RESIDENTIAL, INC., a Maryland corporation

By: _____
Name: _____
Title: _____

STATE OF _____
COUNTY OF _____

This Affidavit was acknowledged and sworn before me on _____ , 2018 by _____ (name of officer), _____ (title of officer) of Cottonwood Residential, Inc., a Maryland corporation, on behalf of said limited liability company.

_____
Notary Public

Printed Name: _____
My Commission Expires: _____

Exhibit A

Rent Roll

See attached.

Exhibit B

Work

Exhibit E

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

LIMITED WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, THAT [Plantations at Haywood O, LLC][Haywood Storage, LLC] ("Grantor"), in the State aforesaid, County aforesaid for/and in consideration of the sum of Ten and 00/100ths Dollars ($10.00), and other good and valuable consideration, in hand paid at and before the sealing of these presents by Haywood Plantation Property Owner LLC ("Grantee") in the State aforesaid, County aforesaid, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release unto the said Grantee, its successors and assigns, subject to the exceptions set forth on Exhibit "B" attached hereto and incorporated herein by reference (the "Permitted Exceptions"), the following described property, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND

INCORPORATED HEREIN BY REFERENCE

TOGETHER with all and singular, the rights, members, hereditaments and appurtenances to the said premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said premises before mentioned unto the said Grantee, its successors and assigns forever, subject to the Permitted Exceptions.

AND the Grantor hereby binds itself and its successors and assigns, executors and administrators, to warrant and forever defend, all and singular, the said premises unto the said Grantee, its successors and assigns, against it and its successors and all persons whomsoever lawfully claiming, or to claim the same or any part thereof by or through the Grantor, but not otherwise, except with respect to the Permitted Exceptions.

WITNESS its hand and seal this day of , in the year of our Lord two thousand and eighteen.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

_____

_____

[PLANTATIONS AT HAYWOOD O, LLC,
a Delaware limited liability company

By: Plantations at Haywood M, LLC, a Delaware limited liability company, its sole Member

By: Cottonwood Residential O.P., LP, a Delaware limited partnership, its Manager

By: Cottonwood Residential, Inc., a Maryland corporation, its General Partner

By: _____
Name:
Title:]

[HAYWOOD STORAGE, LLC,
a Delaware limited liability company

By: Cottonwood Residential O.P., LP, a Delaware limited partnership, its Manager

By: Cottonwood Residential, Inc., a Maryland corporation, its General Partner

By: _____
Name:
Title:]

STATE OF _____)
)
COUNTY OF_____)

ACKNOWLEDGMENT

On this ____ day of _____, 2018 before me personally appeared _____, by _____, its _____, to me known to be the individual described herein who executed the foregoing Limited Warranty Deed and acknowledged that (s)he executed the same.

_____(Seal)
Printed Name of Notary: _____
NOTARY PUBLIC FOR _____

My Commission Expires:_____

EXHIBIT "A"
(Legal Description of Property)

[ALL THOSE CERTAIN PIECES, PARCELS OR TRACTS OF LAND SITUATE, LYING AND BEING IN THE STATE OF SOUTH CAROLINA, CITY AND COUNTY OF GREENVILLE, NEAR THE INTERSECTION OF HAYWOOD ROAD AND HAYWOOD CROSSING, BEING IDENTIFIED AS HAYWOOD CROSSING ONE, TRACT 5, TRACT 6-A, TRACT 6-B, TRACT 7-A, TRACT 7-B, TRACT 8-A AND TRACT 8-B, RESPECTIVELY, ON A SURVEY ENTITLED ALTA/ACSM LAND TITLE SURVEY OF PLANTATIONS AT HAYWOOD, GREENVILLE COUNTY, SOUTH CAROLINA, PREPARED FOR PLANTATIONS AT HAYWOOD 0, LLC, CHICAGO TITLE INSURANCE COMPANY, CAPITAL ONE MULTIFAMILY FINANCE, LLC, WCSR TITLE, LLC, SECRETARY OF U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, BY AYERCORP ENGINEERS, SURVEYORS, PLANNERS, DATED OCTOBER 1, 2013, LAST REVISED JULY 15,2014, (the "SURVEY") AND HAVING, ACCORDING TO SAID SURVEY, THE FOLLOWING METES AND BOUNDS, TO-WIT:

HAYWOOD CROSSING ONE PARCEL:

BEGINNING AT AN IRON PIN ON THE SOUTHERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE WHICH IRON PIN IS LOCATED N 74°06'34" E FOR 29,20 FEET FROM THE EASTERN RIGHT-OF-WAY OF HAYWOOD ROAD AT THE NORTHWEST CORNER OF THE PROPERTY OF C.B.P. ENTERPRISES (D.B. 1284-965), THENCE WITH THE SOUTHERN, SOUTHWESTERN, AND WESTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE THE FOLLOWING BEARINGS AND DISTANCES: N 74°06'33" E FOR 14.71 FEET TO AN IRON PIN; THENCE S 75°52'17" E FOR 256.84 FEET TO AN IRON PIN, THENCE S 77°29'25" E 223.57 FEET TO AN IRON PIN, THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 225.00 FEET, AN ARC OF 155.64 FEET AND A CHORD BEARING AND DISTANCE OF N 82°41'38" E FOR 152.56 FEET TO AN IRON PIN, THENCE N 62°36'45" E FOR 144.74 FEET TO AN IRON PIN, THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 174.26 FEET, AN ARC OF 261.96 FEET AND A CHORD BEARING AND DISTANCE OF S 74°19'21" E FOR 237.98 FEET TO AN IRON PIN, THENCE S 31°15'28" E FOR 196.91 FEET TO AN IRON PIN, THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 175.00 FEET, AN ARC OF 214.31 FEET AND A CHORD BEARING AND DISTANCE OF S 03°49'34" W FOR 201.17 FEET TO AN IRON PIN, THENCE S 38°54'36" W FOR 126.89 FEET, THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 228.00 FEET, AN ARC OF 235.50 FEET AND A CHORD BEARING AND DISTANCE OF S 09°19'10" W FOR 225.17 FEET TO AN IRON PIN, THENCE S 20°16'16" E FOR 136.39 FEET TO AN IRON PIN, THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 199.20 FEET, AN ARC OF 158.34 FEET AND A CHORD BEARING AND DISTANCE OF S 02°30'00" W FOR 154.20 FEET TO AN IRON PIN, THENCE LEAVING THE WESTERN RIGHT OF WAY OF HAYWOOD CROSSING DRIVE WITH THE COMMON LINE OF TRACT 7-A THE FOLLOWING BEARINGS AND DISTANCES: N 58°14'24" W FOR 299.56 FEET TO A NAIL AND CAP, THENCE S 64°21'7" W FOR 61.19 FEET TO A DRILL HOLE IN CONCRETE, THENCE S 25°26'07" W FOR 111.73 FEET TO AN IRON PIN, THENCE WITH THE COMMON LINE OF TRACT 7-B S 25°26'07" W FOR 13.02 FEET TO AN IRON PIN, THENCE N 71°26'40" W FOR 296.24 FEET TO A NAIL AND RIBBON, THENCE WITH THE COMMON LINE OF GOLDSMITH AND WILLIMON AND FOLLOWING THE CENTERLINE OF A SANITARY SEWER EASEMENT N 14°34'28" W FOR 86.00 FEET TO AN IRON PIN, THENCE WITH THE COMMON LINE OF GOLDSMITH AND WILLIMON N 73°52'25" W FOR 63.07 FEET TO AN IRON PIN, WITH THE COMMON LINES OF 400 PELHAM ROAD, INC., HAYWOOD ROAD R & S PROPERTIES AND C.B.P, ENTERPRISES AND WITH A CREEK BEING THE LINE THE FOLLOWING BEARINGS AND DISTANCES: N 07°53'00" E FOR 201.34 FEET TO A POINT, THENCE N 00°45'00" E FOR 155.03 FEET TO A POINT, THENCE N 14°17'48" W FOR 335.24 FEET TO A POINT, THENCE N 20°30'58"E FOR 100.70 FEET TO AN IRON PIN, THENCE LEAVING THE CENTERLINE OF THE CREEK WITH A COMMON LINE OF C.B.P. ENTERPRISES N 74°57'46" W FOR 25.29 FEET TO AN IRON PIN, THENCE N 74°59'17" W FOR 244.14 FEET TO AN IRON PIN AT THE INTERSECTION OF THE EASTERN RIGHT-OF-WAY OF HAYWOOD ROAD AND THE

SOUTHERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE AND BEING THE TRUE POINT OF BEGINNING. THE ABOVE DESCRIBED TRACT CONTAINS 15.60 ACRES.

TRACT 5:

BEGINNING AT AN IRON PIN ON THE WESTERN RIGHT-OF-WAY OF TRANSIT DRIVE THAT IS THE COMMON CORNER OF TRACT 5 AND TRACT 8-A N 20° -04'-10" W FOR 224.69 FEET TO A NAIL-AND-CAP: THENCE S 81° -20'-34" W FOR 258.51 FEET TO A NAIL-AND-CAP ON THE EASTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE; THENCE LEAVING THE COMMON LINE WITH TRACT 8-A AND FOLLOWING SAID RIGHT-OF-WAY ALONG A CURVE TO THE LEFT WITH A RADIUS OF 249.78 FEET, LENGTH OF 134.95 FEET, AND A CHORD BEARING AND DISTANCE OF N 04° -47'-16" W FOR 133.31 FEET TO AN IRON PIN; THENCE N 20° -15'-54" W FOR 136.18 FEET TO AN IRON PIN; THENCE ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 178.00 FEET, LENGTH OF 132.56 FEET, AND A CHORD BEARING AND DISTANCE OF N 01° -04'10" E FOR 129.52 FEET TO AN IRON PIN: THENCE LEAVING SAID RIGHT-OF-WAY ALONG A COMMON LINE WITH TRACT 6-B S 75° -33'-03" E FOR 94.34 FEET TO AN IRON PIN; THENCE S 30° -51'-42" E FOR 260.02 FEET TO AN IRON PIN; THENCE N 81° -25'-17" E FOR 356.02 FEET TO AN IRON PIN; THENCE N 25° -22'-58" E FOR 140.15 FEET TO AN IRON PIN; THENCE LEAVING THE COMMON LINE WITH TRACT 6-B AND FOLLOWING A COMMON LINE WITH DANIEL INTERNATIONAL S 31° -19'-20" E FOR 258.08 FEET TO AN IRON PIN; THENCE SOUTH 31° -28'-36" E, A DISTANCE OF 295.77 FEET TO AN IRON PIN ON THE WESTERN RIGHT-OF-WAY OF TRANSIT DRIVE; THENCE LEAVING SAID COMMON LINE WITH DANIEL INTERNATIONAL AND FOLLOWING SAID RIGHT OF WAY S 67° -33'-10" W FOR 18.91 FEET TO AN IRON PIN; THENCE ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 208.54 FEET, LENGTH OF 181.81 FEET, AND A CHORD BEARING AND DISTANCE OF N 87° -28'-19" W FOR 176.10 FEET TO AN IRON PIN; THENCE N 62° -29'-47" W FOR 79.00 FEET TO AN IRON PIN, THENCE ALONG A CURVE TO THE LEFT WITH A RADIUS OF 166.17 FEET, LENGTH OF 156.35 FEET, AND A CHORD BEARING AND DISTANCE OF N 89°-27'-04" WEST FOR 150.65 FEET TO AN IRON PIN; THENCE S 63° -35'-38" W FOR 137.09 FEET TO AN IRON PIPE AND THE POINT OF BEGINNING. SAID TRACT CONTAINS 5.36 ACRES.

TRACT 6-A:

BEGINNING AT AN IRON PIN AT THE INTERSECTION OF THE EASTERN RIGHT OF WAY OF TIMMONS DRIVE AND THE NORTHERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE, THENCE WITH THE EASTERN RIGHT OF WAY OF TIMMONS DRIVE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 220.10 FEET, AN ARC OF 63.39 FEET AND A CHORD BEARING AND DISTANCE OF N 00°-43'-31" E FOR 63.17 FEET TO AN IRON PIN; THENCE LEAVING THE EASTERN RIGHT OF WAY OF TIMMONS DRIVE WITH THE COMMON LINE OF PROPERTY NOW OR FORMERLY OF PLANTATIONS AT HAYWOOD O, LLC, AS SHOWN ON THE SURVEY, N 64° -21'-06" E FOR 218.59 FEET TO AN IRON PIN, THENCE ALONG A COMMON LINE WITH DANIEL INTERNATIONAL S 31° -21'-55" E FOR 340.18 FEET TO AN IRON PIN, THENCE WITH THE COMMON LINE OF TRACT 6-B S 52° -19'-38" W 196.70 FEET TO AN IRON PIN, THENCE ALONG THE RIGHT OF WAY OF HAYWOOD CROSSING DRIVE N 31° -12'-55" W FOR 180.91 FEET TO AN IRON PIN; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 224.93 FEET, AN ARC OF 162.85 FEET, AND A CHORD BEARING AND DISTANCE OF N 51° -57'-21" W FOR 159.31 FEET TO AN IRON PIN AT THE INTERSECTION OF THE EASTERN RIGHT OF WAY OF TIMMONS DRIVE AND THE NORTHERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE AND BEING THE TRUE POINT OF BEGINNING. ABOVE DESCRIBED TRACT CONTAINS 1.72 ACRES.

TRACT 6-B:

BEGINNING AT AN IRON PIN ON THE NORTHERN RIGHT OF WAY OF HAYWOOD CROSSING DRIVE AND BEING THE SOUTHERN MOST CORNER OF TRACT 6-A, THENCE LEAVING THE

NORTHERN RIGHT OF WAY OF HAYWOOD CROSSING DRIVE WITH THE COMMON LINE OF TRACT 6-A N 52° -19'-38" E FOR 196.70 FEET TO AN IRON PIN, THENCE WITH THE COMMON LINE OF DANIEL INTERNATIONAL S 31° -20'-37" E FOR 703.50 FEET TO AN IRON PIN, THENCE WITH THE COMMON LINE OF TRACT 5 THE FOLLOWING BEARINGS AND DISTANCES: S 25° -22'-58" W FOR 140.15 FEET TO AN IRON PIN, THENCE S 81° -25'-17" W FOR 356.02 FEET TO AN IRON PIN, THENCE N 30° -51'-42" W FOR 260.02 FEET TO AN IRON PIN, THENCE N 75° -33'-03" W FOR 94.34 FEET TO AN IRON PIN ON THE EASTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE, THENCE WITH THE EASTERN AND NORTHEASTERN RIGHT OF WAY OF HAYWOOD CROSSING DRIVE THE FOLLOWING BEARINGS AND DISTANCES: ALONG A CURVE TO THE RIGHT WITH A CURVE HAVING A RADIUS OF 178.00 FEET, AN ARC OF 50.97 FEET AND A CHORD BEARING AND DISTANCE OF N 30° -36'-24" E FOR 50.79 FEET TO AN IRON PIN, THENCE N 38° -48'-33" E FOR 127.86 FEET TO AN IRON PIN, THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 224.66 FEET, AN ARC OF 274.00 FEET AND A CHORD BEARING AND DISTANCE OF N 03° -52'-12" E FOR 257.33 FEET TO A MARK IN CONCRETE, THENCE N 31° -04'-09" W FOR 15.78 FEET TO AN IRON PIN AND THE POINT OF BEGINNING. ABOVE DESCRIBED TRACT CONTAINS 6.11 ACRES.

TRACT 7-A:

BEGINNING AT AN IRON PIN ON THE NORTHWESTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE AND BEING THE MOST NORTHEASTERN CORNER OF TRACT 7-B, THENCE LEAVING THE NORTHWESTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE WITH THE COMMON LINE OF TRACT 7-A AND FOLLOWING THE CENTERLINE OF A CREEK THE FOLLOWING BEARINGS AND DISTANCES: N 47° -02'-39" W FOR 17.14 FEET TO A POINT, THENCE N 78° -01'-16" W FOR 104.14 FEET TO A POINT, THENCE N 75° -48'-11" W FOR 75.88 FEET TO A POINT, THENCE N 66° -09'-06" W FOR 25.32 FEET TO A POINT, THENCE N 50° -17'-00" W FOR 39.37 FEET TO A POINT, THENCE N 65° -57'-53" W FOR 30.51 FEET TO A POINT, THENCE N 84° -45'-38" W FOR 33.34 FEET TO AN IRON PIN, THENCE WITH THE COMMON LINE OF THE HAYWOOD CROSSING ONE TRACT THE FOLLOWING BEARINGS AND DISTANCES: N 25°-26'-07" E FOR 111.73 FEET TO A DRILL HOLE IN CONCRETE; THENCE N 64° -21'-07" E FOR 61.19 FEET TO A NAIL AND CAP, THENCE S 58° -14'-24" E FOR 299.56 FEET TO AN IRON PIN ON THE NORTHWESTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE, THENCE WITH THE NORTHWESTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE THE FOLLOWING BEARINGS AND DISTANCES: ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 199.20 FEET AND AN ARC OF 64.36 FEET AND A CHORD BEARING AND DISTANCE OF S 34° -31'-37" W FOR 64.08 FEET TO AN IRON PIN, THENCE S 43° -46'-58" W FOR 27.35 FEET TO AN IRON PIN BEING THE TRUE POINT OF BEGINNING. ABOVE DESCRIBED TRACT CONTAINS 0.95 ACRES.

TRACT 7-B:

BEGINNING AT AN IRON PIN AT THE INTERSECTION OF THE NORTHERN RIGHT-OF-WAY OF TRANSIT DRIVE AND THE NORTHWESTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE, THENCE WITH THE NORTHERN RIGHT-OF-WAY OF TRANSIT DRIVE N 70° -09'-31" W FOR 351.64 FEET TO AN IRON PIN, THENCE LEAVING THE NORTHERN RIGHT-OF-WAY OF TRANSIT DRIVE WITH THE COMMON LINE OF GOLDSMITH AND WILLIMON AND FOLLOWING THE CENTERLINE OF A SANITARY SEWER EASEMENT THE FOLLOWING BEARINGS AND DISTANCES: N 13° -57'-30" E FOR 239.31 FEET TO A SANITARY SEWER MANHOLE, THENCE N 44° -24'-22" E FOR 121.61 FEET TO A SANITARY SEWER MANHOLE, THENCE N 14° -34'-28" W FOR 35.42 FEET TO A NAIL & RIBBON, THENCE WITH THE COMMON LINE OF THE HAYWOOD CROSSING ONE TRACT S 71° -26'-40" E FOR 296.24 FEET TO AN IRON PIN, THENCE N 25° -26'-07" E FOR 13.02 FEET TO AN IRON PIN, THENCE WITH THE COMMON LINE OF TRACT 7-A AND FOLLOWING THE CENTERLINE OF A CREEK THE FOLLOWING BEARINGS AND DISTANCES: S 84° -45'-38" E FOR 33.34 FEET TO A POINT, THENCE S 65° -57'-53" E FOR 30.51 FEET TO A POINT, THENCE S 50° -17'-00" E FOR 39.37 FEET TO A POINT, THENCE S 66°-09'-06" E FOR 25.32 FEET TO A POINT, THENCE S 75° -48'-11" E

FOR 75.88 FEET TO A POINT, THENCE S 78° -01'-16" E FOR 104.14 FEET TO A POINT, THENCE S 47° -02'-39" E FOR 17.14 FEET TO AN IRON PIN ON THE NORTHWESTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE, THENCE WITH THE NORTHWESTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE THE FOLLOWING BEARINGS AND DISTANCES: S 43° -46'-58" W FOR 147.97 FEET TO AN IRON PIN, THENCE WITH A CURVE TO THE RIGHT HAVING A RADIUS OF 125.00 FEET AND AN ARC OF 74.35 FEET AND A CHORD BEARING AND DISTANCE OF S 60° -49'-18" W FOR 73.25 FEET TO AN IRON PIN, THENCE S 77° -51-37" W FOR 65.70 FEET TO AN IRON PIN, THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET AND AN ARC OF 176.80 FEET AND A CHORD BEARING AND DISTANCE OF S 48° -55'-03" W FOR 169.38 FEET TO AN IRON PIN, THENCE S 19° -58'-29" W FOR 6.33 FEET TO AN IRON PIN, THENCE S 65° -22'-44" W FOR 35.14 FEET TO AN IRON PIN AT THE INTERSECTION OF THE NORTHWESTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE AND THE NORTHERN RIGHT-OF-WAY OF TRANSIT DRIVE AND BEING THE TRUE POINT OF BEGINNING, ABOVE DESCRIBED TRACT CONTAINS 4.40 ACRES.

TRACT 8-A:

BEGINNING AT AN IRON PIN ON THE NORTHWESTERN RIGHT-OF-WAY OF TRANSIT DRIVE AND BEING THE MOST SOUTHWESTERN CORNER OF TRACT 5, THENCE WITH THE NORTHWESTERN RIGHT-OF-WAY OF TRANSIT DRIVE S 63° -39'-38" W FOR 242.58 FEET TO AN IRON PIN, THENCE LEAVING THE NORTHWESTERN RIGHT-OF-WAY OF TRANSIT DRIVE WITH THE COMMON LINE OF TRACT 8-B, N 26° -26'-35" W FOR 80.13 FEET TO AN IRON PIN, THENCE CONTINUING WITH THE COMMON LINE OF TRACT 8-B AND WITH THE CENTERLINE OF A CREEK THE FOLLOWING BEARINGS AND DISTANCES: S 80° -46'-00" W FOR 31.24 FEET TO A POINT, THENCE N 39° -09'-17" W FOR 41.23 FEET TO A POINT, THENCE N 79° -34'-20" W FOR 27.46 FEET TO A POINT, THENCE N 48° -52'-19" W FOR 42.52 FEET TO A POINT, THENCE N 63° -29'-14" W FOR 26.83 FEET TO A POINT, THENCE N 26° -33'-06 W FOR 10.70 FEET TO AN IRON PIN ON THE SOUTHEASTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE, THENCE WITH THE SOUTHEASTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 249.78 FEET AND AN ARC OF 144.31 FEET AND A CHORD BEARING AND DISTANCE OF N 27° -14'-27" E FOR 142.31 FEET TO A NAIL AND CAP, THENCE LEAVING THE SOUTHEASTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE WITH THE COMMON LINE OF TRACT 5 THE FOLLOWING BEARINGS AND DISTANCES: N 81° -20'-34" E FOR 258.51 FEET TO A NAIL AND CAP, THENCE S 20° -04'-10" E FOR 224.69 FEET TO AN IRON PIN ON THE NORTHWESTERN RIGHT-OF-WAY OF TRANSIT DRIVE AND THE TRUE POINT OF BEGINNING. ABOVE DESCRIBED TRACT CONTAINS 1.80 ACRES.

TRACT 8-B:

BEGINNING AT AN IRON PIN AT THE INTERSECTION OF THE NORTHERN RIGHT-OF-WAY OF TRANSIT DRIVE AND THE SOUTHEASTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE, THENCE WITH THE SOUTHEASTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE THE FOLLOWING BEARINGS AND DISTANCES: N 25° -17'-02" W FOR 35.48 FEET TO AN IRON PIN; THENCE N 21°-33'-30" E FOR 8.41 FEET TO AN IRON PIN; THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 125.00 FEET, AN ARC OF 122.68 FEET AND A CHORD BEARING AND DISTANCE OF N 49° -40'-26" E FOR 117.81 FEET TO AN IRON PIN; THENCE N 77° -47'-22" E FOR 66.15 FEET TO AN IRON PIN; THENCE WITH A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET, AN ARC OF 103.84 FEET AND A CHORD BEARING AND A DISTANCE OF N 60° -47'-27" E FOR 102.32 FEET TO AN IRON PIN; THENCE N 43° -47'-32" E FOR 174.92 FEET TO AN IRON PIN; THENCE LEAVING THE SOUTHEASTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE WITH THE COMMON LINE OF TRACT 8-A AND FOLLOWING THE CENTERLINE OF A CREEK, THE FOLLOWING BEARINGS AND DISTANCES: S 26° -33'-06" E FOR 10.70 FEET TO A POINT; THENCE S 63° -29'-14" E FOR 26.83 FEET TO A POINT; THENCE S 48° -52'-19" E FOR 42.52 FEET TO A POINT; THENCE S 79° -34'-20" E FOR 27.46 FEET TO A POINT; THENCE S 39° -09'-17" EAST FOR 41.23 FEET

TO A POINT, THENCE N 80° -46'-00" E FOR 31.24 FEET TO AN IRON PIN, THENCE WITH THE COMMON LINE OF TRACT 8-A: S 26° -26'-35" E FOR 80.13 FEET TO AN IRON PIN ON THE NORTHWESTERN RIGHT-OF-WAY OF TRANSIT DRIVE; THENCE WITH THE NORTHWESTERN AND NORTHERN RIGHT-OF-WAY OF TRANSIT DRIVE THE FOLLOWING BEARINGS AND DISTANCES: S 63° -34'-34" W FOR 390.48 FEET TO AN IRON PIN; THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 139.23 FEET, AN ARC OF 112.91 FEET AND A CHORD BEARING AND DISTANCE OF S 86° -50'-29" W FOR 109.84 FEET TO AN IRON PIN; THENCE N 69° -55'-33" W FOR 78.30 FEET TO AN IRON PIN AT THE INTERSECTION OF THE NORTHERN RIGHT-OF-WAY OF TRANSIT DRIVE AND THE SOUTHEASTERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE AND BEING THE TRUE POINT OF BEGINNING. ABOVE DESCRIBED TRACT CONTAINS 1.92 ACRES.][1]

[ALL THAT CERTAIN PIECE, PARCEL OR TRACT OF LAND SITUATE, LYING AND BEING IN THE STATE OF SOUTH CAROLINA, CITY AND COUNTY OF GREENVILLE, LYING ALONG THE RIGHT-OF-WAY OF TIMMONS DRIVE, BEING IDENTIFIED AS TRACT 4 ON A SURVEY ENTITLED ALTA/ACSM LAND TITLE SURVEY OF PLANTATIONS AT HAYWOOD, GREENVILLE COUNTY, SOUTH CAROLINA, PREPARED FOR PLANTATIONS AT HAYWOOD O, LLC, FIRST AMERICAN LAND TITLE INSURANCE COMPANY, PETTIGRU TITLE COMPANY, INC., PFP HOLDING COMPANY II, LLC, A DELAWARE LIMITED LIABILITY COMPANY AND PFP II SUB 1, LLC, A DELAWARE LIMITED LIABILITY COMPANY, BY AYERCORP ENGINEERS, SURVEYORS, PLANNERS, DATED OCTOBER 10, 2011, AND HAVING, ACCORDING TO SAID SURVEY, THE FOLLOWING METES AND BOUNDS, TO-WIT:

BEGINNING AT AN IRON PIN ON THE EASTERN RIGHT-OF-WAY OF TIMMONS DRIVE, WHICH IRON PIN IS LOCATED N 00°43'31" E FOR 63.17 FEET FROM AN IRON PIN AT THE INTERSECTION OF THE EASTERN RIGHT-OF-WAY OF TIMMONS DRIVE AND THE NORTHERN RIGHT-OF-WAY OF HAYWOOD CROSSING DRIVE, THENCE WITH THE EASTERN RIGHT-OF-WAY OF TIMMONS DRIVE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 220.10 FEET, AN ARC OF 104.09 FEET AND A CHORD BEARING AND DISTANCE OF N 21°04'26" W FOR 103.12 FEET TO AN IRON PIN; THENCE LEAVING THE EASTERN RIGHT-OF-WAY OF TIMMONS DRIVE WITH THE COMMON LINE OF DANIEL INTERNATIONAL, THE FOLLOWING BEARINGS AND DISTANCES: N 58°53'54" E FOR 199.89 FEET TO AN IRON PIN; THENCE S 30°59'03" E FOR 122.32 FEET TO AN IRON PIN; THENCE WITH THE COMMON LINE OF PARCEL 6-A S 64°21'06" W FOR 218.59 FEET TO AN IRON PIN ON THE EASTERN RIGHT-OF-WAY OF TIMMONS DRIVE AND BEING THE TRUE POINT OF BEGINNING. ABOVE DESCRIBED TRACT CONTAINS 0.53 ACRES.][2]

This being the same property conveyed to Grantor by _____ of _____, dated _____ __, _____ and recorded on_____ __, _____ in Book____, Page ____ of the Register of Deeds of Greenville County

TMS #_____

Grantee's Address: _____

_____

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[1] Legal Description for the Plantations at Haywood.

[2] Legal Description for Haywood Storage.

EXHIBIT "B"
(Permitted Exceptions)[3]

[3] To be updated upon receipt of Owner's Title Policies.

Exhibit F

ASSIGNMENT AND ASSUMPTION OF LEASES
([PROPERTY NAME])

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (this "**Assignment**") is made and entered into as of [ ], 2018 (the "**Effective Date**"), by and between **[ ]**, a Delaware limited liability company ("**Assignor**"), and **HAYWOOD PLANTATIONS PROPERTY OWNER, LLC**, a Delaware limited liability company ("**Assignee**").

RECITALS

WHEREAS, Assignor is presently the holder of the lessor's interest under the leases, as amended (collectively, the "Leases"), listed on Annex A attached hereto and by this reference incorporated herein. The Leases affect the real property described on Annex B attached hereto.

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

1. Assignment. As of the Effective Date, Assignor hereby assigns, conveys, transfers and sets over unto Assignee all of Assignor's right, title and interest in, to and under the Leases. Without limiting the foregoing, Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to any outstanding security, cleaning or other deposits listed on Annex A, and in and to any claims for rent, arrears rent or any other claims arising under the Leases and against any lessee thereunder arising after the Effective Date, subject to the rights of the lessees under the Leases.

2. Assumption. Assignee hereby assumes the Leases and agrees to perform, fulfill and comply with all covenants and obligations, which are to be paid, performed, fulfilled and complied with by the lessor under the Leases, from and after the Effective Date.

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

4. Binding Effect. This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

5. Counterparts. The parties agree that this Assignment may be executed by the parties in one or more counterparts and each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed by their duly authorized officers on the date first written above.

ASSIGNOR:

[_____],
a [_____]

By:_____
Name:_____
Title:_____

ASSIGNEE:

HAYWOOD PLANTATIONS PROPERTY OWNER, LLC, a Delaware limited liability company

By: _____
Name: Howard Huang
Title: Vice President

ANNEX A TO FORM OF ASSIGNMENT AND ASSUMPTION OF LEASES ([PROPERTY NAME])

LEASES

ANNEX B TO FORM OF ASSIGNMENT AND ASSUMPTION OF LEASES ([PROPERTY NAME])

LEGAL DESCRIPTION

Exhibit G

ASSIGNMENT AND ASSUMPTION OF CONTRACTS AND INTANGIBLES ([PROPERTY NAME])

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS AND INTANGIBLES (this "**Assignment**") is made and entered into as of [ ], 2018 (the "**Effective Date**"), by and between **[ ]**, a Delaware limited liability company ("**Assignor**"), and **HAYWOOD PLANTATIONS PROPERTY OWNER, LLC**, a Delaware limited liability company ("**Assignee**").

RECITALS

A. Cottonwood Residential Inc., a Maryland corporation ("**CRI**"), Cottonwood Acquisition LLC, a Delaware limited liability company ("**Seller**"), and AREG Sunbelt Residential LLC, a Delaware limited liability company, entered into that certain Purchase and Sale Agreement dated as of July 30, 2018 (as the same may have been subsequently amended and assigned, the "**Agreement**"), pursuant to which CRI agreed to cause Assignor to sell to Assignee, and Assignee agreed to acquire from Assignor, among other things, Assignor's interest in the property legally described on Annex A attached hereto (the "**Property**"). All capitalized terms not defined in this Assignment shall have the meaning set forth in the Agreement.

B. As part of the acquisition transaction contemplated by the Agreement, Seller has agreed to cause Assignor, and Assignor hereby agrees to assign to Assignee, and Assignee has agreed to assume, any and all rights and responsibilities under the Target Company Service Contracts (as such term is defined in the Agreement), a schedule of all such service contracts is attached hereto as Annex B and incorporated herein by this reference (herein, the "**Contracts**"), from and after the Effective Date without any obligation of Assignor to pay any fee to, or obtain any consent from, any third party.

C. As part of the acquisition transaction contemplated by the Agreement, Seller has agreed to cause Assignor, and Assignor hereby agrees to assign to Assignee, and Assignee has agreed to assume, all of Assignor's right, title and interest in (i) all goodwill and other intangible assets; (ii) to the extent assignable or transferable, all documents relating to products, services, marketing, advertising, promotional materials, intellectual property and all files, customer files, guest lists (to the extent permitted by Law or privacy policies) and documents (including credit information), supplier lists, records, literature and correspondence; (iii) to the extent assignable or transferable, any permits, licenses, consents, authorizations, approvals, registrations or certificates; (iv) all warranties, representations and guarantees made by suppliers, manufacturers, sureties and contractors; (v) rights, claims and causes of action, credits, demands or rights of setoff, if any, against any Third Party arising after the Effective Date; (vi) the name Plantations at Haywood; (vii) any domain names associated with Plantations at Haywood; (viii) all Facebook pages, Instagram accounts and other social media platforms and the content located thereof, provided that the foregoing clause shall specifically exclude the names "Cottonwood" or "Cottonwood Residential" or derivatives therefrom or combinations thereof or any logos or marks of the CRI or Seller; and (ix) to the extent assignable or transferable, all other assets, rights and interests of any kind or nature of Assignor (collectively, the "**Intangibles**"), from and after the Effective Date without any obligation of Assignor to pay any fee to, or obtain any consent from, any third party.

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

1. Transfer and Assignment by Assignor. Assignor hereby transfers and assigns to Assignee all of Assignor's right, title and interest, if any, in and under the Contracts and Intangibles, if any, without any obligation of Assignor to pay any fee to, or to obtain any consent from, any third party.

2. Assumption by Assignee. Assignee hereby accepts the foregoing assignment and assumes and agrees to perform all of the duties, obligations, liabilities, commitments and covenants of Assignor accruing from and after Effective Date with respect to or arising under each of the Contracts and Intangibles.

3. Further Assurances. The parties hereto covenant and agree to execute such further instruments and take such further action as may be reasonably required by either party to fully effectuate the terms and provisions of this Assignment and the transactions contemplated herein, provided no party shall be obligated to incur any out-of-pocket expenses or other liabilities in connection with providing such further assurances. This Section 3 shall survive Closing for a period of twelve (12) months.

4. Successors and Assigns. This Assignment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

5. Attorneys' Fees and Costs. If either party commences an action for the judicial interpretation, reformation, enforcement or rescission of this Assignment, the prevailing party will be entitled to a judgment against the other party for an amount equal to reasonable attorneys' fees and court costs incurred.

6. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of South Carolina.

7. Counterparts. This Assignment may be executed in counterparts which, when integrated, shall constitute one original of this Assignment.

8. Conflict. In the event of any conflict or inconsistency between the terms hereof and the terms of the Agreement, the terms of the Agreement shall govern and control. Without limitation of the foregoing, all limitations on liability expressly set forth in the Agreement shall apply to this Assignment and the liabilities of the parties hereunder.

9. No Representation. Except as expressly set forth in the Agreement, it is hereby acknowledged that Assignor makes no representation or warranty of any kind or nature relative to the Contracts and Intangibles being assigned hereunder, including, without limitation, any representation or warranty regarding Assignor's title or other interest therein or Assignor's right to assign or transfer the same. Without limitation of any representations or warranties expressly set forth in the Agreement, this Assignment constitutes a quitclaim assignment only, and is intended to assign and transfer only such rights which Assignor may have, if any, with respect to the Contracts and Intangibles. The provisions of this Section 9 shall not be construed to limit or modify Seller's or Assignor's representations set forth in the Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed by their duly authorized officers on the date first written above.

ASSIGNOR:
[_____],
a [_____]

By: _____
Name: _____
Title: _____

ASSIGNEE:

HAYWOOD PLANTATIONS PROPERTY OWNER, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

[Signature Page to Assignment and Assumption of Contracts]

ANNEX A TO FORM OF ASSIGNMENT AND ASSUMPTION OF CONTRACTS AND INTANGIBLES ([PROPERTY NAME])

LEGAL DESCRIPTION

ANNEX B TO FORM OF ASSIGNMENT AND ASSUMPTION OF CONTRACTS AND INTANGIBLES ([PROPERTY NAME])

SCHEDULE OF CONTRACTS

Exhibit H

BILL OF SALE

THIS BILL OF SALE (this "**Bill of Sale**"), is executed as of [ ], 2018, by **[ ], LLC**, a Delaware limited liability company ("**Seller**") for the benefit of **HAYWOOD PLANTATIONS PROPERTY OWNER, LLC**, a Delaware limited liability company ("**Buyer**").

W I T N E S S E T H:

WHEREAS, pursuant to the terms of that certain Purchase and Sale Agreement dated as of July 30, 2018, by and among Cottonwood Residential Inc., a Maryland corporation, Cottonwood Acquisition LLC, a Delaware limited liability company, and AREG Sunbelt Residential LLC, a Delaware limited liability company (as the same may have been amended, modified or assigned, the "**Sale Agreement**"), Seller agreed to sell to Buyer, *inter alia*, certain real property located at [ ] Drive, Greenville, South Carolina 29607, the improvements located thereon and certain rights appurtenant thereto, all as more particularly described in the Sale Agreement (collectively, the "**Real Property**"). Initially capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the Sale Agreement; and

WHEREAS, by deed of even date herewith, Seller conveyed its entire right, title and interest in and to the Real Property to Buyer; and

WHEREAS, in connection with the above described conveyance Seller desires to sell, transfer and convey to Buyer certain items of tangible personal property as hereinafter described.

NOW, THEREFORE, in consideration of the receipt of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration paid in hand by Buyer to Seller, the receipt and sufficiency of which are hereby acknowledged, Seller has SOLD, TRANSFERRED, and CONVEYED and by these presents does hereby SELL, TRANSFER, and CONVEY to Buyer and Buyer hereby accepts all right, title and interest in and to all tangible personal property owned by Seller that is located on the Real Property and used in the ownership, operation and maintenance of the Real Property, including all books, records and files of Seller relating to the Real Property, but specifically excluding [any computer software that is licensed to Seller].

This Bill of Sale is made without any covenant, warranty or representation by, or recourse against, Seller other than the Seller Parties' Warranties (as defined in the Sale Agreement).

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, the undersigned has executed this Bill of Sale to be effective as of the date first set forth hereinabove.

SELLER:

[ ], LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

[Signature Page to Bill of Sale]

Exhibit I – Stafford Sale Terms

Notwithstanding anything set forth in the Agreement, this Exhibit I is intended to set forth the specific terms under which the Purchaser shall acquire the JV Asset Equity Interests in CW Stafford Apartments, LLC, a Delaware limited liability company (the "Stafford Target Company") which is the owner of the Retreat at Stafford, 12700 Stafford Road, Stafford, TX (the "Stafford Property"). The acquisition of the JV Equity Interests in Stafford Target Company shall be referred to as the "Stafford Sale".

Notwithstanding anything set forth in the Agreement, provided that the Closing of the Sale has occurred with respect to the other Target Companies (other than Stafford Target Company) in accordance with the terms of the Agreement (such being referred to as the "Initial Closing"), the Closing for the Stafford Sale shall be on October 8, 2018 (the "Stafford Closing Date").

Except as set forth in this Exhibit I, notwithstanding that the Stafford Sale shall occur after the Initial Closing: (i) the Stafford Property is and shall remain a Target Property for purposes of the Agreement; and (ii) the Stafford Target Company is and shall remain a Target Company for purposes of the Agreement.

In connection with the Safford Sale:

(a) The Stafford Closing Date shall be the "Closing Date" and "Outside Closing Date" with respect to the Stafford Sale for all purposes under the Agreement.

(b) The Net Aggregate Property Prorations for the Stafford Property shall be made as of 11:59 P.M. on the day prior to the Stafford Closing Date.

(c) The Survival Period for representations and warranties relating solely to the Stafford Target Company and the Stafford Property shall be the period of time consisting of 180 days following the Stafford Closing Date.

(d) Following the Initial Closing, the term "Expenses" and "Breakage Costs" shall be limited to costs and expenses incurred in connection with the Stafford Sale.

(e) The closing deliverables set forth in Section 2.3(b) for the Stafford Sale shall be delivered on the Stafford Closing Date (with the exception of the Incentive Allocation Agreement which will be delivered on the Closing Date).

(f) The parties shall enter into a separate Settlement Statement for the Stafford Sale.

(g) The Closing Consideration at the Initial Closing shall not include the $38,500,000 allocated pursuant to Section 3.2 of the Agreement to the Stafford Target Company (the "Stafford Closing Consideration"). The Stafford Closing Consideration shall be paid on the Stafford Closing Date in accordance with the flow of funds memorandum agreed upon pursuant to Section 3.1(b).

(h) Following the Initial Closing until the Stafford Closing Date, any express reference to "Closing Consideration" shall be replaced by "Stafford Closing Consideration" as it relates to the Stafford Sale for all purposes under the Agreement.

(i) The closing deliverables set forth in Section 2.3(c) for the Stafford Sale shall be delivered on the Stafford Closing Date (with the exception of the Incentive Allocation Agreement which will be delivered on the Closing Date).

(j) Any Indebtedness Amount applicable to the Stafford Property and/or the Stafford Target Company shall be paid by Seller on the Stafford Closing Date.

(k) The Purchaser Deposit for the Stafford Sale shall be $700,000.00 (the "Stafford Deposit") and shall continue to be held by Deposit Escrowee following the Initial Closing in accordance with this Agreement, as amended by this Exhibit I. The balance of the Purchaser Deposit (i.e. $7,300,000) may be utilized by Purchaser to pay the Closing Consideration due at the Initial Closing. The Stafford Deposit may be applied by Purchaser to pay the Stafford Closing Consideration on the Stafford Closing Date.

Exhibit I – Stafford Sale Terms

(l) Following the Initial Closing, any express reference to the "Deposit" shall be replaced by the "Stafford Deposit" for all purposes under the Agreement.

(m) Following the Initial Closing until the Stafford Closing Date, the Seller's rights and obligations during the Interim Period under Section 6.1 and Section 6.3 shall be limited to the Stafford Target Company and the Stafford Property.

(n) Following the Initial Closing, the terms and conditions of Section 6.4 shall not apply to the Stafford Sale.

(o) Following the Initial Closing, the terms and conditions of Section 6.10 shall apply to the Stafford Property.

(p) Following the Initial Closing, any express reference in the Agreement to a "Company Material Adverse Event" shall be replaced by "Property Material Adverse Event" for all purposes under the Agreement as it relates to the Stafford Target Company and the Stafford Property, including in regards to the condition set forth in Section 7.2(e).

(q) Following the Initial Closing, the condition set forth in Section 7.1(a) shall not apply to the Stafford Sale.

(r) Following the Initial Closing, the terms "Sale" and "Contemplated Transactions" shall be interpreted to mean the "Stafford Sale" for all purposes under the Agreement.

(s) Following the Initial Closing, the covenants in Section 6.4, and therefore the termination rights set forth in Sections 8.1(c)(ii) and Section 8.1(d)(ii) and termination fee set forth in Section 8.3(a)(ii), each shall not apply to the Stafford Sale.

(t) Following the Closing Date and prior to the Stafford Closing Date, the "Purchaser Termination Amount" shall be an amount equal to the Stafford Deposit.

(u) Following the Closing Date, the amount "One Million Two Hundred Fifty Thousand Dollars ($1,250,000)" in Section 8.3(a)(iii) is replaced with "One Hundred Ten Thousand Dollars ($110,000)".

EXHIBIT J

FIRST AMENDMENT TO DITARO TECH AMENITY INTEGRATION AND ACCOUNT SERVICES AGREEMENT

THIS FIRST AMENDMENT TO DITARO AMENITY INTEGRATION AND ACCOUNT SERVICES AGREEMENT (this "First Amendment") is made and entered into [ ], 2018, by and between **Ditaro LLC**, a Delaware limited liability company ("Aggregator"), and **[** , a Delaware limited] ("Customer"), who owns or has control over certain real estate and improvements thereon located at [ ] (the "Property"), consisting of [ ] residential units.

WHEREAS, Aggregator and Customer are parties to a Ditaro Amenity Integration and Account Services Agreement effective [June 19, 2018] (the "Agreement"); and

WHEREAS, Aggregator and Customer desire to amend the Agreement to incorporate the revisions set forth herein; and

WHEREAS, unless otherwise defined herein, capitalized terms used in this First Amendment shall have the meaning ascribed to such terms in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the Parties intending to be legally bound, agree as follows:

1. Aggregator will ensure that the Services, including Bulk Services and the Bulk Fee for the Bulk Services, are competitive, and remain competitive, with other properties where Aggregator provide Bulk Services. With regard to any multi-family property that is owned by Customer and serviced by Aggregator, at no time will the Bulk Services and the Bulk Fees provided to such property be inferior to the bulk services and bulk fees provided by Aggregator to any other multi-family property located within the same city as such property. Aggregator will make any necessary upgrades as soon as commercially feasible and as long as such Bulk Services are available at such property.

2. The Inside Wiring is Customer Property, free and clear of all liens, claims, and encumbrances, and subject to the exclusive usage rights provided in the Agreement; provided, however, in the event of a disruption in any of the Services lasting more than three successive 24-hour periods (and is not caused by a Force Majeure Event), Aggregator's and Supplier's right to use the Inside Wiring becomes non-exclusive. With respect to any Service, the term "disruption" means a complete and continuous loss of the Service to all units at the Property.

3. Section 7.2 is amended by inserting the following immediately after the end of the first sentence and immediately before the second sentence of said Section 7.2: "Notwithstanding anything to the contrary herein, if there is a disruption in the delivery of the Bulk Services directly caused by Aggregator improperly "re-selling" rather than "aggregating" such video programming content, then the Termination Fee will include, in addition to Aggregator's actual costs, 70% (rather than 100%) of Aggregator's reasonably expected profit for the remainder of the then current Initial Term or Renewal Term had this Agreement been fully performed by the Parties, and Customer shall become the owner of all components of the System that are owned by Aggregator, not then owned by Customer upon payment of such Termination Fee. Aggregator shall assign and Customer shall assume all responsibilities under any agreement(s) with the Supplier."

4. The second sentence of Section 12.9 is deleted in its entirety and replaced with the following: "Aggregator may not assign its interest, rights, and obligations under the Agreement without Customer's prior written consent, except that Aggregator may assign its interest, rights and obligations under this Agreement without

Customer's prior consent if the assignee is a solvent parent, subsidiary or affiliate of Aggregator, or a solvent entity that, in Customer's reasonable judgment, possesses the appropriate skills and resources to perform Aggregator's obligations herein, and agrees in writing to be bound by the terms and conditions of this Agreement."

5. Except as specifically modified hereby, the Agreement shall remain in full force and effect in accordance with its terms.

6. Each party represents to the other that the person signing on its behalf has the legal right and authority to execute, enter into, and bind such party to the commitments and obligations set forth herein.

7. [**ADD FOR ARBORS AT FAIRVIEW (2016), AND PLANTATIONS AT HAYWOOD (2015)**] Aggregator and Customer acknowledge that the name of Aggregator in the Agreement contained a scrivener's error and Aggregator should have been identified as "Ditaro LLC". The Agreement is hereby amended to correct Aggregator's name to read "Ditaro LLC".

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed by their duly authorized representatives as of the date first written above.

CUSTOMER:

_____,
a Delaware limited _____

By: _____
Name: _____
Title: _____
Date: _____

AGGREGATOR:

Ditaro LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

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Annex B

COTTONWOOD RESIDENTIAL, INC.

PLAN OF COMPLETE LIQUIDATION AND DISSOLUTION

1. Approval and Effectiveness of Plan. This Plan of Complete Liquidation and Dissolution (the "Plan") of Cottonwood Residential, Inc., a Maryland corporation (the "Corporation"), including the sale of all or substantially all of the Corporation's assets and the dissolution of the Corporation pursuant thereto, has been approved by the Board of Directors of the Corporation (the "Board") as being advisable and in the best interests of the Corporation and its stockholders (the "Stockholders"). The Board has directed that the Plan, including the sale of all or substantially all of the Corporation's assets and the dissolution of the Corporation pursuant thereto, be submitted to the Stockholders for approval. The Plan shall become effective upon approval of the Plan by the Stockholders. The date of the Stockholders' approval is hereinafter referred to as the "Effective Date." Within thirty (30) days of the Effective Date, the Corporation shall file IRS Form 966 with the Internal Revenue Service together with a copy of this Plan.

2. Voluntary Liquidation and Dissolution. On and after the Effective Date, the Corporation shall voluntarily liquidate and dissolve in accordance with Section 331 of the Internal Revenue Code of 1986, as amended, and the Maryland General Corporation Law (the "MGCL"). Pursuant to the Plan, the proper officers of the Corporation shall perform such acts, execute and deliver such documents, and do all things as may be reasonably necessary or advisable to complete the liquidation and dissolution of the Corporation, including, but not limited to, the following: (a) promptly wind up the Corporation's affairs, collect its assets and pay or provide for its liabilities (including contingent liabilities); (b) sell or exchange any and all property of the Corporation at public or private sale; (c) prosecute, settle or compromise all claims or actions of the Corporation or to which the Corporation is subject; (d) declare and pay to or for the account of the Stockholders, at any one or more times as they may determine, liquidating distributions in cash, kind or both; (e) cancel all outstanding shares of stock of the Corporation upon the payment of such liquidating distributions and the dissolution of the Corporation; (f) execute for or on behalf of the Corporation, in its corporate name and under its corporate seal, those contracts of sale, deeds, assignments, notices and other documents as may be necessary, desirable or convenient in connection with the carrying out of the liquidation and dissolution of the Corporation; (g) execute for or on behalf of the Corporation, in its corporate name and under its corporate seal, such forms and documents as are required by the State of Maryland, any jurisdiction in which the Corporation has been qualified to do business, and the Federal government, including tax returns; and (h) pay all costs, fees and expenses, taxes and other liabilities incurred by the Corporation and/or its officers in carrying out the liquidation and dissolution of the Corporation.

3. Sales of Assets.

(a) The Corporation is authorized to sell, and to cause its subsidiaries to sell, upon such terms as may be deemed advisable, any or all of their respective assets for cash, notes, redemption of equity or such other assets as may be conveniently liquidated or distributed to the Stockholders.

(b) The Corporation shall not authorize or transfer assets pursuant to any sale agreement between the Corporation or its subsidiaries, on the one hand, and an affiliate of the Corporation or its subsidiaries, on the other hand, unless a majority of directors, including a majority of independent directors, not otherwise interested in the transaction determine that the transaction is fair and reasonable to the Corporation or its subsidiaries, as the case may be.

4. Reserve Fund. The Corporation is authorized, but not required, to establish one or more reserve funds, in a reasonable amount and as may be deemed advisable, to meet known liabilities and liquidating expenses and estimated, unascertained or contingent liabilities and expenses. Creation of a reserve fund may be accomplished by a recording in the Corporation's accounting ledgers of any accounting or bookkeeping entry which indicates the allocation of funds so set aside for payment. The Corporation is also authorized, but not required, to create a reserve fund by placing cash or property in escrow with an escrow agent for a specified term together with

payment instructions. Any undistributed amounts remaining in such an escrowed reserve fund at the end of its term shall be returned to the Corporation, the liquidating trust referred to below or such other successor-in-interest to the Corporation as may then exist or, if no such entity is then in existence, shall be delivered to the abandoned property unit of the Maryland State Comptroller's office. The Corporation may also create a reserve fund by any other reasonable means.

5. Insurance Policies. The Corporation is authorized, but not required, to procure one or more insurance policies, in a reasonable amount and as may be deemed advisable, to cover unknown or unpaid liabilities and liquidating expenses and unascertained or contingent liabilities and expenses.

6. Articles of Dissolution. Upon assignment and conveyance of the assets of the Corporation to the Stockholders, in complete liquidation of the Corporation as contemplated by Sections 2 and 3 above, and the taking of all actions required under the laws of the State of Maryland in connection with the liquidation and dissolution of the Corporation, the proper officers of the Corporation are authorized and directed to file articles of dissolution with the State Department of Assessments and Taxation of Maryland (the "Department") pursuant to Section 3-407 of the MGCL and to take all other appropriate and necessary action to dissolve the Corporation under Maryland law. Prior to filing articles of dissolution, the Corporation shall give notice to its known creditors and employees as required by Section 3-404 of MGCL (alternatively, the Board may determine that the Corporation has no employees or known creditors) and satisfy all other prerequisites to such filing under Maryland law. Upon the Department's acceptance of the articles of dissolution for record, as provided by Section 3-408(a) of the MGCL, the Corporation shall be dissolved.

7. Effect and Timing of Distributions. Upon the complete distribution of all assets of the Corporation (the "Final Distribution") to the holders of outstanding shares of non-voting common stock, par value $0.01 per share, of the Corporation (the "Common Stock") and the dissolution of the Corporation as contemplated by Section 6 above, all such shares of Common Stock shall be canceled and no longer deemed outstanding and all rights of the holders thereof as Stockholders shall cease and terminate. The Corporation shall use commercially reasonable efforts to cause the liquidation and dissolution of the Corporation to occur and to make the Final Distribution to holders of outstanding shares of Common Stock as soon as possible consistent with this Plan and in all events no later than the second anniversary of the Effective Date.

8. Final Distribution as Distribution in Kind of Liquidating Trust Beneficial Interests. In the event that the Board deems it necessary or advisable in order to preserve the Corporation's status as a REIT or otherwise avoid the payment of income tax, or the Board determines it is otherwise advantageous or appropriate to do so, the Board may cause the Corporation to make the Final Distribution as a distribution in kind of beneficial interests in a trust (the "Liquidating Trust"), at such time as the Board deems appropriate in its sole discretion, substantially as follows:

(a) The Corporation may create the Liquidating Trust under Maryland statutory or common law and may transfer and assign to the Liquidating Trust all of the assets of the Corporation and its subsidiaries of every sort whatsoever, including their unsold properties, assets, claims, contingent claims and causes of action, subject to all of their unsatisfied debts, liabilities and expenses, known or unknown, contingent or otherwise. From and after the date of such transfer and assignment of assets (subject to liabilities) to the Liquidating Trust, the Corporation and its subsidiaries shall have no interest of any character in and to any such assets and all of such assets shall thereafter by held by the Liquidating Trust.

(b) Simultaneously with such transfer and assignment, shares of beneficial interest in the Liquidating Trust shall be deemed to be distributed to each holder of shares of Common Stock, all of whom shall automatically and without any need for notice or presentment be deemed to hold corresponding shares of beneficial interest in the Liquidating Trust. Such distribution of shares of beneficial interest in the Liquidating Trust shall constitute the Final Distribution of all of the assets of the Corporation to the Stockholders under Section 8 hereof.

(c) The initial trustees of the Liquidating Trust shall be designated by the Board.

(d) The declaration of trust or other instrument governing the Liquidating Trust (the "Declaration of Trust") shall provide, among other things, that, immediately following such transfer, assignment and distribution, each share of beneficial interest in the Liquidating Trust shall have a claim upon the assets of the Liquidating Trust that is the substantial economic equivalent of the claims each share of Common Stock had upon the assets of the Corporation immediately prior to the transfer, assignment and distribution. The Declaration of Trust shall further provide that the Liquidating Trust's activities shall be limited to conserving, protecting and selling the assets transferred to it and distributing the proceeds therefrom, including holding such assets for the benefit of the holders of beneficial interests in the Liquidating Trust, temporarily investing such proceeds and collecting income therefrom, providing for the debts, liabilities and expenses of the Corporation, making liquidating distributions to the holders of shares of beneficial interest in the Liquidating Trust and taking such other actions as may be deemed necessary or appropriate by the trustees to conserve and protect the assets of the Liquidating Trust and provide for the orderly liquidation thereof.

(e) Approval of the Plan shall constitute the approval by the Stockholders of the transfer and assignment to the Liquidating Trust, the form and substance of the Declaration of Trust as approved by the Board and the appointment of trustees selected by the Board.

9. Interpretation; General Authority. The Board, the trustees of the Liquidating Trust and the proper officers of the Corporation are hereby authorized to interpret the provisions of the Plan and are hereby authorized and directed to take such actions, to give such notices to creditors, stockholders and governmental entities, to make such filings with governmental entities and to execute such agreements, conveyances, assignments, transfers, certificates and other documents, as may, in their judgment, be necessary or advisable in order to wind up expeditiously the affairs of the Corporation and complete the liquidation and dissolution thereof, including, without limitation: (a) the execution of any contracts, deeds, assignments or other instruments necessary or appropriate to sell or otherwise dispose of any or all property of the Corporation, its subsidiaries or the Liquidating Trust, whether real or personal, tangible or intangible; (b) the appointment of other persons to carry out any aspect of the Plan; and (c) the temporary investment of funds in such medium as the Board or the trustees of the Liquidating Trust may deem appropriate.

10. Director Compensation. The independent members of the Board shall continue to receive compensation until the Final Distribution, provided that they remain members of the Board.

11. Indemnification. The Corporation shall reserve sufficient assets and/or obtain or maintain such insurance (including, without limitation, directors and officers insurance) as shall be necessary or advisable to provide the continued indemnification of the directors, officers and agents of the Corporation and such other parties whom the Corporation has agreed to indemnify, to the maximum extent provided by the charter and bylaws of the Corporation, any existing indemnification agreement to which the Corporation is a party and applicable law. At the discretion of the Board, such insurance may include coverage for the periods after the dissolution of the Corporation, including periods after the termination of any Liquidating Trust, and may include coverage for trustees, officers, employees and agents of such Liquidating Trust.

12. Governing Law. The validity, interpretation and performance of the Plan shall be controlled by and construed under the laws of the State of Maryland.

13. Abandonment of Plan of Liquidation; Amendment. The Board may terminate the Plan for any reason. Notwithstanding approval of the Plan by the Stockholders, the Board or the trustees of the Liquidating Trust may modify or amend the Plan in its sole and absolute discretion without further action by or approval of the Stockholders to the extent permitted under then current law.

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Annex C

HFF Securities
Real Estate Investment Banking

July 30, 2018

Cottonwood Residential, Inc.
Cottonwood Residential O.P., LP
6340 S. 3000 E., Suite 500
Salt Lake City, UT 84121

Board of Directors of Cottonwood Residential, Inc.:

We understand that Cottonwood Residential O.P., LP, a Delaware limited partnership ("CROP"), proposes to enter into a series of transactions whereby, pursuant to one or more agreements (the "Agreement") among CROP and Cottonwood Residential, Inc., a Maryland corporation ("CRI"), CROP will redeem 99.9% of CRI's common limited partnership units in CROP (the "Redemption Units") in exchange for the contribution of certain capital interests and assets comprising a portfolio of 17 properties of CROP, as set forth on Exhibit A hereto (the "Redemption Assets"), at a value of $19.16 per Redemption Unit of CROP (the "Redemption Consideration," and such transaction, the "Redemption").

In addition, we understand that CRI proposes to enter into a transaction whereby, pursuant to the terms of a Purchase and Sale Agreement, dated as of July 30, 2018 (the "Purchase Agreement"), among the CRI, AREG Sunbelt Residential LLC, a Delaware limited liability company ("Purchaser"), and Cottonwood Acquisition LLC, a Delaware limited liability company ("Seller"), Purchaser and one or more affiliates will acquire (a) 100% of CRI's direct or indirect equity interests in the JV Entities (as defined in the Purchase Agreement) and the Wholly-Owned Target Companies (as defined in the Purchase Agreement) (the "Interest Sale"), which comprises 12 of the Redemption Assets (the "Ares Assets") and (b) an interest in Haywood Storage, LLC (the "Haywood Storage Property," and together with the Interest Sale, the "Sale") for an aggregate cash purchase price of $440 million (the "Sale Consideration").

Furthermore, at the time of the execution of the Purchase Agreement, we understand that the Board of Directors of CRI (the "Board") has approved that certain Plan of Complete Liquidation and Dissolution of the Company, dated as of July 30, 2018, pursuant to which CRI will sell certain remaining assets of CRI (the "Plan of Liquidation," and together with the Agreement and the Purchase Agreement, the "Transaction Agreements") and will distribute the net proceeds after the payment of transaction costs and liabilities (the "Liquidation," and together with the Interest Sale and the Redemption, the "Transaction") to the holders of shares of the common stock of CRI, par value $0.01 per share (the "Company Common Stock" and such holders, the "Stockholders"). We have also been advised that if CRI decides to pursue such Plan of Liquidation, CRI will obtain the approval of: (i) the Board; and (ii) the voting Stockholders. We have also been advised that the stockholders will receive an information statement (the "Information Statement") which will include the terms and conditions and consideration to be received by CRI in any transactions for which definitive agreements have been entered into as of the date of the Information Statement, and will include estimates prepared by CRI of the range of expected per share aggregate liquidating distributions from the Plan of Liquidation (the "Estimated Range of Per Share Liquidating Distributions"), which estimate reflects CRI's best good faith estimate of such distributions taking into account various factors. We have been advised further that CRI's Estimated Range of Per Share Liquidating Distributions is $18.75 to $19.57 per share.

You have asked for our opinion, as of the date hereof, as to the fairness from a financial point of view to (i) CROP of the Redemption Consideration, consisting of the Redemption Assets, paid to CRI in the Redemption of the Redemption Units and (ii) CRI of the Redemption Consideration, consisting of the Redemption Assets, to

be received by CRI in the Redemption of the Redemption Units. In addition, you have asked for our opinion as to the reasonableness, from a financial point of view, of CRT's Estimated Range of Per Share Liquidating Distributions.

For purposes of the opinion set forth herein, we have:

(i) reviewed documentation provided by management of CRI and CROP, including historical audited financial statements and certain internal financial statements and other operating data concerning CRI and CROP prepared by the management of CRI and CROP;

(ii) analyzed certain financial forecasts prepared by the management of CRI and CROP, which forecasts CRI and CROP have represented to us are consistent with the best judgments of management of CRI and CROP as to the future financial performance of CRI and CROP and are the best currently available forecasts with respect to such future financial performance of CRI and CROP;

(iii) reviewed registration statements and other SEC filings that were made available by CRI and CROP;

(iv) reviewed rent rolls of CRI's and CROP's properties;

(v) discussed the past and current operations, capitalization and financial condition and the prospects of CRI and CROP with senior executives of CRI and CROP;

(vi) reviewed third-party brokers' opinions of value conducted by various third-party brokers throughout 2017 and 2018;

(vii) reviewed the financial terms, to the extent publicly available, of certain publicly-traded multifamily real estate investment trusts ("REITs") that we considered to be generally relevant and compared to CRI and CROP;

(viii) performed site visits to a majority of the Redemption Assets;

(ix) reviewed third-party research on the multifamily real estate sector from Green Street Advisors and other reputable sources;

(x) reviewed the financial terms, to the extent publicly available, of certain transactions that we considered to be relevant and compared findings to the Sale;

(xi) reviewed the draft Purchase Agreement dated July 30, 2018 and certain related documents;

(xii) reviewed the draft Plan of Liquidation dated July 30, 2018 and certain related documents;

(xiii) performed financial analyses including net asset value and discounted cash flow analyses and considered other factors as we deemed appropriate;

(xiv) analyzed precedent portfolio and single asset multifamily transactions as we deemed relevant;

(xv) reviewed the internal financial analyses and projections prepared by CRI and CROP in order to calculate CRI's Estimated Range of Per Share Liquidating Distributions, which estimate is based in part on CRT's and CROP's estimated range of CRI's and CROP's property values; and

(xvi) performed such other analyses, studies and investigations, and considered such other factors, as we have deemed appropriate.

We have assumed and relied upon without independent verification the accuracy and completeness of the financial, legal, regulatory, tax, accounting and other information provided to, reviewed by or discussed with us

(including information that is available from generally recognized public sources) for the purposes of this opinion. With respect to the financial projections provided to us, with your consent, we have assumed that they have been reasonably prepared and are consistent with the best currently available estimates and judgments of senior management of CRI and CROP as to the future financial performance of CRI and CROP and the other matters covered thereby. We assume no responsibility for and express no view as to such forecasts or any other forward-looking information or the assumptions on which they are based, and we have relied upon the assurances of the senior management of CRI and CROP that they are unaware of any facts that would make the information provided to or reviewed by us incomplete or misleading. In rendering our opinion, we express no view as to the reasonableness of such forward-looking information or any estimate, judgment or assumption on which it is based. We have not performed an independent appraisal of the assets and liabilities (contingent, derivative, off-balance-sheet or otherwise) of CRI and CROP, including its real estate portfolio, nor have we been furnished with any such appraisals, and with your consent, we have relied upon and assumed the accuracy of information provided by CRI and CROP concerning: (i) potential environmental liabilities; (ii) deferred maintenance and other property capital needs; (iii) CRI's and CROP's ownership interest in each of its properties and the economic terms of any interests held by other parties in such properties; (iv) the number of shares of Company Common Stock outstanding; and (v) the balance sheet value determinations for non-real estate assets and liabilities of CRI and CROP and any transaction expense and other adjustments to determine the CRI's Estimated Range of Per Share Liquidating Distributions. In particular, we do not express any opinion as to the value of any asset or liability of CRI and CROP or any of its respective subsidiaries, whether at current market prices or in the future. We have not assumed any obligation to conduct, nor have we conducted, any building inspections of the properties or facilities of CRI and CROP. In arriving at our opinion, we have not taken into account any litigation that is pending or may be brought against CRI and CROP or any of its respective affiliates or representatives. We have been advised by CRI and CROP that CROP has operated in conformity with the requirements for qualification as a REIT for U.S. federal income tax purposes since its formation as a REIT and further have assumed, at the direction of CRI and CROP, that the Transaction will not adversely affect such status or operations of CROP. In addition, we have not evaluated the solvency of any party to the Transaction Agreements under any state or federal laws or rules, regulations, guidelines or principles relating to bankruptcy, insolvency or similar matters.

For purposes of rendering our opinion, we have assumed that there has not occurred any material change in the assets, liabilities, financial condition, results of operations, business or prospects of CRI and CROP or any of its respective subsidiaries since the respective dates on which the most recent financial statements or other information, financial or otherwise, relating to CRI and CROP or any of its respective subsidiaries, was made available to us. We have also assumed, with your consent, that the final executed Transaction Agreements will not differ in any material respect from the draft Transaction Agreements reviewed by us, that the representations and warranties of each party set forth in the Transaction Agreements are true and correct, that each party to the Transaction Agreements will perform all of the covenants and agreements required to be performed by it thereunder and that all conditions to the Transaction set forth in the Transaction Agreements will be timely satisfied and not modified or waived and that the Transaction will be consummated in accordance with the terms set forth in the Transaction Agreements without modification, waiver or delay, except, in each case, as would not be material to our analyses. In addition, we have assumed, with your consent, that any governmental, regulatory or third-party consents, approvals or agreements necessary for the consummation of the Transaction will be obtained without any imposition of a delay, limitation, restriction or condition that would, in any respect be material to our analyses, have an adverse effect on CRI or CROP, or the contemplated benefits of the Transaction. Furthermore, we have assumed, with your consent, that CRI and CROP will not incur any fees or costs associated with liabilities, reserves or insurance for liabilities, contingent or otherwise, during the term of the Plan of Liquidation which are not accrued in or anticipated to be paid during the Plan of Liquidation and,

therefore, considered in CRI's Estimated Range of Per Share Liquidating Distributions, and further, that the timing of the Plan of Liquidation will occur consistent with management's best estimates for the Plan of Liquidation and as reflected in the calculations of CRI's Estimated Range of Per Share Liquidating Distributions. In addition, we are not legal, accounting, regulatory or tax experts and with your consent we have relied, without independent verification, on the assessment of CRI and CROP and its advisors with respect to such matters. Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that, although subsequent developments may affect this opinion and the assumptions used in preparing it, we do not have any obligation to update, revise or reaffirm this opinion. The credit, financial and stock markets as well as industries in which CRI and CROP operate have experienced, and continue to experience, volatility and we express no opinion or view as to any potential effects of such volatility on CRI and CROP or the Transaction.

Our opinion addresses only (i) the fairness from a financial point of view to (a) CROP of the Redemption Consideration, consisting of the Redemption Assets, paid to CRI in the Redemption of the Redemption Units and (b) CRI of the Redemption Consideration, consisting of the Redemption Assets, to be received by CRI in the Redemption of the Redemption Units, and (ii) the reasonableness, from a financial point of view, of CRI's Estimated Range of Per Share Liquidating Distributions, and we do not express any view as to the fairness or reasonableness of the Transaction to, or any consideration of, the holders of any other class of securities of CRI and CROP, creditors or other constituencies of CRI and CROP or its respective subsidiaries or any other term of the proposed Transaction or the other matters contemplated by the Transaction Agreements. We have not been asked to, nor do we, offer any opinion as to any other term or aspect of the Transaction Agreements or any other agreement or instrument contemplated by or entered into in connection with the Transaction or the form or structure of the Transaction Agreements or the likely timeframe in which the Transaction will be consummated. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors or employees of any party to the Transaction, or any class of such persons, relative to the Consideration to be received by the Stockholders in the Transaction or with respect to the fairness of any such compensation. We do not express any opinion as to any tax or other consequences that may result from the transactions contemplated by the Transaction Agreements, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand CRI and CROP have received such advice as they deem necessary from qualified professionals, and which advice we have relied upon in rendering our opinion. We express no view or opinion as to the financing of the Transaction or the terms or conditions upon which it is obtained. Our opinion does not address the underlying business decision of CRI and CROP to engage in the Transaction or the relative merits of the Transaction as compared to any strategic alternatives that may be available to CRI and CROP.

We have acted as financial advisor to the Board in connection with, and have participated in certain of the negotiations leading to, the Transaction. In addition, an affiliate of HFF Securities L.P. may arrange debt financing to Purchaser in connection with the consummation of the Transaction, for which such affiliate will receive a customary fee for such services. We will receive a fee for our services as financial advisor to the Board in connection with the Transaction, a portion of which is payable upon the rendering of this opinion and the remainder of which is payable upon the completion of the Transaction. In addition, CRI and CROP have agreed to reimburse certain of our expenses and indemnify us for liabilities relating to or arising out of our engagement. During the two years preceding the date of this opinion, we and our affiliates have engaged in financial advisory relationships with CRI and CROP, and their respective affiliates for which we and such affiliates have received fees in connection with such services. During such two-year period, certain of our affiliates have been engaged as a financial advisor to Ares Management, L.P. and its affiliates ("Ares"). Such relationships have included (i) providing investment advisory services on behalf of an Ares affiliate in respect of two property sale

transactions in August 2016, (ii) arranging for placement of debt financing on behalf of an Ares affiliate in September 2016, (iii) providing investment advisory services on behalf of an Ares affiliate in respect of a property sale transactions in November 2016, (iv) arranging for placement of debt financing on behalf of an Ares affiliate in September 2017, (v) providing investment advisory services on behalf of an Ares affiliate in respect of a property sale transaction in November 2017, (vi) providing investment advisory services on behalf of an Ares affiliate in respect of a property sale transaction in December 2017 and (vii) arranging for placement of debt financing on behalf of an Ares affiliate in April 2018, each of which has been completed and paid as of the date hereof. We and our affiliates may in the future provide, financial advice and services to CRI, CROP, Ares, Purchaser or their respective affiliates for which we and our affiliates would expect to receive compensation.

Our opinion expressed herein is provided for the information and assistance of the Board in connection with its consideration of the Transaction and does not constitute a recommendation as to whether the he Board should recommend or proceed with the Transaction, nor does it constitute a recommendation to any Stockholder as to how such Stockholder should vote or act with respect to any aspect of the Transaction or any matter related thereto. This opinion has been approved by the Fairness Committee of HFF Securities L.P. in accordance with our customary practice.

Based upon and subject to the foregoing and such other matters as we consider relevant, we are of the opinion that, as of the date hereof, (i) the Redemption Consideration, consisting of the Redemption Assets, to be paid to CRI in the Redemption of the Redemption Units is fair, from a financial point of view, to CROP, (ii) the Redemption Consideration, consisting of the Redemption Assets, to be paid by CROP in the Redemption of the Redemption Units is fair, from a financial point of view, to CRI and (iii) CRI's Estimated Range of Per Share Liquidating Distributions is reasonable from a financial point of view.

Very truly yours,

/s/ HFF Securities, L.P.

HFF SECURITIES L.P.

Exhibit A

Redemption Assets

1. 1070 Main
2. 4804 Haverwood
3. Arbors at Fairview
4. Blue Swan
5. Bluffs Vista Ridge
6. Brentridge
7. Broadstone Lakeside
8. Heights at Meridian
9. Legacy Heights
10. Midtown Crossing
11. Plantations at Haywood
12. Retreat at River Park
13. Retreat at Stafford
14. Spring Pointe
15. Stetson
16. The Oaks at North Dallas
17. Waterford Creek

Annex D

[LETTERHEAD OF HOULIHAN LOKEY CAPITAL, INC.]

July 30, 2018

Cottonwood Residential O.P., LP
c/o Cottonwood Residential, Inc.
6340 South 3000 East, Suite 500
Salt Lake City, Utah 84121
Attention: The Transaction Committee of the Board of Directors of Cottonwood Residential, Inc. in its capacity as the general partner of Cottonwood Residential O.P., LP

Dear Members of the Transaction Committee:

We understand that Cottonwood Residential O.P., LP (the "Partnership") and Cottonwood Residential, Inc. (the "Company") propose to enter into one or more agreements (collectively, the "Agreement") pursuant to which, among other things, the Partnership will, in accordance with the transaction steps provided to us by the Company as set forth on Schedule I attached hereto (the "Steps Schedule"), redeem 13,806,678 common limited partnership units of the Partnership owned by the Company (the common limited partnership units of the Partnership, the "Units" and the Units owned by the Company to be redeemed, as adjusted as a result of the ordinary course redemption of Units from the holders thereof other than the Company, the "Redeemed Units") in exchange for certain real property assets, joint venture interests in real property assets and the equity interests in entities which hold real property assets of the Partnership, subject to certain liabilities, as adjusted as a result of the ordinary course redemption of Units from the holders thereof other than the Company, to be assumed by the Company (collectively, such assets subject to such liabilities, the "Assets" and such transaction, the "Transaction").

The Transaction Committee of the Board of Directors (the "Board") of the Company in its capacity as general partner of the Partnership (in such capacity, the "Committee") has requested that Houlihan Lokey Capital, Inc. ("Houlihan Lokey") provide an opinion (this "Opinion") to the Committee as to whether, as of the date hereof, the exchange of the Assets by the Partnership for the Redeemed Units in the Transaction is fair, from a financial point of view, to the Partnership. As you are aware, we have been advised by the Company and for purposes of our analyses and this Opinion we have assumed that the Assets consist of all of the Partnership's direct or indirect interests in properties referred to by the Company and the Partnership as 1070 Main, 4804 Haverwood, The Oaks at North Dallas, Arbors at Fairview, Blue Swan, Bluffs Vista Ridge, Midtown Crossing, Plantations at Haywood, Retreat at River Park, Retreat at Stafford, Spring Pointe, Waterford Creek, Broadstone Lakeside, Brentridge, Heights at Meridian, Legacy Heights and Stetson. We have further been advised by the Company that the Assets and the other real property and other assets of the Partnership and the liabilities to be assumed by the Company are more fully described in the Cottonwood Financial Model (as defined below).

In connection with this Opinion, we have made such reviews, analyses and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things, we have:

1. reviewed the Steps Schedule;
2. reviewed certain publicly available business and financial information relating to the Assets, the other real property and other assets of the Partnership, and the Partnership, that we deemed to be relevant;
3. reviewed certain information relating to the historical, current and future operations, financial condition, capitalization and prospects of the Assets, the other real property and other assets of the Partnership, and the Partnership, incorporated in a financial model prepared by the management of the Company in its duel capacities as management of the Company and management of the Partnership

(the "Cottonwood Financial Model") made available to us by the Partnership, including financial projections (and adjustments thereto) prepared by such management relating to the Assets, the other real property and other assets of the Partnership, and the Partnership;

4. spoken with certain members of the management of the Partnership and certain of the Committee's representatives and advisors regarding the business, operations, financial condition and prospects of the Assets, the other real property and other assets of the Partnership, and the Partnership, the Transaction and related matters;

5. considered the publicly available financial terms of certain transactions that we deemed to be relevant; and

6. conducted such other financial studies, analyses and inquiries and considered such other information and factors as we deemed appropriate.

We have relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to us, discussed with or reviewed by us, or publicly available, and do not assume any responsibility with respect to such data, material and other information. In addition, management of the Partnership has advised us, and we have assumed, that the financial projections for the Assets, the other real property and other assets of the Partnership, and the Partnership, included in the Cottonwood Financial Model (and adjustments thereto) reviewed by us have been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of such management as to the future financial results and condition of the Assets, the other real property and other assets of the Partnership, and the Partnership. We express no view or opinion with respect to the Cottonwood Financial Model, the financial projections included therein or the assumptions or methodologies upon which they are based and, we have been directed to assume and have assumed that the Cottonwood Financial Model and the financial projections for the Partnership included therein are a reasonable basis upon which to evaluate the Assets, the other real property and other assets of the Partnership, the Partnership and the Transaction, and have used and relied upon such information for purposes of our analyses and this Opinion. We have relied upon and assumed, without independent verification, that there has been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Assets, the other real property and other assets of the Partnership, or the Partnership, since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to us that would be material to our analyses or this Opinion, and that there is no information or any facts that would make any of the information reviewed by us incomplete or misleading in any material respect.

As you are aware, we have been advised by the Company that drafts of the Agreement and other definitive documentation for the Transaction are not available and, consequently, we have not had the opportunity to review any such documentation. As a consequence, for purposes of our analyses and this Opinion, we have been directed to, among other things, assume that the terms of the Transaction pursuant to the Agreement and such other definitive documentation will not conflict or otherwise be inconsistent with the assumptions and analyses performed by us in connection with the rendering of this Opinion. As you are further aware, we have been directed to assume and have assumed that the ordinary course redemption of Units from the holders thereof other than the Company will not result in an adjustment to the number of Redeemed Units or liabilities assumed by the Company that is material to our analyses or this Opinion. We have relied upon and assumed, without independent verification, that, except as would not be material to our analyses or this Opinion (a) each party to the Transaction will fully and timely perform all of the covenants and agreements required to be performed by such party, (b) all conditions to the consummation of the Transaction will be satisfied in all respects without waiver thereof, and (c) the Transaction will be consummated in a timely manner in accordance with the terms described in the Steps Schedule, without any additional terms, amendments or modifications thereto. We have been advised

by the Company that the Units are the only outstanding equity securities of the Partnership other than preferred limited partnership units of the Partnership which, for purposes of our analyses and this Opinion, we have been advised by the Company and have assumed are treated as debt equivalent liabilities of the Company. As you are aware, we have been further advised by the Company that the Units owned by the Company represent 49% of the outstanding partnership units in the Partnership by percentage equity interest in the Partnership and value. We have also been advised by the Company and have assumed that the exchange of the Assets for the Redeemed Units will not result in the Partnership's recognition of a taxable gain on the Assets under applicable law. We have relied upon and assumed, without independent verification, that, except as would not be material to our analyses or this Opinion (i) the Transaction will be consummated in a manner that complies in all respects with all applicable federal and state statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the Transaction will be obtained and that no delay, limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would result in the disposition of any assets of the Partnership or otherwise have an effect on the Transaction, the Partnership or any expected benefits of the Transaction. In addition, we have relied upon and assumed, without independent verification, that the final form of the Agreement will not contain any new or different terms from those set forth in the Steps Schedule that would be material to our analyses or this Opinion.

Furthermore, in connection with this Opinion, we have not been requested to make, and have not made, any physical inspection or independent appraisal of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of the Partnership or any other party. Our analyses with respect to the real property directly or indirectly owned by the Partnership or in which the Partnership has a direct or indirect investment is not intended to constitute and does not constitute an appraisal conducted in accordance with professional appraisal standards that might otherwise be applicable thereto. We did not estimate, and express no opinion regarding, the liquidation value of any assets, entity or business. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which the Assets, the other real property and other assets of the Partnership, or the Partnership, is or may be a party or is or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which the Assets, the other real property and other assets of the Partnership, or the Partnership, is or may be a party or is or may be subject.

We have not been requested to, and did not, (a) initiate or participate in any discussions or negotiations with, or solicit any indications of interest from, third parties with respect to the Assets, the Transaction or any related or unrelated transaction, the securities, assets, business or operations of the Partnership or any other party, or any alternatives to the Transaction or any related or unrelated transaction, (b) negotiate the terms of the Transaction or any related or unrelated transaction, or (c) advise the Committee, the Board, the Partnership or any other party with respect to alternatives to the Transaction or any related or unrelated transaction. This Opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. We have not undertaken, and are under no obligation, to update, revise, reaffirm or withdraw this Opinion, or otherwise comment on or consider events occurring or coming to our attention after the date hereof. We are not expressing any opinion as to what the value of any Units or the Assets actually will be when the Redeemed Units are exchanged for the Assets pursuant to the Transaction or the price or range of prices at which any Assets or Units may be purchased or sold, or otherwise be transferable, at any time.

This Opinion is furnished solely for the use of the Committee (solely in its capacity as the Committee) in connection with its evaluation of the Transaction and may not be relied upon by any other person or entity (including, without limitation, security holders, creditors or other constituencies of the Partnership or its general partner) or used for any other purpose without our prior written consent. This Opinion should not be construed as creating any fiduciary duty on Houlihan Lokey's part to any person or party. This Opinion is not intended to be,

and does not constitute, a recommendation to the Committee, the Board, the Company, the Partnership, any of their respective security holders or any other party as to how to act or vote with respect to any matter relating to the Transaction or any related or unrelated transaction or otherwise. Except as provided pursuant to the terms of our engagement letter with the Committee, the Company and the Partnership, this Opinion may not be disclosed, reproduced, disseminated, quoted, summarized or referred to at any time, in any manner or for any purpose, nor shall any references to Houlihan Lokey or any of its affiliates be made, without the prior written consent of Houlihan Lokey.

In the ordinary course of business, certain of our employees and affiliates, as well as investment funds in which they may have financial interests or with which they may co-invest, may acquire, hold or sell, long or short positions, or trade, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, the Assets, the other real property and other assets of the Partnership or the Partnership, the Company or any other party that may be involved in the Transaction or any related or unrelated transaction and their respective affiliates or security holders or any currency or commodity that may be involved in the Transaction or any related or unrelated transaction.

Houlihan Lokey and certain of its affiliates have in the past provided and are currently providing investment banking, financial advisory and/or other financial or consulting services unrelated to the Transaction to Ares Management, L.P. ("Ares"), a counterparty to the Company in connection with a related transaction, or one or more security holders or affiliates of, and/or portfolio companies of investment funds affiliated or associated with, Ares (collectively, with Ares, the "Ares Group"), for which Houlihan Lokey and its affiliates have received, and may receive, compensation, including, among other things, (i) having acted as financial advisor to Guitar Center, Inc., a member of the Ares Group, in connection with its exchange offer, which closed in April 2018, and (ii) having provided certain valuation advisory services to various members of the Ares Group. Houlihan Lokey and certain of its affiliates may in the future provide investment banking, financial advisory and/or other financial or consulting services unrelated to the Transaction to the Partnership, the Company, members of the Ares Group, other participants in the Transaction or any related or unrelated transaction or certain of their respective affiliates or security holders, for which Houlihan Lokey and its affiliates may receive compensation. In addition, Houlihan Lokey and certain of its affiliates and certain of our and their respective employees may have committed to invest in private equity or other investment funds managed or advised by Ares, other participants in the Transaction or any related or unrelated transaction or certain of their respective affiliates or security holders, and in portfolio companies of such funds, and may have co-invested with members of the Ares Group, other participants in the Transaction or any related or unrelated transaction or certain of their respective affiliates or security holders, and may do so in the future. Furthermore, in connection with bankruptcies, restructurings, distressed situations and similar matters, Houlihan Lokey and certain of its affiliates may have in the past acted, may currently be acting and may in the future act as financial advisor to debtors, creditors, equity holders, trustees, agents and other interested parties (including, without limitation, formal and informal committees or groups of creditors) that may have included or represented and may include or represent, directly or indirectly, or may be or have been adverse to, the Partnership, the Company, members of the Ares Group, other participants in the Transaction or any related or unrelated transaction or certain of their respective affiliates or security holders, for which advice and services Houlihan Lokey and its affiliates have received and may receive compensation.

Houlihan Lokey will receive a fee for rendering this Opinion, which is not contingent upon the successful completion of the Transaction. The Company and the Partnership have also agreed to reimburse certain of our expenses and to indemnify us and certain related parties for certain potential liabilities arising out of our engagement.

Our opinion only addresses whether the exchange of the Assets by the Partnership for the Redeemed Units in the Transaction is fair, from a financial point of view, to the Partnership and does not address any other aspect or

implication of the Transaction or any related or unrelated agreement, arrangement or understanding entered into in connection therewith or otherwise, including, without limitation, the proposed redemption of the Company's remaining Units for cash or the Company's sale of certain of the Assets to Ares or members of the Ares Group. We have not been requested to opine as to, and this Opinion does not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of the Committee, the Board, the Company, the Partnership, their respective security holders or any other party to proceed with or effect the Transaction or any related or unrelated transaction, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion or aspect of, the Transaction, any related or unrelated transaction, or otherwise, (iii) the fairness of any portion or aspect of the Transaction or any related or unrelated transaction to the holders of any class of securities, creditors or other constituencies of the Company or the Partnership, or to any other party, except if and only to the extent expressly set forth in the last sentence of this Opinion, (iv) the relative merits of the Transaction as compared to any alternative business strategies or transactions that might be available for the Company, the Partnership or any other party, (v) the fairness of any portion or aspect of the Transaction to any one or more classes or group of the Company's, the Partnership's or any other party's security holders or other constituents vis-à-vis any other class or group of the Company's, the Partnership's or such other party's security holders or other constituents, including, without limitation, the fairness to the Company of the Assets to be received by the Company in exchange for the Redeemed Units in the Transaction, (vi) whether or not the Partnership, the Company, their respective security holders or any other party is receiving or paying reasonably equivalent value in the Transaction or any related or unrelated transaction for purposes of any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, (vii) the solvency, creditworthiness or fair value of the Company, the Partnership or any other participant in the Transaction or any related or unrelated transaction, or any of their respective assets (including, without limitation, any Assets), under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or (viii) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of any party to the Transaction or any related or unrelated transaction, any class of such persons or any other party, relative to the Assets or the Redeemed Units or otherwise. Furthermore, no opinion, counsel or interpretation is intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources. Furthermore, we have relied, with the consent of the Committee, on the assessments by the Committee, the Board, the Partnership, its general partner and their respective advisors, as to all legal, regulatory, accounting, insurance, tax and other similar matters with respect to the Partnership and the Transaction or otherwise. The issuance of this Opinion was approved by a committee authorized to approve opinions of this nature.

Based upon and subject to the foregoing, and in reliance thereon, it is our opinion that, as of the date hereof, the exchange of the Assets by the Partnership for the Redeemed Units in the Transaction is fair, from a financial point of view, to the Partnership.

Very truly yours,

/s/ Houlihan Lokey Capital, Inc.

HOULIHAN LOKEY CAPITAL, INC.

The Transaction Committee of the Board of Directors of Cottonwood Residential, Inc. in its capacity as the general partner of Cottonwood Residential O.P., LP

SCHEDULE I

1. The Partnership distributes 100% of its interests in Broadstone Lakeside, Heights at Meridian, Brentridge, Legacy Heights, and Stetson to the Company in partial redemption of the Company's Units in the Partnership
2. The Partnership distributes 100% of its JV Interests in Arbors at Fairview, Plantations at Haywood, Retreat at Stafford and Waterford Creek to the Company in partial redemption of the Company's Units in the Partnership
3. The Partnership contributes its 100% owned properties, 1070 Main, 4804 Haverwood, The Oaks at North Dallas, Blue Swan, Bluffs Vista Ridge, Midtown Crossing, Retreat at River Park and Spring Pointe to a newly formed limited liability company ("Newco") and Newco becomes the direct owner of the equity interests of such eight assets
4. The Partnership distributes 100% of the capital interests in Newco to the Company in partial redemption of the Company's Units in the Partnership

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