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

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 000-56032

Ares Industrial Real Estate Income Trust Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

518 Seventeenth Street, 17th Floor, Denver, CO
(Address of principal executive offices)

47-1592886
(I.R.S. Employer
Identification No.)

80202
(Zip code)

(303) 228-2200

(Registrant's telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.01 Par Value

(Title of each class)

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>			Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of common stock held by non-affiliates of the registrant as of June 30, 2021 cannot be calculated because no established market exists for the registrant's common stock.

As of March 3, 2022, there were 215,464,535 shares of the registrant's Class T common stock, 15,224,616 shares of the registrant's Class D common stock and 46,014,036 shares of the registrant's Class I common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates certain information by reference to the definitive proxy statement for the registrant's 2021 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission (the "SEC") no later than April 29, 2022.

Auditor Name: KPMG LLP

Auditor Location: Denver, Colorado

Auditor Firm ID: 185

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes certain statements that may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such forward-looking statements relate to, without limitation, our ability to raise capital and effectively and timely deploy the net proceeds from our public offerings, the expected use of net proceeds from our public offerings, our reliance on Ares Commercial Real Estate Management LLC (the “Advisor”) and Ares real estate group (the “Sponsor” or “AREG”) of Ares Management Corporation (“Ares”), our understanding of our competition and our ability to compete effectively, our financing needs, our expected leverage, the effects of our current strategies, rent and occupancy growth, general conditions in the geographic area where we will operate, our future debt and financial position, our future capital expenditures, future distributions and acquisitions (including the amount and nature thereof), other developments and trends of the real estate industry, investment strategies and the expansion and growth of our operations. Forward-looking statements are generally identifiable by the use of the words “may,” “will,” “should,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “project,” or the negative of these words or other comparable terminology. These statements are not guarantees of future performance, and involve certain risks, uncertainties and assumptions that are difficult to predict.

The forward-looking statements included herein are based upon our current expectations, plans, estimates, assumptions, and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, present and future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. Factors that could have a material adverse effect on our operations and future prospects include, but are not limited to:

- Our ability to raise capital and effectively deploy the net proceeds raised in our public offerings in accordance with our investment strategy and objectives;
- The failure of properties to perform as we expect;
- Risks associated with acquisitions, dispositions and development of properties;
- Our failure to successfully integrate acquired properties and operations;
- The failure to successfully integrate Black Creek Group into the business, operations and corporate culture of Ares, and to retain Black Creek Group personnel following Ares’ acquisition of Black Creek Group’s U.S. real estate investment advisory and distribution business in July 2021;
- Unexpected delays or increased costs associated with any development projects;
- The availability of cash flows from operating activities for distributions and capital expenditures;
- Defaults on or non-renewal of leases by customers, lease renewals at lower than expected rent, or failure to lease properties at all or on favorable rents and terms;
- Difficulties in economic conditions generally and the real estate, debt, and securities markets specifically, including those related to the COVID-19 pandemic;
- Legislative or regulatory changes, including changes to the laws governing the taxation of real estate investment trusts (“REITs”);
- Our failure to obtain, renew, or extend necessary financing or access the debt or equity markets;
- Conflicts of interest arising out of our relationships with the Sponsor, the Advisor, and their affiliates;
- Risks associated with using debt to fund our business activities, including re-financing and interest rate risks;

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- Increases in interest rates, operating costs, or greater than expected capital expenditures;
- Changes to U.S. generally accepted accounting principles (“GAAP”); and
- Our ability to continue to qualify as a REIT.

Any of the assumptions underlying forward-looking statements could prove to be inaccurate. Our stockholders are cautioned not to place undue reliance on any forward-looking statements included in this Annual Report on Form 10-K. All forward-looking statements are made as of the date of this Annual Report on Form 10-K and the risk that actual results will differ materially from the expectations expressed in this Annual Report on Form 10-K will increase with the passage of time. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements after the date of this Annual Report on Form 10-K, whether as a result of new information, future events, changed circumstances, or any other reason. In light of the significant uncertainties inherent in the forward-looking statements included in this Annual Report on Form 10-K, including, without limitation, the risks described under “Risk Factors,” the inclusion of such forward-looking statements should not be regarded as a representation by us or any other person that the objectives and plans set forth in this Annual Report on Form 10-K will be achieved.

Summary Risk Factors

An investment in shares of our common stock involves significant risks. See “Risk Factors” beginning on page 5. These risks include, among others:

- There is no assurance that we will be able to achieve our investment objectives. We have experienced net loss, as defined by GAAP.
- There is no public trading market for shares of our common stock, and we do not anticipate that there will be a public trading market for our shares, so redemption of shares by us will likely be the only way to dispose of our stockholders’ shares. Our share redemption program will provide our stockholders with the opportunity to request that we redeem their shares on a monthly basis, but we are not obligated to redeem any shares and may choose to redeem only some, or even none, of the shares that have been requested to be redeemed in any particular month, in our discretion. In addition, redemptions will be subject to available liquidity and other significant restrictions. Further, our board of directors may modify or suspend our share redemption program if in its reasonable judgment, it deems such action to be in our best interest and the best interest of our stockholders. As a result, our shares should be considered as having only limited liquidity and at times may be illiquid, therefore, our stockholders must be prepared to hold their shares for an indefinite length of time.
- A portion of the proceeds received in this offering is expected to be used to satisfy redemption requests. Using the proceeds from this offering for redemptions will reduce the net proceeds available to retire debt or acquire additional properties, which may result in reduced liquidity and profitability or restrict our ability to grow our NAV.
- The transaction price may not accurately represent the value of our assets at any given time and the actual value of our stockholders’ investments may be substantially less. The transaction price generally will be based on our most recently disclosed monthly NAV of each class of common stock (subject to material changes) and will not be based on any public trading market. Further, our board of directors may amend our NAV procedures from time to time. For example, if our stockholders wish to subscribe for shares of our common stock in October, their subscription request must be received in good order at least five business days before November 1. Generally, the offering price per share would equal the transaction price of the applicable class as of the last calendar day of September, plus applicable upfront selling commissions and dealer manager fees. If accepted, their subscription would be effective on the first calendar day of November. Conversely, if our stockholders wish to submit their shares for redemption in October, their redemption request and required documentation must be received in good order by 4:00 p.m. (Eastern time) on the second to last business day of October. If accepted, their shares would be redeemed as of the last calendar day of October and, generally, the redemption price would equal the transaction price of the applicable class as of the last calendar day of September. Shares are subject to a 5.0% early redemption discount if they have been outstanding for less than one year. In each of these cases, the NAV that is ultimately determined as of the last day of October may be higher or lower than the NAV as of the last day of September used for determining the transaction price. Therefore, the price at which our stockholders purchase shares may be higher than the current NAV per share at the time of sale and the price at which our stockholders redeem shares may be lower than the current NAV per share at the time of redemption.
- The transaction price may not represent our enterprise value and may not accurately reflect the actual prices at which our assets could be liquidated on any given day, the value a third party would pay for all or substantially all of our shares, or the price that our shares would trade at on a national stock exchange. Further, it is possible that the annual appraisals of our properties may not be spread evenly throughout the year, and rapidly changing market conditions or material events may not be fully reflected in our monthly NAV. The resulting potential disparity in our NAV may inure to the benefit of redeeming stockholders or non-redeeming stockholders and new purchasers of our common stock, depending on whether our published NAV per share for such class is overstated or understated.
- In connection with this offering, we incur fees and expenses which will decrease the amount of cash we have available for operations and new investments. In the future we may conduct other offerings of common stock (whether existing or new classes), preferred stock, debt securities or of interests in our Operating Partnership. We may also amend the terms of this offering. We may structure or amend such offerings to attract institutional investors or other sources of capital. The costs of this offering and future offerings may negatively impact our ability to pay distributions and our stockholders overall return.
- Our NAV per share may suddenly change if the valuations of our properties materially change from prior valuations or the actual operating results materially differ from what we originally budgeted. For example, we expect to face lease expirations across our

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portfolio regularly, and as we move further away from lease commencement toward the end of a lease term, the valuation of the underlying property generally will be expected to drop, depending on the likelihood of a renewal or a new lease on similar terms.

- We may face challenges related to the integration of Black Creek Group into the business operations and corporate culture of Ares, the allocation of corporate resources, and the retention of Black Creek Group personnel, which could adversely impact our business and reduce the synergies that we expect to benefit from as a result of the acquisition of Black Creek Group’s U.S. real estate investment advisory and distribution business by Ares in July 2021.
- Some of our executive officers, directors and other key personnel are also officers, directors, managers and/or key personnel of the Advisor, the Dealer Manager, and/or other entities related to the Sponsor. As a result, they face conflicts of interest, including but not limited to conflicts arising from time constraints, allocation of investment and leasing opportunities and the fact that certain of the compensation the Advisor will receive for services rendered to us is based on our NAV, the procedures for which the Advisor assists our board of directors in developing, overseeing, implementing and coordinating. We expect to compete with certain affiliates of direct and indirect owners of the Sponsor for investments and certain of those entities may be given priority with respect to certain investment opportunities.
- This is a “blind pool” offering; our stockholders will not have the opportunity to evaluate all of the investments we will make before we make them.
- This is a “best efforts” offering and if we are unable to raise substantial funds, then we will be more limited in our investments.
- We may change our investment policies without stockholder notice or consent, which could result in investments that are different from those described in this report and in other filings we make with the SEC from time to time.
- The amount of distributions we may make is uncertain. Distributions have been and may continue to be paid from sources other than cash flows from operating activities, including, without limitation, from borrowings, the sale of assets or offering proceeds. Our distributions may exceed our taxable income, which would represent a return of capital for tax purposes. A return of capital is a return of our stockholders investment rather than a return of earnings or gains and will be made after deductions of fees and expenses payable in connection with our offering. Some or all of our future distributions may be paid from these sources as well as from the sales of assets, cash resulting from a waiver or deferral of fees, and from our cash balances. There is no limit on distributions that may be made from these sources, however, our Advisor and its affiliates are under no obligation to defer or waive fees in order to support our distributions. The use of these sources for distributions may decrease the amount of cash we have available for new investments, share redemptions and other corporate purposes, and could reduce our stockholders overall return.
- If we fail to qualify as a REIT, it would adversely affect our operations and our ability to make distributions to our stockholders.
- Our use of leverage, such as mortgage indebtedness and other borrowings, increases the risk of loss on our investments.

PART I

ITEM 1. BUSINESS

The Company

Ares Industrial Real Estate Income Trust Inc. is a Maryland corporation formed on August 12, 2014. As used herein, the terms “Ares Industrial Real Estate Income Trust,” “AIREIT,” the “Company,” “we,” “our,” or “us” refer to Ares Industrial Real Estate Income Trust Inc. and its consolidated subsidiaries, except where otherwise indicated.

We were formed to make equity and debt investments in income-producing real estate assets consisting primarily of high-quality distribution warehouses and other industrial properties that are leased to creditworthy corporate customers throughout the U.S. Although we will continue to focus our investment activities primarily on distribution warehouses and other industrial properties, our charter and bylaws do not preclude us from investing in other types of commercial property, real estate debt, or real estate related equity securities.

We have operated and elected to be treated as a REIT for U.S. federal income tax purposes, commencing with our taxable year ended December 31, 2017, and we intend to continue to operate in accordance with the requirements for qualification as a REIT. We utilize an Umbrella Partnership Real Estate Investment Trust (“UPREIT”) organizational structure to hold all or substantially all of our assets through our operating partnership, AIREIT Operating Partnership LP (the “Operating Partnership”), a Delaware limited partnership of which we are the sole general partner and a limited partner.

We intend to conduct a continuous offering that will not have a predetermined duration, subject to continued compliance with the rules and regulations of the SEC and applicable state laws. In order to execute this strategy in compliance with federal securities laws, we intend to file new registration statements to replace existing registration statements, such that there will not be any lag from one offering to the next. On August 4, 2021, the SEC declared our registration statement on Form S-11 with respect to our third public offering of up to \$5.0 billion of shares of our common stock effective, and the third public offering commenced the same day. Our second public offering of up to \$2.0 billion of shares of common stock was terminated immediately upon the effectiveness of the registration statement for the third public offering. Under the third public offering, we are offering up to \$3.75 billion of shares of our common stock in the primary offering and up to \$1.25 billion of shares of our common stock pursuant to our distribution reinvestment plan, in any combination of Class T shares, Class D shares and Class I shares. We may reallocate amounts between the primary offering and distribution reinvestment plan.

Pursuant to our public offering, we offered and continue to offer shares of our common stock at the “transaction price,” plus applicable selling commissions and dealer manager fees. The “transaction price” generally is equal to the net asset value (“NAV”) per share of our common stock most recently disclosed. Our NAV per share is calculated as of the last calendar day of each month for each of our outstanding classes of common stock, and is available generally within 15 calendar days after the end of the applicable month. Shares issued pursuant to our distribution reinvestment plan are offered at the transaction price, as indicated above, in effect on the distribution date. We may update a previously disclosed transaction price in cases where we believe there has been a material change (positive or negative) to our NAV per share relative to the most recently disclosed monthly NAV per share. See Item 5, “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Estimated Net Asset Value Per Share” for further detail.

Additionally, we have a program to raise capital through private placement offerings by selling beneficial interests in specific Delaware statutory trusts holding real properties (the “DST Program”). These private placement offerings are exempt from registration requirements pursuant to Section 4(a)(2) of the Securities Act. We anticipate that these interests may serve as replacement properties for investors seeking to complete like-kind exchange transactions under Section 1031 of the Code. We expect that the DST Program will give us the opportunity to expand and diversify our capital raise strategies by offering what we believe to be an attractive and unique investment product for investors that may be seeking replacement properties to complete like-kind exchange transactions. We also make loans (“DST Program Loans”) to finance no more than 50% of the purchase price of the DST Interests to certain purchasers of the interests in the Delaware statutory trusts payable upon their acquisition of such interests. During the year ended December 31, 2021, we sold \$492.2 million of gross interests related to the DST Program, \$68.8 million of which were financed by DST Program Loans.

As of December 31, 2021, we had raised gross proceeds of approximately \$2.7 billion from the sale of 259.8 million shares of our common stock, including shares issued pursuant to our distribution reinvestment plan. See Note 7 to the Consolidated Financial Statements” for information concerning our public offerings.

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As of December 31, 2021, we directly owned and managed a real estate portfolio that included 193 industrial buildings totaling 37.6 million square feet located in 28 markets throughout the U.S., with 348 customers, and was 96.6% occupied (97.6% leased) with a weighted-average remaining lease term (based on square feet) of approximately 4.4 years. The occupied rate reflects the square footage with a paying customer in place. The leased rate includes the occupied square footage and additional square footage with leases in place that have not yet commenced. As of December 31, 2021, our real estate portfolio included:

- 183 industrial buildings totaling approximately 36.1 million square feet comprised our operating portfolio, which includes stabilized properties, and was 98.3% occupied (98.3% leased) with a weighted-average remaining lease term (based on square feet) of approximately 4.4 years; and
- 10 industrial buildings totaling approximately 1.5 million square feet comprised our value-add portfolio, which includes buildings acquired with the intention to reposition or redevelop, or buildings recently completed which have not yet reached stabilization. We generally consider a building to be stabilized on the earlier to occur of the first anniversary of a building's shell completion or a building achieving 90% occupancy.

On July 15, 2020, we acquired minority ownership interests in two joint venture partnerships, which include Build-to-Core Industrial Partnership I LP (the "BTC I Partnership") and Build-To-Core Industrial Partnership II LP (the "BTC II Partnership" and, together with the BTC I Partnership, the "BTC Partnership"), with third party investors, for \$301.0 million in cash paid at closing, exclusive of due diligence expenses and other closing costs. As of the date of acquisition, the joint venture partnerships' aggregate real estate portfolios consisted of 64 acquired or completed buildings and 18 buildings under construction or in the pre-construction phase.

On June 15, 2021, we, along with our joint venture partners, entered into a transaction (the "BTC I Partnership Transaction") to split the portfolio of the BTC I Partnership (the "BTC I Portfolio"), which, prior to the transaction, consisted of 44 buildings totaling approximately 12.1 million square feet. As a result of the BTC I Partnership Transaction (described further in "Note 5 to the Consolidated Financial Statements"), we own a 100% interest in 22 buildings that were previously part of the BTC I Portfolio, totaling approximately 5.4 million square feet with a total cost of \$876.7 million, which includes the cost of our minority joint venture interest in the BTC I Partnership and our incremental additional investment of approximately \$580 million, exclusive of transaction costs, to effect the split of the BTC I Portfolio.

As of December 31, 2021, we owned and managed 29 buildings totaling approximately 6.9 million square feet and six buildings either under construction or in the pre-construction phase totaling approximately 1.8 million square feet (the "BTC II Portfolio"), through our 12.0% minority ownership interest in the BTC II Partnership (as described in "Note 5 to the Consolidated Financial Statements"). Unless otherwise noted, these buildings are excluded from the presentation of our portfolio data herein. See "Note 17 to the Consolidated Financial Statements" for information regarding transactions effected subsequent to December 31, 2021 with respect to the BTC II Partnership.

See Item 2, "Properties," for further details on our real estate portfolio. See "Note 3 to the Consolidated Financial Statements" for detail regarding our acquisition activity for the year ended December 31, 2021.

We rely on the Advisor, a related party, to manage our day-to-day operating and acquisition activities and to implement our investment strategy pursuant to the terms of the Advisory Agreement (2022), dated February 11, 2022 (the "Advisory Agreement"), by and among us, the Operating Partnership, and the Advisor. The current term of the Advisory Agreement ends May 1, 2022, subject to renewal by our board of directors for an unlimited number of successive one-year periods. The Advisor performs its duties and responsibilities under the Advisory Agreement as a fiduciary of us and our stockholders. The Advisor may, but is not required to, establish working capital reserves from proceeds from our public offerings, from cash flow generated by operating assets or from proceeds from the sale of assets. Working capital reserves are typically utilized to fund tenant improvements, leasing commissions, and major capital expenditures. Our lenders also may require working capital reserves.

Investment Objectives

Our primary investment objectives include the following:

- preserving and protecting our stockholders' capital contributions;

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- providing current income to our stockholders in the form of regular distributions; and
- realizing capital appreciation in our NAV from active investment management and asset management.

There is no assurance that we will attain our investment objectives. Our charter places numerous limitations on us with respect to the manner in which we may invest our funds. In most cases these limitations cannot be changed unless our charter is amended, which may require the approval of our stockholders.

Investment Strategy

We have and will continue to focus our investment activities on and use the proceeds raised in the offerings principally for building a national industrial warehouse operating company. Our investment activities include the acquisition, development and/or financing of income-producing real estate assets consisting primarily of high-quality distribution warehouses and other industrial properties that are leased to creditworthy corporate customers. Creditworthiness does not necessarily mean investment grade and the majority of our customers do not have a public credit rating. Furthermore, it is anticipated that much of our portfolio will be leased to non-investment grade customers going forward. We evaluate creditworthiness and financial strength of prospective customers based on financial, operating and business plan information that is provided to us by such prospective customers, as well as other market and economic information that is generally publicly available.

The number and type of properties we may acquire or develop will depend upon real estate market conditions and other circumstances existing at the time we make our investments. Although we intend to continue to focus our investment activities primarily on distribution warehouses and other industrial properties, our charter and bylaws do not preclude us from investing in other types of commercial property or real estate-related debt. However, we will not invest more than 25% of net proceeds we receive from the sale of shares of our common stock in the offerings in other types of commercial property or real estate-related debt. As of December 31, 2021, our portfolio was comprised entirely of industrial properties. See Item 2, “Properties,” for further detail.

Our investment in any distribution warehouse, other industrial property, or other property type will be based upon the best interests of our company and our stockholders as determined by the Advisor and our board of directors. Real estate assets in which we may invest may be acquired or developed either directly by us or through joint venture partnerships or other co-ownership arrangements with affiliated or unaffiliated third parties, and may include: equity investments in commercial properties; mortgage, mezzanine, construction, bridge, and other loans related to real estate; and investments in other real estate-related entities, including REITs, private real estate funds, real estate management companies, real estate development companies, and debt funds, both foreign and domestic. Subject to the 25% limitation described above, we may invest in any of these asset classes, including those that may present greater risk than industrial properties. The BTC II Partnership invests in an industrial real estate portfolio comprised of approximately (i) 30.0% development investments, and (ii) 70.0% core and value-add investments (based on purchase price), as of December 31, 2021.

Business Strategy

We seek to provide income in the form of regular distributions to our stockholders by generating sustained internal growth in rental income. The keys to long-term rental income growth are maintaining a stabilized occupancy rate (generally above 90%) through active leasing efforts, negotiating contractual rent increases on existing leases and renewals on expiring leases, cultivating strong customer relationships, and controlling operating expenses.

Financing Objectives

We use secured and unsecured debt as a means of providing additional funds for the acquisition of assets, to pay distributions, and for other corporate purposes. While a large percentage of our debt financings may typically be comprised of long-term, fixed-rate loans, our use of leverage generally increases the risk of default on loan payments and the resulting foreclosure on a particular asset or group of assets. Upon a default, our lenders may also have recourse to assets other than those specifically securing the repayment of the indebtedness. Our ability to enhance our investment returns and to increase our diversification by acquiring assets using additional funds provided through borrowings could be adversely impacted if the credit markets are closed or limited and banks and other lending institutions impose severe restrictions on the amount of funds available for the types of loans we seek. We have sourced, and may continue to source, institutional or other capital through joint venture partnerships or other co-partnerships to help diversify risk associated with development and value-add opportunities. See Item 1A, “Risk Factors—Risks Related to Debt Financing” for further detail.

Competition

The market for the acquisition of industrial real estate is highly competitive. We compete for real property investments with other REITs and institutional investors, such as pension funds and their advisors, private real estate investment funds, insurance company investment accounts, private investment companies, individuals and other entities engaged in real estate investment activities, including certain other entities sponsored or advised by affiliates of the Sponsor, some of which may have greater financial resources than we do and generally may be able to accept more risk, including risks relating to the creditworthiness of potential customers, the breadth of the markets in which to invest, or the level of leverage they are willing to take on. They also may possess significant competitive advantages that result from, among other things, a lower cost of capital or greater operating efficiencies associated with a larger platform.

The market for the leasing of industrial real estate is also very competitive. We experience competition for customers from other existing assets in proximity to our buildings, as well as from proposed new developments. As a result, we may have to provide free rental periods, incur charges for tenant improvements, or offer other inducements, all of which may have an adverse impact on our results of operations.

Significant Customers

We are dependent upon the ability of current customers to pay their contractual rent amounts as the rents become due. As of December 31, 2021, there was one customer that individually represented more than 5.0% of total annualized base rent, and our 10 largest customers represented approximately 25.2% of total annualized base rent of our portfolio. We are not aware of any current customers whose inability alone to pay their contractual rental amounts would have a material adverse impact on our results of operations. See Item 2, “Properties,” for further detail about customer diversification.

Conflicts of Interest

We are subject to various potential conflicts of interest that could arise out of our relationship with the Advisor and other affiliates and related parties, including: conflicts related to the compensation arrangements among the Advisor, certain affiliates and related parties, and us; conflicts with respect to the allocation of the Advisor’s and its key personnel’s time; conflicts related to our potential acquisition of assets from affiliates of the Advisor; and conflicts with respect to the allocation of investment opportunities. Further, entities currently sponsored by or that in the future may be advised by affiliates of the Sponsor, and those in which Sponsor-affiliated entities own interests, may compete with us or may be given priority over us with respect to the acquisition of certain types of investments. As a result of our potential competition with these entities, certain investment opportunities that would otherwise be available to us may not in fact be available. See Item 1A, “Risk Factors—Risks Related to the Advisor and Its Affiliates,” for additional detail. The independent directors have an obligation to function on our behalf in all situations in which a conflict of interest may arise and have a fiduciary obligation to act on behalf of our stockholders.

Compliance with Federal, State and Local Environmental Laws

Properties that we acquire, and the properties underlying our investments, are subject to various federal, state, and local environmental laws, ordinances, and regulations. Under these laws, ordinances, and regulations, a current or previous owner of real estate (including, in certain circumstances, a secured lender that succeeds to ownership or control of a property) may become liable for the costs of removal or remediation of certain hazardous or toxic substances or petroleum product releases at, on, under, or in its property. These laws typically impose cleanup responsibility and liability without regard to whether the owner or control party knew of or was responsible for the release or presence of the hazardous or toxic substances. The costs of investigation, remediation, or removal of these substances may be substantial and could exceed the value of the property. An owner or control party of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain environmental laws also impose liability in connection with the handling of or exposure to materials containing asbestos. These laws allow third parties to seek recovery from owners of properties for personal injuries associated with materials containing asbestos. Our operating costs and the values of these assets may be adversely affected by the obligation to pay for the cost of complying with existing environmental laws, ordinances, and regulations, as well as the cost of complying with future legislation, and our income and ability to make distributions to our stockholders could be affected adversely by the existence of an environmental liability with respect to our properties. We will endeavor to ensure our properties are in compliance in all material respects with all federal, state and local laws, ordinances, and regulations regarding hazardous or toxic substances or petroleum products.

Employees

We have no employees. Pursuant to the terms of the Advisory Agreement, the Advisor assumes principal responsibility for managing our affairs and we compensate the Advisor for certain services.

Additional Information

Our internet address is blackcreekgroup.com/investment-solutions/aireit/. Through a link on our website, we make available, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and prospectus, along with any amendments to those filings, as soon as reasonably practicable after we file or furnish them to the SEC.

ITEM 1A. RISK FACTORS

RISKS RELATED TO INVESTING IN OUR PUBLIC OFFERING

There is no assurance that we will be able to successfully achieve our investment objectives; the prior performance of other entities affiliated with our Advisor may not be an accurate barometer of our future results.

We may not be able to achieve our investment objectives. We have experienced net loss, as defined by GAAP. As a result, an investment in our shares of common stock may entail more risk than the shares of common stock of a real estate investment trust with a substantial operating history. In addition, stockholders should not rely on the past performance of investments by other entities affiliated with our Advisor to predict our future results. Our investment strategy and key employees may differ from the investment strategies and key employees of other programs affiliated with our Advisor in the past, present and future.

Because we generally do not mark to market our property-level mortgages and corporate-level credit facilities that are intended to be held to maturity, or our associated interest rate hedges that are intended to be held to maturity, the realizable value of our company or our assets that are encumbered by debt may be higher or lower than the value used in the calculation of our NAV.

In accordance with our valuation procedures, our property-level mortgages and corporate-level credit facilities that are intended to be held to maturity (which for fixed rate debt not subject to interest rate hedges may be the date near maturity at which time the debt will be eligible for prepayment at par for purposes herein), including those subject to interest rates hedges, are valued at par (i.e. at their respective outstanding balances). Because we often utilize interest rate hedges to stabilize interest payments (i.e. to fix all-in interest rates through interest rate swaps or to limit interest rate exposure through interest rate caps) on individual loans, each loan and associated interest rate hedge is treated as one financial instrument, which is valued at par if intended to be held to maturity. As a result, the realizable value of our company or our assets that are encumbered by debt used in the calculation of our NAV may be higher or lower than the value that would be derived if such debt instruments were marked to market. For example, if we decide to sell one or more assets, we may re-classify those assets as held-for-sale, which could then have a positive or negative impact on our calculation of NAV to the extent any associated debt is definitively intended to be prepaid. In some cases such difference may be significant. This policy of valuing at par applies regardless of whether any given interest rate hedge is considered an asset or liability for GAAP purposes. As of December 31, 2021, we classified all of our debt as intended to be held to maturity.

There is no public trading market for the shares of our common stock and we do not anticipate that there will be a public trading market for our shares; therefore, our stockholders' ability to dispose of their shares will likely be limited to redemption by us. If our stockholders do sell their shares to us, they may receive less than the price they paid.

There is no public market for the shares of our common stock and we currently have no obligation or plans to apply for listing on any public securities market. Therefore, redemption of the shares of our common stock by us will likely be the only way for our stockholders to dispose of their shares. We will redeem shares at a price equal to the transaction price on the last calendar day of the applicable month, and not based on the price at which our stockholders initially purchased their shares. We may redeem our stockholders' shares if they fail to maintain a minimum balance of \$2,000 of shares, even if their failure to meet the minimum balance is caused solely by a decline in our NAV. Since Class T shares are sold at the transaction price plus applicable upfront selling commissions and dealer manager fees, holders of Class T shares may receive less than the price they paid for their shares upon redemption by us. Subject to limited exceptions, holders of our common stock that have not held their shares for at least one year will be eligible for redemption at 95% of the transaction price on the

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redemption date, which will inure indirectly to the benefit of our remaining stockholders. As a result of this and the fact that our NAV will fluctuate, holders of our common stock may receive less than the price they paid for their shares upon redemption by us.

Our ability to redeem our stockholders' shares may be limited. In addition, our board of directors may modify or suspend our share redemption program at any time.

Our share redemption program contains significant restrictions and limitations. For example, if holders of our common stock do not hold their shares for a minimum of one year, then they will only be eligible for redemption at 95% of the transaction price on the redemption date.

We may redeem fewer shares than have been requested in any particular month to be redeemed under our share redemption program, or none at all, in our discretion at any time. We may redeem fewer shares due to lack of readily available funds because of adverse market conditions beyond our control, the need to maintain liquidity for our operations or because we have determined that investing in real property or other illiquid investments is a better use of our capital than redeeming our shares. In addition, the total amount of aggregate redemptions of Class T, Class D, and Class I shares (based on the price at which the shares are redeemed) will be limited for each calendar month to 2% of the aggregate NAV of all classes as of the last calendar day of the previous quarter and for each calendar quarter will be limited to 5% of the aggregate NAV of all classes of shares as of the last calendar day of the previous calendar quarter. With respect to the limitations described above, (i) provided that this share redemption program has been operating and not suspended for the first month of a given quarter and that all properly submitted redemption requests were satisfied, any unused capacity for that month will carry over to the second month and (ii) provided that this share redemption program has been operating and not suspended for the first two months of a given quarter and that all properly submitted redemption requests were satisfied, any unused capacity for those two months will carry over to the third month. In no event will such carry-over capacity permit the redemption of shares with aggregate value (based on the redemption price per share for the month the redemption is effected) in excess of 5% of the combined NAV of all classes of shares as of the last calendar day of the previous calendar quarter (provided that for these purposes redemptions may be measured on a net basis as described in the paragraph below).

We currently measure the foregoing redemption allocations and limitations based on net redemptions during a month or quarter, as applicable. The term "net redemptions" means, during the applicable period, the excess of our share redemptions (capital outflows) over the proceeds from the sale of our shares (capital inflows). With respect to future periods, our board of directors may choose whether the allocations and limitations will be applied to "gross redemptions," i.e., without netting against capital inflows, rather than to net redemptions, which could limit the amount of shares redeemed in a given month or quarter despite our receiving a net capital inflow for that month or quarter.

The vast majority of our assets will consist of properties which cannot generally be readily liquidated on short notice without impacting our ability to realize full value upon their disposition. Therefore, we may not always have a sufficient amount of cash to immediately satisfy redemption requests. Further, we may invest in real estate-related securities and other securities with the primary goal of maintaining liquidity in support of our share redemption program. Any such investments may result in lower returns than an investment in real estate assets, which could adversely impact our ability to pay distributions and our stockholders' overall return. Further, if redemption requests, in the business judgment of our board of directors, place an undue burden on our liquidity, adversely affect our operations, risk having an adverse impact on stockholders whose shares are not redeemed, or should we otherwise determine that investing our liquid assets in real properties or other investments rather than repurchasing our shares is in the best interests of the Company as a whole, then our board of directors may make exceptions to, modify or suspend our share redemption program if in its reasonable judgment it deems such action to be in our best interest and the best interest of our stockholders. Although our board of directors has the discretion to suspend our share redemption program, our board of directors will not terminate our share redemption program other than in connection with a liquidity event which results in our stockholders receiving cash or securities listed on a national securities exchange or where otherwise required by law. Our board of directors may determine that it is in our best interests and the interest of our stockholders to suspend the share redemption program as a result of regulatory changes, changes in law, if our board of directors becomes aware of undisclosed material information that it believes should be publicly disclosed before shares are redeemed, a lack of available funds, a determination that redemption requests are having an adverse effect on our operations or other factors. Upon suspension of our share redemption program, our share redemption program requires our board of directors to consider at least quarterly whether the continued suspension of the program is in our best interest and the best interest of our stockholders; however, we are not required to authorize the re-commencement of the share redemption program within any specified period of time and any suspension may be for an indefinite period, which would be tantamount to a termination. As a result, our stockholders' ability to have their shares redeemed by us may be limited, our shares should be considered as having only limited liquidity and at times may be illiquid.

Our capacity to redeem shares may be further limited if we experience a concentration of investors.

The current limitations of our share redemption program are based, in part, on the number of outstanding shares. Thus, the ability of a single investor, or of a group of investors acting similarly, to redeem all of their shares may be limited if they own a large percentage of our shares. Similarly, if a single investor, or a group of investors acting in concert or independently, owns a large percentage of our shares, a significant redemption request by such investor or investors could significantly further limit our ability to satisfy redemption requests of other investors of such classes. Such concentrations could arise in a variety of circumstances, especially while we have relatively few outstanding shares. For example, we could sell a large number of our shares to one or more institutional investors, either in a public offering or in a private placement. In addition, we may issue a significant number of our shares in connection with an acquisition of another company or a portfolio of properties to a single investor or a group of investors that may request redemption at similar times following the acquisition.

Purchases and redemptions of our common shares will not be made based on the current NAV per share of our common stock.

We are offering shares of our common stock at the transaction price, plus applicable selling commissions and dealer manager fees. The transaction price generally will be equal to the NAV per share of our common stock most recently disclosed by us, however, we may offer shares at a price that we believe reflects the NAV per share of such stock more appropriately than the most recently disclosed NAV per share, including by updating a previously disclosed transaction price, in cases where we believe there has been a material change (positive or negative) to our NAV per share relative to the most recently disclosed NAV per share. The transaction price generally will be based on our most recently disclosed monthly NAV of each class of common stock (subject to material changes as described above) and will not be based on any public market. Further, our board of directors may amend our NAV procedures from time to time. For example, if our stockholders wish to subscribe for shares of our common stock in October, their subscription request must be received in good order at least five business days before November 1. Generally, the offering price per share would equal the transaction price of the applicable class as of the last calendar day of September, plus applicable upfront selling commissions and dealer manager fees. If accepted, their subscription would be effective on the first calendar day of November. Conversely, if our stockholders wish to submit their shares for redemption in October, their redemption request and required documentation must be received in good order by 4:00 p.m. (Eastern time) on the second to last business day of October. If accepted, their shares would be redeemed as of the last calendar day of October and, generally, the redemption price would equal the transaction price of the applicable class as of the last calendar day of September, subject to a 5.0% reduction, for early redemption of shares of our common stock that have not been outstanding for at least one year. In each of these cases, the NAV that is ultimately determined as of the last day of October may be higher or lower than the NAV as of the last day of September used for determining the transaction price. Therefore, the price at which our stockholders purchase shares may be higher than the current NAV per share at the time of sale and the price at which our stockholders redeem shares may be lower than the current NAV per share at the time of redemption.

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In order to provide liquidity to fund redemptions, we currently intend to maintain a number of sources of aggregate liquidity including cash, cash equivalents, other short-term investments, U.S. government securities, agency securities, liquid real estate-related securities and undrawn amounts under our corporate line of credit of 10% of our equity. In addition, we may draw down amounts under our corporate line of credit. These measures may result in lower returns to our stockholders.

Although the majority of our assets consist of properties that cannot generally be readily liquidated on short notice without impacting our ability to realize full value upon their disposition, in order to provide liquidity to fund redemptions, we currently intend to maintain, under normal operating circumstances and subject to any limitations and requirements relating to our qualification as a REIT, a number of sources of liquidity including cash, cash equivalents (e.g. money market funds), other short-term investments, U.S. government securities, agency securities, liquid real estate-related securities and undrawn amounts under our corporate line of credit (“cash-related liquidity”) of 10% of our equity. In addition, we may draw down amounts under our corporate line of credit to cover any difference in our cash-related liquidity allocation, ensuring an allocation to cash-related liquidity of 10% of our equity. Our allocation of a portion of our equity to liquid investments may result in lower returns than if we had invested in additional properties and using borrowings for redemptions will reduce the funds available to retire debt or acquire additional properties, which may result in reduced profitability and restrict our ability to grow our NAV.

Economic events that may cause our stockholders to request that we redeem their shares may materially adversely affect our cash flow and our results of operations and financial condition.

Economic events affecting the U.S. economy, such as the general negative performance of the real estate sector, could cause our stockholders to seek to sell their shares to us pursuant to our share redemption program at a time when such events are adversely affecting the performance of our assets. The redemptions of Class T, Class D, and Class I shares are subject to the 2% and 5% limits (as described above) (subject to potential carry-over capacity). Even if we are able to and determine to satisfy all resulting redemption requests, our cash flow could be materially adversely affected. In addition, if we determine to sell assets to satisfy redemption requests, we may not be able to realize the return on such assets that we may have been able to achieve had we sold at a more favorable time, and our results of operations and financial condition, including, without limitation, breadth of our portfolio by property type and location, could be materially adversely affected.

A portion of the proceeds raised in our public offering is expected to be used to satisfy redemption requests, and such portion of the proceeds may be substantial.

We currently expect to use a portion of the proceeds from our public offering to satisfy redemption requests with respect to our share redemption program. Using the proceeds from our public offering for redemptions will reduce the net proceeds available to retire debt or acquire additional properties, which may result in reduced liquidity and profitability or restrict our ability to grow our NAV.

Our public offering is a “blind pool” offering and stockholders will not have the opportunity to evaluate our future investments prior to purchasing shares of our common stock.

Stockholders will not be able to evaluate the economic merits, transaction terms or other financial or operational data concerning our future investments that we have not yet identified prior to purchasing shares of our common stock. Stockholders must rely on the Advisor and our board of directors to implement our investment policies, to evaluate our investment opportunities and to structure the terms of our investments. We may invest in any asset class, including those that present greater risk than industrial assets. Because stockholders cannot evaluate our future investments in advance of purchasing shares of our common stock, a “blind pool” offering may entail more risk than other types of offerings. This additional risk may hinder stockholders’ ability to achieve their own personal investment objectives related to portfolio diversification, risk-adjusted investment returns and other objectives.

Our public offering is a “best efforts” offering and if we are unable to raise substantial funds, we will be limited in the number and type of investments we may make which could negatively impact an investment in shares of our common stock.

Our public offering is being made on a “best efforts” basis, whereby the broker dealers participating in the offering are only required to use their best efforts to sell shares of our common stock and have no firm commitment or obligation to purchase any of the shares of our common stock. As a result, the amount of proceeds we raise in our public offering may be substantially less than the amount we would need to achieve a diversified industrial portfolio. Our inability to raise substantial funds would increase our fixed operating expenses as a percentage of gross income, and our financial condition and ability to make distributions could be adversely affected. If we are unable to

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raise substantially more funds in our public offering, we will be thinly capitalized and will make fewer investments in properties, and will more likely focus on making investments in loans and real estate related entities, resulting in less diversification in terms of the number of investments owned, the geographic regions in which our property investments are located and the types of investments that we make. As a result, the likelihood increases that any single investment's poor performance would materially affect our overall investment performance. As of December 31, 2021, we had raised gross proceeds of approximately \$2.7 billion from the sale of approximately 259.8 million shares of our common stock, including shares issued pursuant to our distribution reinvestment plan. See "Note 9 to the Consolidated Financial Statements" for information concerning our public offerings.

Historical returns may be presented over limited timeframes and are inherently limited in their applicability to the future.

In our prospectus, in our annual report, and in other investor communications, we disclose certain historical NAV and total return information. This information may be presented on a class-by-class basis or on a weighted-average basis across all our classes. The information may go back one month, one quarter, or longer periods. While we believe this historical information is useful, investors should understand that any historical return presentation is inherently limited in its applicability to the future, for a variety of reasons. We may have performed better in certain past time periods than others, and we cannot predict the future performance of our company specifically or the broader economy and real estate markets more generally. Furthermore, from time to time we may make changes to our portfolio, our investment focus, or structural aspects of our company that may make past returns less comparable. Over time, we have made changes to the fees and reimbursements we pay to the Advisor (in connection with managing our operations) and the Dealer Manager and participating broker-dealers (in connection with our public offerings). Our share classes have different upfront fees and different class-specific fees that make their returns different from those of other classes and from average returns that may be shown. In some cases, we have changed the names of our share classes and the fees that affect their returns.

Even if we are able to raise substantial funds in our public offerings, investors in our common stock are subject to the risk that our offerings, business and operating plans may change.

Although we presently intend to operate on a perpetual basis with ongoing offering and share redemption program, this is not a requirement of our charter. Further, we may in the future consider various Liquidity Events and, given that our investment strategy is focused on a single asset class, it is possible that an opportunity to execute a Liquidity Event could arise. Even if we are able to raise substantial funds in our offerings, if circumstances change such that our board of directors believes it is in the best interest of our stockholders to terminate our offerings or to terminate our share redemption program, in connection with a Liquidity Event or otherwise, we may do so without stockholder approval. Our board of directors may also change our investment objectives, borrowing policies or other corporate policies without stockholder approval. In addition, we may change the way our fees and expenses are incurred and allocated to different classes of stockholders if the tax rules applicable to REITs change such that we could do so without adverse tax consequences. Our board of directors may decide that a Liquidity Event or certain other significant transactions that require stockholder approval are in the best interests of our stockholders. Holders of all classes of our common stock have equal voting rights with respect to such matters and will vote as a single group rather than on a class-by-class basis. Accordingly, investors in our common stock are subject to the risk that our offerings, business and operating plans may change.

Valuations and appraisals of our properties, real estate-related assets and real estate-related liabilities are estimates of value and may not necessarily correspond to realizable value.

The valuation methodologies that are used to value our properties and certain real estate-related assets involve subjective judgments regarding such factors as comparable sales, rental revenue and operating expense data, known contingencies, the capitalization or discount rate, and projections of future rent and expenses based on appropriate analysis. As a result, any valuations and appraisals of our properties, real estate-related assets and real estate-related liabilities are only estimates of current market value. Ultimate realization of the value of an asset or liability depends to a great extent on economic and other conditions beyond our control and the control of the Independent Valuation Advisor and other parties involved in the valuation of our assets and liabilities. Further, these valuations may not necessarily represent the price at which an asset or liability would sell, because market prices of assets and liabilities can only be determined by negotiation between a willing buyer and seller. Valuations used for determining our NAV also are generally made without consideration of the expenses that would be incurred in connection with disposing of assets and liabilities. Therefore, the valuations of our properties, our investments in real estate-related assets and our liabilities may not correspond to the timely realizable value upon a sale of those assets and liabilities. In addition, the value of our interest in any joint venture or partnership that is a minority interest or is restricted as to salability or transferability may reflect or be adjusted for a minority or liquidity discount. In determining the amount of such discount, consideration may be given to a variety of factors, including, without limitation, the nature and length of such restriction. As a result, the realizable value

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of our interest in joint ventures or partnerships used in the calculation of our NAV may be lower than the value that would be derived if a minority or liquidity discount had not been applied, which could then have a negative impact on our calculation of NAV. Similarly, if any such properties held in a joint venture or partnership in which we own a minority interest are transferred to us as part of a liquidation of the assets of the joint venture or partnership or other transaction resulting in our ownership of 100% of such properties, such as is the case with respect to the BTC II Partnership, it could have a positive impact on the calculation of our NAV. In some cases, the impact may be significant. For example, we estimate the fair value of our minority ownership interests in the BTC II Partnership as of December 31, 2021 would have been \$21.0 million higher if a minority discount had not been applied, meaning that if we used the estimated fair value without the application of the minority discount, our NAV would have been higher by approximately \$21.0 million, or \$0.08 per share, not taking into account all of the other items that impact our monthly NAV, as of December 31, 2021. As a result of the BTC II Partnership Transaction (as described in “Note 17 to the Consolidated Financial Statements”), the minority discount described above is expected to be substantially eliminated when our NAV as of February 28, 2022 is calculated, thereby having a positive impact on our NAV. This does not take into account all of the other items that impact our monthly NAV and may offset the impact of the elimination of the discount to some extent, such as transaction expenses associated with any strategic alternative.

In order to disclose a monthly NAV, we are reliant on the parties that we engage for that purpose, in particular the Independent Valuation Advisor and the appraisers that we hire to value and appraise our real estate portfolio.

In order to disclose a monthly NAV, our board of directors, including a majority of our independent directors, has adopted valuation procedures that contain a comprehensive set of methodologies to be used in connection with the calculation of our NAV, including the engagement of independent third parties such as the Independent Valuation Advisor, to value our real estate portfolio on a monthly basis, and independent appraisal firms, to provide periodic appraisals with respect to our properties. We have also engaged a firm to act as the NAV Accountant and may engage other independent third parties or our Advisor to value other assets or liabilities. Although our board of directors, with the assistance of the Advisor, oversees all of these parties and the reasonableness of their work product, we will not independently verify our NAV or the components thereof, such as the appraised values of our properties. Our management’s assessment of the market values of our properties may also differ from the appraised values of our properties as determined by the Independent Valuation Advisor. If the parties engaged by us to determine our monthly NAV are unable or unwilling to perform their obligations to us, our NAV could be inaccurate or unavailable, and we could decide to suspend any ongoing public offering and our share redemption program.

Our NAV is not subject to GAAP, is not independently audited and involves subjective judgments by the Independent Valuation Advisor and other parties involved in valuing our assets and liabilities.

Our valuation procedures and our NAV are not subject to GAAP and are not subject to independent audit. Additionally, we are dependent on our Advisor to be reasonably aware of material events specific to our properties (such as tenant disputes, damage, litigation and environmental issues) that may cause the value of a property to change materially and to promptly notify the Independent Valuation Advisor so that the information may be reflected in our real estate portfolio valuation. In addition, the implementation and coordination of our valuation procedures include certain subjective judgments of our Advisor, such as whether the Independent Valuation Advisor should be notified of events specific to our properties that could affect their valuations, as well as of the Independent Valuation Advisor and other parties we engage, as to whether adjustments to asset and liability valuations are appropriate. Accordingly, our stockholders must rely entirely on our board of directors to adopt appropriate valuation procedures and on the Independent Valuation Advisor and other parties we engage in order to arrive at our NAV, which may not correspond to realizable value upon a sale of our assets.

No rule or regulation requires that we calculate our NAV in a certain way, and our board of directors, including a majority of our independent directors, may adopt changes to the valuation procedures.

There are no existing rules or regulatory bodies that specifically govern the manner in which we calculate our NAV. As a result, it is important that our stockholders pay particular attention to the specific methodologies and assumptions we will use to calculate our NAV. Other public REITs may use different methodologies or assumptions to determine their NAV. In addition, each year our board of directors, including a majority of our independent directors, will review the appropriateness of our valuation procedures and may, at any time, adopt changes to the valuation procedures. If we acquire real property assets as a portfolio, we may pay a premium over the amount that we would pay for the assets individually. See our valuation procedures, filed as Exhibit 99.2 to this Annual Report on Form 10-K, for more details regarding our valuation methodologies, assumptions and procedures.

Our NAV per share may suddenly change if the valuations of our properties materially change from prior valuations or the actual operating results materially differ from what we originally budgeted.

It is possible that the annual appraisals of our properties may not be spread evenly throughout the year and may differ from the most recent monthly valuation. As such, when these appraisals are reflected in our Independent Valuation Advisor's valuation of our real estate portfolio, there may be a sudden change in our NAV per share for each class of our common stock. Property valuation changes can occur for a variety of reasons, such as local real estate market conditions, rotation of different third-party appraisal firms, the financial condition of our customers, or lease expirations. For example, we expect to regularly face lease expirations across our portfolio, and as we move further away from lease commencement toward the end of a lease term, the valuation of the underlying property will be expected to drop depending on the likelihood of a renewal or a new lease on similar terms. Such a valuation drop can be particularly significant when closer to a lease expiration, especially for single tenant buildings or where an individual tenant occupies a large portion of a building. We will be at the greatest risk of these valuation changes during periods in which we have a large number of lease expirations as well as when the lease of a significant tenant is closer to expiration. Similarly, if a tenant will have an option in the future to purchase one of our properties from us at a price that is less than the current valuation of the property, then if the value of the property exceeds the option price, the valuation will be expected to decline and begin to approach the purchase price as the date of the option approaches. In addition, actual operating results may differ from what we originally budgeted, which may cause a sudden increase or decrease in the NAV per share amounts. We will accrue estimated revenues and expenses on a monthly basis based on actual leases and expenses in that month. On a periodic basis, we will adjust the revenues and expense accruals we estimated to reflect the revenues and expenses actually earned and incurred. We will not retroactively adjust the NAV per share of each class for any adjustments. Therefore, because actual results from operations may be better or worse than what we previously budgeted, the adjustment to reflect actual operating results may cause the NAV per share for each class of our common stock to increase or decrease.

New acquisitions may be valued for purposes of our NAV at less than what we pay for them, which would dilute our NAV.

Pursuant to our valuation procedures, the acquisition price of newly acquired properties will serve as the basis for our appraised value for the year of acquisition, and thereafter will be part of the rotating appraisal cycle such that they are appraised at least every calendar year. This is true whether the acquisition is funded with cash, equity or a combination thereof. However, the Independent Valuation Advisor always has the ability to adjust property valuations for purposes of our NAV from the most recent appraised value. Similarly, if the Independent Valuation Advisor believes that the purchase price for a recent acquisition does not reflect the current value of the property, the Independent Valuation Advisor has the ability to adjust the valuation for purposes of our NAV downwards immediately after acquisition. Even if the Independent Valuation Advisor does not adjust the valuation downwards immediately following the acquisition, when we obtain an appraisal on the property, it may not appraise at a value equal to the purchase price. Accordingly, the value of a new acquisition as established under our valuation procedures could be less than what we pay for it, which could negatively affect our NAV. Large portfolio acquisitions, in particular, may require a "portfolio premium" to be paid by us in order to be a competitive bidder, and this "portfolio premium" may not be taken into consideration in calculating our NAV. In addition, acquisition expenses we incur in connection with new acquisitions will negatively impact our NAV. We may make acquisitions (with cash or equity) of any size without stockholder approval, and such acquisitions may be dilutive to our NAV.

The NAV per share that we publish may not necessarily reflect changes in our NAV that are not immediately quantifiable.

From time to time, we may experience events with respect to our investments that may have a material impact on our NAV. For example, and not by way of limitation, changes in governmental rules, regulations and fiscal policies, environmental legislation, acts of God, terrorism, social unrest, civil disturbances and major disturbances in financial markets may cause the value of a property to change materially. The NAV per share of each class of our common stock as published on any given month may not reflect such extraordinary events to the extent that their financial impact is not immediately quantifiable. As a result, the NAV per share that we publish may not necessarily reflect changes in our NAV that are not immediately quantifiable, and the NAV per share of each class published after the announcement of a material event may differ significantly from our actual NAV per share for such class until such time as the financial impact is quantified and our NAV is appropriately adjusted in accordance with our valuation procedures. The resulting potential disparity in our NAV may inure to the benefit of redeeming stockholders or non-redeeming stockholders and new purchasers of our common stock, depending on whether our published NAV per share for such class is overstated or understated.

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The realizable value of specific properties may change before the value is adjusted by the Independent Valuation Advisor and reflected in the calculation of our NAV.

Our valuation procedures generally provide that the Independent Valuation Advisor will adjust a real property's valuation, as necessary, based on known events that have a material impact on the most recent value (adjustments for non-material events may also be made). We are dependent on our Advisor to be reasonably aware of material events specific to our properties (such as lease expirations, customer disputes, damage, litigation and environmental issues, as well as positive events such as new lease agreements) that may cause the value of a property to change materially and to promptly notify the Independent Valuation Advisor so that the information may be reflected in our real estate portfolio valuation. Events may transpire that, for a period of time, are unknown to us or the Independent Valuation Advisor that may affect the value of a property, and until such information becomes known and is processed, the value of such asset may differ from the value used to determine our NAV. In addition, although we may have information that suggests a change in value of a property may have occurred, there may be a delay in the resulting change in value being reflected in our NAV until such information is appropriately reviewed, verified and processed. For example, we may receive an unsolicited offer from an unrelated third party to purchase one of our assets at a price that is materially different than the price included in our NAV. Or, we may be aware of a new lease, lease expiry, or entering into a contract for capital expenditure. Where possible, adjustments generally will be made based on events evidenced by proper final documentation. It is possible that an adjustment to the valuation of a property may occur prior to final documentation if the Independent Valuation Advisor determines that events warrant adjustments to certain assumptions (including probability of occurrence) that materially affect value. However, to the extent that an event has not yet become final based on proper documentation, its impact on the value of the applicable property may not be reflected (or may be only partially reflected) in the calculation of our NAV.

Our NAV and the NAV of our stockholders' shares may be diluted in connection with this and future securities offerings.

In connection with our public offering, we incur fees and expenses, which will decrease the amount of cash we have available for operations and new investments. In addition, because the prices of shares sold in our public offering will be based on our monthly NAV per share, our public offering may be dilutive if our NAV procedures do not fully capture the value of our shares and/or we do not utilize the proceeds accretively.

In the future we may conduct other offerings of common stock (whether existing or new classes), preferred stock, debt securities or of interests in the Operating Partnership. We may also amend the terms of our public offering. We may structure or amend such offerings to attract institutional investors or other sources of capital. The costs of our public offering and future offerings may negatively impact our ability to pay distributions and our stockholders' overall return.

Interest rate changes may cause volatility in our monthly NAV.

In accordance with our valuation procedures, we generally will use the fair value of our assets and liabilities related to assets held for sale, if any, to determine our monthly NAV. The fair value of certain of our assets and such liabilities may be very sensitive to interest rate changes, such as fixed rate borrowings and interest rate hedges that are not intended to be held to maturity. As a result, changes in projected forward interest rates may cause volatility in our monthly NAV.

Our stockholders will experience dilution in the net tangible book value of our stockholders' shares equal to the upfront offering costs associated with their shares.

Our stockholders will incur immediate dilution equal to the upfront costs of the offering associated with the sale of their shares, including with respect to Class T shares sold in the primary offering, upfront selling commissions and dealer manager fees, and with respect to all shares sold in the offering, organization and offering expenses. This means that investors who purchase our shares of common stock will pay a price per share that exceeds the amount available to us to purchase assets and therefore, the value of these assets upon purchase.

Our stockholders may be at a greater risk of loss than the Sponsor or the Advisor since our primary source of capital is funds raised through the sale of shares of our common stock.

Because our primary source of capital is funds raised through the sale of shares of our common stock, any losses that may occur will be borne primarily by our stockholders, rather than by the Sponsor or the Advisor.

Stockholders will not have the benefit of an independent due diligence review in connection with our public offering, which increases the risk of their investment.

Because the Advisor and the Dealer Manager are affiliates of, or otherwise related to, the Sponsor, stockholders will not have the benefit of an independent due diligence review and investigation of the type normally performed by an independent underwriter in connection with a securities offering. This lack of an independent due diligence review and investigation increases the risk of the stockholders' investment.

The performance component of the advisory fee is calculated on the basis of the overall investment return provided to holders of Fund Interests over a calendar year, so it may not be consistent with the return on our stockholders' shares.

The performance component of the advisory fee is calculated on the basis of the overall investment return provided to holders of Fund Interests (i.e., our outstanding shares and OP Units held by third parties) in any calendar year such that the Special Unit Holder, which is a wholly-owned subsidiary of our Advisor, will receive a performance component of the advisory fee equal to the lesser of (1) 12.5% of (a) the annual total return amount less (b) any loss carryforward, and (2) the amount equal to (x) the annual total return amount, less (y) any loss carryforward, less (z) the Hurdle Amount. Therefore, if the annual total return amount exceeds the Hurdle Amount plus the amount of any loss carryforward, then the Special Unit Holder will receive a performance component equal to 100% of such excess, but limited to 12.5% of the annual total return amount that is in excess of the loss carryforward. The foregoing calculations are performed based on the weighted-average number of outstanding Fund Interests during the year and the weighted-average total return per Fund Interest. The "annual total return amount" referred to above means all distributions paid or accrued per Fund Interest plus any change in NAV per Fund Interest since the end of the prior calendar year, adjusted to exclude the negative impact on annual total return resulting from our payment or obligation to pay, or distribute, as applicable, the performance component of the advisory fee as well as ongoing distribution fees (i.e., our ongoing class-specific fees). If the performance component is being calculated with respect to a year in which we complete a Liquidity Event (if any), for purposes of determining the "annual total return amount," the change in NAV per Fund Interest will be deemed to equal the difference between the NAV per Fund Interest as of the end of the prior calendar year and the value per Fund Interest determined in connection with such Liquidity Event. The "loss carryforward" referred to above will track any negative annual total return amounts from prior years and offset the positive annual total return amount for purposes of the calculation of the performance component of the advisory fee. The loss carryforward was zero as of the effective date of the Advisory Agreement. Therefore, payment of the performance component of the advisory fee (1) is contingent upon the overall return to the holders of Fund Interests exceeding the Hurdle Amount plus the amount of any loss carryforward, (2) will vary in amount based on our actual performance and (3) cannot cause the overall return to the holders of Fund Interests for the year to be reduced below 5.0%.

As a result of the manner in which the performance component is calculated, as described above, the performance component is not directly tied to the performance of the shares our stockholders purchase, the class of shares they purchase, or the time period during which they own their shares. The performance component may be payable to the Special Unit Holder even if the NAV of a stockholder's shares at the time the performance component is calculated is below the stockholder's purchase price, and the thresholds at which increases in NAV count towards the overall return to the holders of Fund Interests are not based on at stockholder's purchase price. Because of the class-specific allocations of the ongoing distribution fee, which differ among classes, we do not expect the overall return of each class of Fund Interests to ever be the same. However, if and when the performance component of the advisory fee is payable, the expense will be allocated among all holders of Fund Interests ratably according to the NAV of their units or shares, regardless of the different returns achieved by different classes of Fund Interests during the year. Further, our stockholders who redeem their shares during a given year may redeem their shares at a lower NAV per share as a result of an accrual for the estimated performance component of the advisory fee, even if no performance component is ultimately payable to the Special Unit Holder for all or any portion of such calendar year. In addition, if the Special Unit Holder the performance component of the advisory fee for any given year, it will be obligated to return any portion of it based on our subsequent performance.

The payment of fees and expenses to the Advisor and its affiliates and the Dealer Manager reduces the cash available for distribution and increases the risk that our stockholders will not be able to recover the amount of their investment in our shares.

The Advisor and the Dealer Manager perform services for us, including, among other things, the selection and acquisition of our investments, the management of our assets, the disposition of our assets, the financing of our assets and certain administrative services. We pay the Advisor and its affiliates and the Dealer Manager fees and expense reimbursements for these services, which will reduce the amount of cash available for further investments or distribution to our stockholders.

We will be required to pay substantial compensation to the Advisor and its affiliates or related parties, which may be increased or decreased during our public offering or future offerings by a majority of our board of directors, including a majority of the independent directors.

Subject to limitations in our charter, the fees, compensation, income, expense reimbursements, interest and other payments that we will be required to pay to the Advisor and its affiliates or related parties may increase or decrease during our public offering or future offerings if such change is approved by a majority of our board of directors, including a majority of the independent directors. These payments to the Advisor and its affiliates or related parties will decrease the amount of cash we have available for operations and new investments and could negatively impact our ability to pay distributions and our stockholders overall return.

We may have difficulty completely funding our distributions with funds provided by cash flows from operating activities; therefore, we may use cash flows from financing activities, which may include borrowings and net proceeds from primary shares sold in our public offering, proceeds from the issuance of shares under our distribution reinvestment plan, or other sources to fund distributions to our stockholders. The use of these sources to pay distributions and the ultimate repayment of any liabilities incurred could adversely impact our ability to pay distributions in future periods, decrease the amount of cash we have available for operations and new investments and/or potentially impact the value or result in dilution of our stockholders' investment by creating future liabilities, reducing the return on their investment or otherwise.

Until the proceeds from our public offering are fully invested, and from time to time thereafter, we may not generate sufficient cash flows from operating activities, as determined on a GAAP basis, to fully fund distributions to our stockholders. To date, we have funded, and expect to continue to fund, distributions to our stockholders, with cash flows from financing activities, which may include borrowings and net proceeds from primary shares sold in our public offering, proceeds from the issuance of shares under our distribution reinvestment plan, proceeds from the sales of assets, or from our cash balances. Our charter does not prohibit our use of such sources to fund distributions. We may be required to fund distributions from a combination of some of these sources if our investments fail to perform as anticipated, if expenses are greater than expected or as a result of numerous other factors. We have not established a cap on the amount of our distributions that may be paid from any of these sources. Using certain of these sources may result in a liability to us, which would require a future repayment. For the year ended December 31, 2021, approximately 50.0% of our total gross distributions were paid from cash flows from operating activities, as determined on a GAAP basis and 50.0% of our total gross distributions were funded with proceeds from shares issued pursuant to our distribution reinvestment plan.

The use of the sources described above for distributions and the ultimate repayment of any liabilities incurred, as well as the payment of distributions in excess of our FFO, could adversely impact our ability to pay distributions in future periods, decrease the amount of cash we have available for operations and new investments and reduce our stockholders' overall return and adversely impact and dilute the value of their investment in shares of our common stock. To the extent distributions in excess of current and accumulated earnings and profits (i) do not exceed a stockholder's adjusted basis in our stock, such distributions will not be taxable to a stockholder, but rather a stockholder's adjusted basis in our stock will be reduced; and (ii) exceed a stockholder's adjusted tax basis in our stock, such distributions will be included in income as long-term capital gain if the stockholder has held its shares for more than one year and otherwise as short-term capital gain.

In addition, the Advisor or its affiliates could choose to receive shares of our common stock or interests in the Operating Partnership in lieu of cash or deferred fees or the repayment of advances to which they are entitled, and the issuance of such securities may dilute our stockholders' investment in shares of our common stock.

There is very limited liquidity for our shares of common stock. If we do not effect a Liquidity Event, it will be very difficult for our stockholders to have liquidity for their investment in shares of our common stock.

Although we presently intend to operate on a perpetual basis with an ongoing offering and share redemption program, in the future we may also consider various Liquidity Events and, given that our investment strategy is focused on a single asset class, it is possible that an opportunity to execute a Liquidity Event could arise. There can be no assurance that we will ever seek to effect, or be successful in effecting, a Liquidity Event. Our charter does not require us to pursue a Liquidity Event or any transaction to provide liquidity to our stockholders. If we do not effect a Liquidity Event, it will be very difficult for our stockholders to have liquidity for their investment in shares of our common stock other than limited liquidity through any share redemption program.

We currently do not have research analysts reviewing our performance.

We do not have research analysts reviewing our performance or our securities on an ongoing basis. Therefore, we do not have an independent review of our performance and value of our common stock relative to publicly traded companies.

Our investors may be at a greater risk of loss than the Advisor and members of our management team.

We have taken certain actions to increase the stock ownership in our Company by our management team, the Advisor and our directors over the past couple of years, including the implementation of certain stock-based awards. The current level of ownership by management may be less than the management teams of other public real estate companies and, as a result, our investors may be at a greater risk of loss than the Advisor and other members of our management, especially as compared to these other companies in which stock ownership by management and directors may be significantly greater.

The availability and timing of cash distributions to our stockholders is uncertain.

We bear all expenses incurred in our operations, which are deducted from cash funds generated by operations prior to computing the amount of cash from operations available for distributions to our stockholders. In addition, there are ongoing distribution fees payable on Class T shares and Class D shares, which will reduce the amount of cash available for distribution to holders of Class T shares and Class D shares. Distributions could also be negatively impacted by the failure to deploy available cash on an expeditious basis, the inability to find suitable investments that are not dilutive to distributions, potential poor performance of our investments, an increase in expenses for any reason (including expending funds for redemptions in excess of the proceeds from our distribution reinvestment plan) and due to numerous other factors. Any request by the holders of our OP Units to redeem some or all of their OP Units for cash may also impact the amount of cash available for distribution to our stockholders. In addition, our board of directors, in its discretion, may retain any portion of such funds for working capital. There can be no assurance that sufficient cash will be available to make distributions to our stockholders or that the amount of distributions will increase and not decrease over time. Should we fail for any reason to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding any net capital gain), we would not qualify for the favorable tax treatment accorded to REITs.

If we internalize our management functions, the percentage of our outstanding shares of common stock owned by our other stockholders could be reduced, we could incur other significant costs associated with being self-managed, and any internalization could have other adverse effects on our business and financial condition.

At some point in the future, we may internalize the functions performed for us by the Advisor. The method by which we could internalize these functions could take many forms. We may hire our own group of executives and other employees or we may acquire the Advisor or its assets, including its existing workforce. Any internalization transaction could result in significant payments to the owners of the Advisor, including in the form of our stock which could reduce the percentage ownership of our then existing stockholders and concentrate ownership in the Sponsor. In addition, there is no assurance that internalizing our management functions will be beneficial to us and our stockholders. For example, we may not realize the perceived benefits because of the costs of being self-managed or we may not be able to properly integrate a new staff of managers and employees or we may not be able to effectively replicate the services provided previously by the Advisor or its affiliates. Internalization transactions have also, in some cases, been the subject of litigation. Even if these claims are without merit, we could be forced to spend significant amounts of money defending claims which would reduce the amount of funds available for us to invest in real estate assets or to pay distributions.

If another investment program, whether sponsored by the Sponsor or otherwise, hires the current executives or key personnel of the Advisor in connection with an internalization transaction or otherwise, or if we were to internalize our management but cannot retain some or all of our current executives or key personnel of the Advisor, our ability to conduct our business may be adversely affected.

We will rely on key personnel of the Advisor to manage our day-to-day operating and acquisition activities. In addition, all of our current executives and other key personnel of the Advisor may provide services to one or more other investment programs, including other public investment programs sponsored or advised by affiliates of the Sponsor. These programs or third parties may decide to retain or hire some or all of our current executives and the Advisor's other key personnel in the future through an internalization transaction or otherwise. If this occurs, we may not be able to retain some or all of our current executives and other key personnel of the Advisor who are most familiar with our business and operations, thereby potentially adversely impacting our business. If we were to effectuate an internalization

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of the Advisor, we may not be able to retain all of the current executives and the Advisor's other key personnel or to maintain a relationship with the Sponsor, which also may adversely affect our ability to conduct our business.

We have broad authority to incur debt, and high debt levels could hinder our ability to make distributions and could decrease the value of an investment in shares of our common stock.

Under our charter, we have a limitation on borrowing which precludes us from borrowing in excess of 300% of the value of our net assets, provided that we may exceed this limit if a higher level of borrowing is approved by a majority of our independent directors. High debt levels could cause us to incur higher interest charges, could result in higher debt service obligations, could be accompanied by restrictive covenants, and generally could make us subject to the risks associated with higher leverage. These factors could limit the amount of cash we have available to distribute and could result in a decline in the value of an investment in shares of our common stock.

Black Creek Group was acquired by Ares in July 2021 and we could face challenges related to the integration of Black Creek into the business, operations and corporate culture of Ares, the allocation of corporate resources, and the retention of Black Creek personnel, which could adversely impact our business and reduce the synergies that we expect to benefit from as a result of the transaction.

On July 1, 2021, Ares closed on the acquisition of Black Creek Group's U.S. real estate investment advisory and distribution business, including our former advisor, BCI IV Advisors LLC. The integration of Black Creek Group into the business of Ares could present challenges that are often encountered by the surviving companies of similar corporate transactions (e.g., issues involving the integration of corporate cultures or infrastructure), in addition to unanticipated challenges, which could divert time and attention away from the activities of our Company.

Some former employees of Black Creek Group, in their capacities at Ares, are expected to work on new projects or accounts that they were not involved in when Black Creek was a standalone business. As a result of the transaction and related integration of certain Black Creek personnel, conflicts may arise in the allocation of certain personnel and other resources. Different entities and persons may be performing different roles and devoting different levels of attention to our Company as compared to the individuals and entities performing these functions prior to the closing of the transaction.

There will not be a complete overlap in the team of management professionals, and the roles of various team members, as between our Company and prior investment vehicles sponsored by Ares and Black Creek Group, respectively. Investors should consider this when reviewing historical information about our Sponsor in this prospectus.

RISKS RELATED TO OUR GENERAL BUSINESS OPERATIONS AND OUR CORPORATE STRUCTURE

If we are delayed in finding or unable to find suitable investments, we may not be able to achieve our investment objectives and make distributions to our stockholders.

We could suffer from delays in identifying suitable investments due to, among other factors, competition we face for real property investments from other REITs and institutional investors, as well as from certain other entities sponsored or advised by affiliates of the Sponsor, which may have greater financial resources than we do, may be able to accept more risk than we can and may possess other significant competitive advantages over us, including a lower cost of capital. Because we are conducting our public offering on a "best efforts" basis over time, our ability to commit to purchase specific assets will also depend, in part, on the amount of proceeds we have received at a given time. If we are delayed in finding or unable to find suitable investments, we may not be able to achieve our investment objectives, make distributions to our stockholders or continue to fund distributions from sources other than cash flows from operating activities. In addition, such delays in our ability to find suitable investments would increase the length of time that offering proceeds are held in short term liquid investments that are expected to only produce minimal returns.

We anticipate that our investments will continue to be concentrated in the industrial real estate sector and primarily in the largest distribution and logistics markets in the U.S., and our business could be adversely affected by an economic downturn in that sector or in those geographic areas.

We anticipate that our investments will continue to be concentrated in the industrial real estate sector and primarily in the largest distribution and logistics markets in the U.S. Such industry concentration may expose us to the risk of economic downturns in this sector, such as downturns that may result from economic uncertainty with respect to imports and international trade or changes to trade

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agreements, to a greater extent than if our business activities included investing a more significant portion of the net proceeds of our public offering in other sectors of the real estate industry; and such market concentrations may expose us to the risk of economic downturns in these areas. As of December 31, 2021, 10.3% of our total annualized base rent of properties was concentrated in the New Jersey market. As a result of this geographic concentration, our business is dependent on the economy in these markets generally, and on the respective markets for industrial property demand in particular, which could expose us to greater economic risks than if we were invested in a more geographically diverse portfolio. In addition, if our customers are concentrated in any particular industry, any adverse economic developments in such industry could expose us to additional risks. These concentration risks could negatively impact our operating results and affect our ability to make distributions to our stockholders.

Compliance with the SEC's Regulation Best Interest by participating broker dealers may negatively impact our ability to raise capital in this offering, which would harm our ability to achieve our investment objectives.

Commencing June 30, 2020, broker dealers are required to comply with Regulation Best Interest, which, among other requirements, establishes a new standard of conduct for broker dealers and their associated persons when making a recommendation of any securities transaction or investment strategy involving securities to a retail customer. The full impact of Regulation Best Interest on participating broker dealers cannot be determined at this time, and it may negatively impact whether participating broker dealers and their associated persons recommend this offering to certain retail customers. In particular, under SEC guidance concerning Regulation Best Interest, a broker dealer recommending an investment in our shares should consider a number of factors, including but not limited to cost and complexity of the investment and reasonably available alternatives in determining whether there is a reasonable basis for the recommendation. Broker dealers may recommend a more costly or complex product as long as they have a reasonable basis to believe it is in the best interest of a particular retail customer. However, if broker dealers instead choose alternatives to our shares, many of which likely exist, our ability to raise capital may be adversely affected. If Regulation Best Interest reduces our ability to raise capital in this offering, it would harm our ability to further expand and diversify our portfolio of investments, as well as our ability to achieve our investment objectives.

We are dependent on customers for revenue and our inability to lease our properties or to collect rent from our customers will adversely affect our results of operations and returns to our stockholders.

Our revenues from property investments depend on the creditworthiness of our customers and would be adversely affected by the loss of or default by significant customers. Much of our customer base is comprised of non-rated and non-investment grade customers. As of December 31, 2021, our top five customers represented 18.8% of our total annualized base rent of our properties, our top ten customers represented 25.2% of our total annualized base rent of our properties and there was one customer that individually represented more than 5.0% of our total annualized base rent of our properties. Our results of operations are currently substantially dependent on our top customers, and any downturn in their businesses could have a material adverse effect on our operations. In addition, certain of our properties are occupied by a single customer, and as a result, the success of those properties depends on the financial stability of that customer. Lease payment defaults by customers could impact operating results, causing us to lower our NAV, reduce the amount of distributions to our stockholders, or could force us to find an alternative source of funding to pay any mortgage loan interest or principal, taxes, or other obligations relating to the property. In the event of a customer default, we may also experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing our property. If a lease is terminated, the value of the property may be immediately and negatively affected and we may be unable to lease the property for the rent previously received or at all or sell the property without incurring a loss.

A prolonged national or world-wide economic downturn or volatile capital market conditions could harm our operations, cash flows and financial condition and lower returns to our stockholders.

If disruptions in the capital and credit markets occur, they could adversely affect our ability to obtain loans, credit facilities, debt financing and other financing, or, when available, to obtain such financing on reasonable terms, which could negatively impact our ability to implement our investment strategy.

If these disruptions in the capital and credit markets should occur as a result of, among other factors, uncertainty, military conflict, including the escalating conflict between Russia and Ukraine, changing regulation, changes in trade agreements, reduced alternatives or failures of significant financial institutions, our access to liquidity could be significantly impacted. For example, customers and potential customers of our properties operate in industries including e-commerce, traditional retail, third-party logistics, warehousing and manufacturing, all of which may be adversely impacted by changes to U.S. foreign trade policies, including tariffs and other impositions

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on imported goods, trade sanctions imposed on certain countries, including the significant sanctions imposed on Russia by the U.S. and other countries following Russia's February 2022 invasion of Ukraine, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other policies. Prolonged disruptions could result in us taking measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs could be arranged. Such measures could include deferring investments, reducing or eliminating the number of shares redeemed under our share redemption program and reducing or eliminating distributions we make to our stockholders.

We believe the risks associated with our business are more severe during periods of economic downturn if these periods are accompanied by declining values in real estate. For example, a prolonged economic downturn could negatively impact our property investments as a result of increased customer delinquencies and/or defaults under our leases, generally lower demand for rentable space, potential oversupply of rentable space leading to increased concessions, and/or tenant improvement expenditures, or reduced rental rates to maintain occupancies. Our operations could be negatively affected to a greater extent if an economic downturn occurs, is prolonged or becomes more severe, which could significantly harm our revenues, results of operations, financial condition, liquidity, business prospects and our ability to make distributions to our stockholders.

The outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economy and which can result in an adverse impact on our financial condition and results of operations. This impact could be materially adverse to the extent the current COVID-19 outbreak, or future pandemics, cause customers to be unable to pay their rent or reduce the demand for commercial real estate, or cause other impacts described below.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread to over 100 countries, including the United States. COVID-19 has also spread to every state in the United States. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020 the United States declared a national emergency with respect to COVID-19.

The COVID-19 outbreak has had, and future pandemics could have, a significant adverse impact on economic and market conditions of economies around the world, including the United States, and could trigger a period of global economic slowdown or global recession.

The effects of COVID-19 or another pandemic could adversely affect us and/or our customers due to, among other factors:

- the unavailability of personnel, including executive officers and other leaders that are part of the management team and the inability to recruit, attract and retain skilled personnel—to the extent management or personnel are impacted in significant numbers by the outbreak of pandemic or epidemic disease and are not available or allowed to conduct work—business and operating results may be negatively impacted;
- difficulty accessing debt and equity capital on attractive terms, or at all—a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our and our customers' ability to access capital necessary to fund business operations or replace or renew maturing liabilities on a timely basis, and may adversely affect the valuation of financial assets and liabilities, any of which could affect our ability to meet liquidity and capital expenditure requirements or have a material adverse effect on our business, financial condition, results of operations and cash flows;
- an inability to operate in affected areas, or delays in the supply of products or services from the vendors that are needed to operate effectively;
- customers' inability to pay rent on their leases or our inability to re-lease space that is or becomes vacant, which inability, if extreme, could cause us to: (i) no longer be able to pay distributions at our current rates or at all in order to preserve liquidity and (ii) be unable to meet our debt obligations to lenders, which could cause us to lose title to the properties securing such debt, trigger cross-default provisions, or could cause us to be unable to meet debt covenants, which could cause us to have to sell properties or refinance debt on unattractive terms;
- uncertainty related to whether the U.S. Congress or state legislatures will pass additional laws providing for additional economic stimulus packages, governmental funding, or other relief programs, whether such measures will be enacted, whether our customers will be eligible or will apply for any such funds, whether the funds, if available, could be used by our customers to pay rent, and whether such funds will be sufficient to supplement our customers' rent and other obligations to us;

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- an inability to ensure business continuity in the event our continuity of operations plan is not effective or improperly implemented or deployed during a disruption;
- our inability to raise capital in our ongoing public offering, if investors are reluctant to purchase our shares;
- our inability to deploy capital due to slower transaction volume which may be dilutive to stockholders; and
- our inability to satisfy redemption requests and preserve liquidity, if demand for redemptions exceeds the limits of our share redemption program or ability to fund redemptions.

Customers and potential customers of the properties we own operate in industries that have been adversely affected by the disruption to business caused by the global outbreak of COVID-19. Customers or operators have been, and may in the future be, required to suspend operations at our properties for what could be an extended period of time. Although a number of our customers requested rent deferrals in the second quarter of 2020, these requests significantly decreased in the third and fourth quarters of 2020. However, as a result of COVID-19 or another future pandemic, more customers may request rent deferrals or may not pay rent in the future. This could lead to increased customer delinquencies and/or defaults under leases, a lower demand for rentable space leading to increased concessions or lower occupancy, and/or tenant improvement expenditures, or reduced rental rates to maintain occupancies. Our operations could be materially negatively affected if an economic downturn associated with a pandemic is prolonged, which could adversely affect our operating results, ability to pay our distributions, our ability to repay or refinance our debt, and the value of our shares.

The full extent of the impact and effects of COVID-19 on our future financial performance, as a whole, and, specifically, on our real estate property holdings are uncertain at this time. The impact will depend on future developments, including, among other factors, the duration of the outbreak, vaccine distribution, travel advisories and restrictions, the recovery time of the disrupted supply chains, the consequential staff shortages, and production delays, COVID-19 and other pandemics present uncertainty and risk with respect to our performance, financial condition, results of operations, cash flows, and value of our shares.

Yields on and safety of deposits may be lower due to the extensive decline in the financial markets.

Until we invest the proceeds of the offerings in properties, debt and other investments, we generally plan to hold those funds in permitted investments. Subject to applicable REIT rules, such investments include money market funds, bank money market accounts and CDs or other accounts at third-party depository institutions. Continuous or unusual declines in the financial markets may result in a loss of some or all of these funds. In particular, during times of economic distress, money market funds have experienced intense redemption pressure and have had difficulty satisfying redemption requests. As such, we may not be able to access the cash in our money market investments. In addition, income from these investments is minimal.

The failure of any bank in which we deposit our funds could reduce the amount of cash we have available to pay distributions and make additional investments.

We will seek to diversify our excess cash and cash equivalents among several banking institutions in an attempt to minimize exposure to any one of these entities. However, the Federal Deposit Insurance Corporation generally only insures amounts up to \$250,000 per depositor per insured bank. It is likely that we will have cash and cash equivalents and restricted cash deposited in certain financial institutions substantially in excess of federally insured levels. If any of the banking institutions in which we deposit funds ultimately fails, we may lose our deposits over \$250,000. The loss of our deposits could reduce the amount of cash we have available to distribute or invest and could result in a decline in the value of our stockholders' investment.

Terrorist attacks and other acts of violence, civilian unrest, military conflict, or war may affect the markets in which we operate, our operations and our profitability.

Terrorist attacks and other acts of violence, civilian unrest, military conflict or war may negatively affect our operations and our stockholders' investment. We may acquire real estate assets located in areas that are susceptible to attack. In addition, any kind of terrorist activity or violent criminal acts, including terrorist acts against public institutions or buildings or modes of public transportation (including airlines, trains or buses) could have a negative effect on our business. These events may directly impact the value of our assets through damage, destruction, loss or increased security costs. Although we may obtain terrorism insurance, we may not be able to obtain sufficient coverage to fund any losses we may incur. Risks associated with potential acts of terrorism could sharply increase the premiums we pay

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for coverage against property and casualty claims. Further, certain losses resulting from these types of events are uninsurable or not insurable at reasonable costs.

More generally, any terrorist attack, other act of violence or war, including military conflicts, such as the escalating conflict between Russia and Ukraine, could result in increased volatility in, or damage to, the worldwide financial markets and economy. This risk may be magnified in the case of the conflict between Russia and Ukraine, due to the significant sanctions and other restrictive actions taken against Russia by the U.S. and other countries in response to Russia's February 2022 invasion of Ukraine, as well as the cessation of all business in Russia by many global companies. Increased economic volatility and trade restrictions could adversely affect our customers' ability to pay rent on their leases or our ability to borrow money or issue capital stock at acceptable prices and have a material adverse effect on our financial condition, results of operations and ability to pay distributions to our stockholders.

Our business could suffer in the event the Advisor, the Dealer Manager, our transfer agent or any other party that provides us with services essential to our operations experiences system failures or cyber incidents or a deficiency in cybersecurity.

The Advisor, the Dealer Manager, our transfer agent and other parties that provide us with services essential to our operations are vulnerable to service interruptions or damages from any number of sources, including computer viruses, malware, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that may include, but is not limited to, gaining unauthorized access to systems to disrupt operations, corrupt data, steal assets or misappropriate company funds and/or confidential information, including, for example, confidential information regarding our stockholders. As reliance on technology in our industry has increased, so have the risks posed to our systems, both internal and those we have outsourced. In addition, the risk of cyber incidents has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Cyber incidents may be carried out by third parties or insiders, including by computer hackers, foreign governments and cyber terrorists, using techniques that range from highly sophisticated efforts to more traditional intelligence gathering and social engineering aimed at obtaining information. The remediation costs and lost revenues experienced by a victim of a cyber incident may be significant and significant resources may be required to repair system damage, protect against the threat of future security breaches or to alleviate problems, including reputational harm, loss of revenues and litigation, caused by any breaches. There also may be liability for any stolen assets or misappropriated company funds or confidential information. Any material adverse effect experienced by the Advisor, the Dealer Manager, our transfer agent and other parties that provide us with services essential to our operations could, in turn, have an adverse impact on us.

Our board of directors determines our major policies and operations which increases the uncertainties faced by our stockholders.

Our board of directors determines our major policies, including our policies regarding acquisitions, dispositions, financing, growth, debt capitalization, REIT qualification, listing, redemptions and distributions. Our board of directors may amend or revise these and other policies without providing notice to or obtaining the consent of our stockholders, which could result in investments that are different than those described in our prospectus. Under the Maryland General Corporation Law and our charter, our stockholders have a right to vote only on limited matters. Our board of directors' broad discretion in setting policies and our stockholders' inability to exert control over those policies increases the uncertainty and risks our stockholders face, especially if our board of directors and our stockholders disagree as to what course of action is in our stockholders' best interests.

Our board of directors adopted a delegation of authority policy and pursuant to such policy, has established the Combined Industrial Advisors Committee, which is not a committee of our board of directors, but consists of certain of our officers and officers of the Advisor. Our board of directors has delegated to the Combined Industrial Advisors Committee certain responsibilities with respect to certain acquisition, disposition, leasing, capital expenditure and borrowing decisions, which may result in our making riskier investments and which could adversely affect our results of operations and financial condition.

Our board of directors has delegated to the Combined Industrial Advisors Committee the authority to execute certain transactions and make certain decisions on our behalf. The Combined Industrial Advisors Committee has the authority to approve certain transactions, including acquisitions, dispositions and leases, as well as to make decisions with respect to capital expenditures and borrowings, in each case so long as such investments and decisions meet certain board-approved parameters (that include limitations regarding the dollar amount of the transactions, among others) and are consistent with the requirements of our charter. There can be no assurance that the Combined Industrial Advisors Committee will be successful in applying any strategy or discretionary approach to our investment activities

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pursuant to this delegation of authority. Our board of directors will review the investment decisions made pursuant to this delegation of authority periodically. The prior approval of our board of directors or a committee of our independent directors will be required as set forth in our charter (including for transactions with affiliates of the Advisor) or for transactions or decisions that are outside of the board-approved parameters placed on this delegation of authority. Transactions entered into and decisions made by the Combined Industrial Advisors Committee on our behalf may be costly, difficult or impossible to unwind if our board of directors later reviews them and determines that they should not have been entered into or made.

Tax protection agreements could limit our ability to sell or otherwise dispose of property contributed to the Operating Partnership.

In connection with contributions of property to the Operating Partnership, our Operating Partnership may enter into a tax protection agreement with the contributor of such property that provides that if we dispose of any interest in the contributed property in a taxable transaction within a certain time period, subject to certain exceptions, we may be required to indemnify the contributor for its tax liabilities attributable to the built in gain that exists with respect to such property interests, and the tax liabilities incurred as a result of such tax protection payment. Therefore, although it may be in our stockholders' best interests that we sell the contributed property, it may be economically prohibitive for us to do so because of these obligations.

Tax protection agreements may require our Operating Partnership to maintain certain debt levels that otherwise would not be required to operate our business.

Under a tax protection agreement, our Operating Partnership may provide the contributor of property the opportunity to guarantee debt or enter into a deficit restoration obligation. If we fail to make such opportunities available, we may be required to deliver to such contributor a cash payment intended to approximate the contributor's tax liability resulting from our failure to make such opportunities available to that contributor and the tax liabilities incurred as a result of such tax protection payment. These obligations may require the Operating Partnership to maintain more or different indebtedness than we would otherwise require for our business.

Certain provisions in the partnership agreement of the Operating Partnership may delay, defer or prevent an unsolicited acquisition of us or a change of our control.

Provisions in the partnership agreement of the Operating Partnership may delay, defer or prevent an unsolicited acquisition of us or a change of our control. These provisions include, among others:

- redemption rights of qualifying parties;
- a requirement that we may not be removed as the general partner of the operating partnership without our consent;
- transfer restrictions on our Operating Partnership units ("OP Units");
- our ability, as general partner, in some cases, to amend the partnership agreement without the consent of the limited partners; and
- the right of the limited partners to consent to transfers of the general partnership interest and mergers under specified circumstances.

These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or a change of our control, although some stockholders might consider such proposals, if made, desirable. Our charter and bylaws, the partnership agreement of the Operating Partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control of us that might involve a premium price for our common stock or that our stockholders otherwise might believe to be in their best interests.

Our UPREIT structure may result in potential conflicts of interest with limited partners in the Operating Partnership whose interests may not be aligned with those of our stockholders.

Limited partners in the Operating Partnership have the right to vote on certain amendments to the sixth amended and restated limited operating partnership agreement of the Operating Partnership, or the "Operating Partnership Agreement," as well as on certain other matters. Persons holding such voting rights may exercise them in a manner that conflicts with our stockholders' interests. In addition, conflicts of

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interest may exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and the Operating Partnership or any partner thereof, on the other hand. Our directors and officers have duties to our company and our stockholders under Maryland law in connection with their management of our company.

We may acquire co-ownership interests in property that are subject to certain co-ownership agreements which may have an adverse effect on our results of operations, relative to if the co-ownership agreements did not exist.

We may acquire co-ownership interests, especially in connection with the Operating Partnership's potential private placements, such as tenancy-in-common interests in property, interests in Delaware statutory trusts that own property and/or similar interests, which are subject to certain co-ownership agreements. The co-ownership agreements may limit our ability to encumber, lease, or dispose of our co-ownership interest. Such agreements could affect our ability to turn our investments into cash and could affect cash available for distributions to our stockholders. The co-ownership agreements could also impair our ability to take actions that would otherwise be in the best interest of our stockholders and, therefore, may have an adverse effect on our results of operations, relative to if the co-ownership agreements did not exist.

The Operating Partnership's private placements of beneficial interests in specific Delaware statutory trusts under our DST Program could cause our leverage ratio to increase or subject us to liabilities from litigation or otherwise.

We, through the Operating Partnership, have commenced a program to raise capital in private placements exempt from registration under Section 506(b) of the Securities Act through the sale of beneficial interests in specific Delaware statutory trusts holding real properties, including properties currently indirectly owned by the Operating Partnership. These interests may serve as replacement properties for investors seeking to complete like-kind exchange transactions under Section 1031 of the Code. All of the interests sold to investors pursuant to such private placements will be leased-back by the Operating Partnership or a wholly owned subsidiary thereof, as applicable, and fully guaranteed by the Operating Partnership, although there can be no assurance that the Operating Partnership can or will fulfill these guarantee obligations. Additionally, the Operating Partnership will be given a fair market value purchase option (the "FMV Option") giving it the right, but not the obligation, to acquire the interests in the Delaware statutory trust from the investors at a later time in exchange for OP Units. In the event the Operating Partnership elects not to exercise the FMV Option our leverage ratio could increase based on remaining master lease obligations. This may result in both increased costs to us and a negative impact on our overall debt covenants. In addition, in the event the Operating Partnership elects not to exercise the FMV Option and the DST Property is sold to a third party, the master lease will terminate, triggering an obligation on the part of a subsidiary of the Operating Partnership, as master tenant, to pay to the trust an amount equal to the positive difference, if any, between the fair market value of the DST Property with the master lease in place as if such automatic termination had not occurred, and the gross purchase price to be paid by the third party buyer to the trust to acquire the DST Property. However, if the gross purchase price for the DST Property exceeds the fair market value of the DST Property subject to the master lease, no payment to the trust by the master tenant will be required. Further, investors who acquired interests pursuant to such private placements may have been seeking certain tax benefits that depend on the interpretation of, and compliance with, federal and state income tax laws and regulations. As the general partner of the Operating Partnership, we may become subject to liability, from litigation or otherwise, as a result of such transactions, including in the event an investor fails to qualify for any desired tax benefits.

The Operating Partnership's private placements of beneficial interests in specific Delaware statutory trusts under our DST Program will not shield us from risks related to the performance of the real properties held through such structures.

Pursuant to the DST Program, the Operating Partnership intends to place certain of its existing real properties and/or acquire new properties to place into specific Delaware statutory trusts and then sell interests, via its taxable REIT subsidiary (TRS), in such trusts to third-party investors. We will hold long-term leasehold interests in the property pursuant to master leases that are fully guaranteed by our Operating Partnership, while the third-party investors indirectly hold some or all of the interests in the real estate. There can be no assurance that the Operating Partnership can or will fulfill these guarantee obligations. Although we will hold the FMV Option to reacquire the real estate through a purchase of interests in the Delaware statutory trust, the purchase price will be based on the then-current fair market value of the third-party investor's interest in the real estate, which will be greatly impacted by the rental terms fixed by the long-term master lease. Under the lease we are responsible for subleasing the property to occupying customers until the earlier of the expiration of the master lease or our exercise of the FMV Option, which means that we bear the risk that the underlying cash flow from the property and all capital expenditures may be less than the master lease payments at such time. Therefore, even though we will no longer own the underlying real estate, because of the fixed terms of the long-term master lease guaranteed by our Operating Partnership, negative

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performance by the underlying properties could affect cash available for distributions to our stockholders and will likely have an adverse effect on our results of operations and NAV.

We may own beneficial interests in trusts owning real property that will be subject to the agreements under our DST Program, which may have an adverse effect on our results of operations, relative to if the DST Program agreements did not exist.

In connection with the anticipated future launch of our DST Program, we may own beneficial interests in trusts owning real property that are subject to the terms of the agreements provided by our DST Program. The DST Program agreements may limit our ability to encumber, lease or dispose of our beneficial interests. Such agreements could affect our ability to turn our beneficial interests into cash and could affect cash available for distributions to our stockholders. The DST Program agreements expected to be used in connection with the DST Program could also impair our ability to take actions that would otherwise be in the best interests of our stockholders and, therefore, may have an adverse effect on our results of operations and NAV, relative to if the DST Program agreements did not exist.

Properties that are placed into the DST Program and later reacquired may be less liquid than other assets, which could impair our ability to utilize cash proceeds from sales of such properties for other purposes such as paying down debt, distributions, or additional investments.

Properties that are placed into the DST Program (the “DST Program Asset”) may later be reacquired through exercise of the option granted to our Operating Partnership. In such cases the investors who become limited partners in the Operating Partnership (the “DST Investors”) will generally remain tied to the applicable DST Program Asset in terms of basis and built-in-gain. As a result, if the applicable DST Program Asset is subsequently sold, unless we effectuate a like-kind exchange under Section 1031 of the Code, then tax will be triggered on the DST Investors’ built-in-gain. Although we are not contractually obligated to do so, we have generally sought to execute 1031 exchanges in such situations rather than trigger gain. Any replacement property acquired in connection with a 1031 exchange will similarly be tied to the DST Investors with similar considerations if such replacement property ever is sold. As a result of these factors, placing properties into the DST Program may limit our ability to access liquidity from such properties or replacement properties through sale without triggering taxes due to the built-in-gain tied to DST Investors. Such reduced liquidity could impair our ability to utilize cash proceeds from sales for other purposes such as paying down debt, paying distributions, funding redemptions or making additional investments.

Investors who use DST Investor Loans to acquire interests in Delaware Statutory Trusts as part of the DST Program may default on such loans.

As part of the DST Program, the AIREX Lender will provide DST Program Loans to certain DST Program investors who acquire interests in Delaware Statutory Trusts. DST Program Loans will be secured by the DST Program Investor’s interests in the Delaware Statutory Trust acquired using the DST Program Loan, and will be non-recourse to the borrowing DST Program investor subject to commercially customary recourse carveouts. We may suffer losses if the fair market value of the asset underlying the DST interests acquired by the DST Program investor declines after the DST Program investor borrowing with respect to a DST Program Loan, or if there is otherwise a default on a DST Program Loan.

If we invest in a limited partnership as a general partner, we could be responsible for all liabilities of such partnership.

We may invest in limited partnership entities through joint ventures or other co-ownership arrangements, in which we acquire all or a portion of our interest in such partnership as a general partner. Such general partner status could expose us to all the liabilities of such partnership. Additionally, we may take a non-managing general partner interest in the limited partnership, which would limit our rights of management or control over the operation of the partnership but would still make us potentially liable for all liabilities of the partnership. Therefore, we may be held responsible for all of the liabilities of an entity in which we do not have full management rights or control, and our liability may be greater than the amount or value of our initial, or then current, investment in the entity.

Cash redemptions to holders of OP Units will reduce cash available for distribution to our stockholders or to honor their redemption requests under our share redemption program.

The holders of OP Units (other than us) generally have the right to cause the Operating Partnership to redeem all or a portion of their OP Units for, at our sole discretion, shares of our common stock, cash, or a combination of both. Our election to redeem OP Units for cash may reduce funds available for distribution to our stockholders or to honor our stockholders’ redemption requests under our share redemption program.

We may be limited or restricted in engaging in like-kind exchanges.

We may dispose of properties in transactions intended to qualify as like-kind exchanges under the Code. Such like-kind exchanges are intended to result in the deferral of gain for U.S. federal income tax purposes. The failure of any such transaction to qualify as a like-kind exchange could require us to pay U.S. federal income tax, possibly including the 100% prohibited transaction tax, depending on the facts and circumstances surrounding the particular transaction.

Maryland law and our organizational documents limit our stockholders' rights to bring claims against our officers and directors.

Maryland law provides that a director will not have any liability as a director so long as he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests, and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter provides that, subject to the applicable limitations set forth therein or under Maryland law, no director or officer will be liable to us or our stockholders for monetary damages. Our charter also provides that we will generally indemnify and advance expenses to our directors, our officers, the Advisor and its affiliates for losses they may incur by reason of their service in those capacities unless their act or omission was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, they actually received an improper personal benefit in money, property or services or, in the case of any criminal proceeding, they had reasonable cause to believe the act or omission was unlawful. Moreover, we have entered into separate indemnification agreements with each of our officers and directors. As a result, we and our stockholders have more limited rights against these persons than might otherwise exist under common law.

In addition, we are obligated to fund the defense costs incurred by these persons in some cases. However, our charter provides that we may not indemnify our directors, the Advisor and its affiliates for any liability or loss suffered by them or hold our directors, the Advisor and its affiliates harmless for any liability or loss suffered by us unless they have determined that the course of conduct that caused the loss or liability was in our best interests, they were acting on our behalf or performing services for us, the liability or loss was not the result of negligence or misconduct by our non-independent directors, the Advisor and its affiliates or gross negligence or willful misconduct by our independent directors, and the indemnification or agreement to hold harmless is recoverable only out of our net assets or the proceeds of insurance and not from our stockholders.

We may issue preferred stock, additional shares of common stock or other classes of common stock, which issuance could adversely affect the holders of our common stock issued pursuant to our public offering.

Holders of our common stock do not have preemptive rights to any shares issued by us in the future. We may issue additional shares of common stock, without stockholder approval, including through the declaration of stock dividends, at a price which could dilute the value of existing stockholders' shares. Further, we may issue, without stockholder approval, preferred stock or other classes of common stock with voting and conversion rights which could adversely affect the voting power of the common stockholders and with rights that could dilute the value of our stockholders' shares of common stock. This would increase the number of stockholders entitled to distributions without simultaneously increasing the size of our asset base. Under our charter, we have authority to issue a total of 1.7 billion shares of capital stock. Of the total number of shares of capital stock authorized (a) 1.5 billion shares are designated as common stock, including 225.0 million classified as Class I shares, 1.2 billion classified as Class T shares and 75.0 million classified as Class D shares, and (b) 200.0 million shares are designated as preferred stock. Our board of directors may amend our charter from time to time to increase or decrease the aggregate number of authorized shares of capital stock or the number of authorized shares of capital stock of any class or series that we have authority to issue without stockholder approval. Investors will also experience dilution if we issue equity compensation pursuant to our equity incentive plans, issue shares or OP Units to the Advisor in lieu of cash payments or reimbursements under the Advisory Agreement, or redeem OP Units for shares of common stock. In addition, we may cause the Operating Partnership to issue a substantial number of additional OP Units in order to raise capital in relation to the DST Program or otherwise, acquire properties, consummate a merger, business combination or another significant transaction. OP Units may generally be converted into shares of our common stock, thereby diluting the percentage ownership interest of other stockholders. Ultimately, any additional issuance by us of equity securities or by the Operating Partnership of OP Units will dilute our stockholders' indirect interest in the Operating Partnership, through which we own all of our interests in our investments. If we ever created and issued preferred stock with a distribution preference over common stock, payment of any distribution preferences of outstanding preferred stock would reduce the amount of funds available for the payment of distributions on our common stock. Further, holders of preferred stock are normally entitled to receive a preference payment in the event we liquidate, dissolve or wind up before any payment is made to our common stockholders, likely reducing the

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amount common stockholders would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of preferred stock or a separate class or series of common stock may render more difficult or tend to discourage:

- A merger, tender offer or proxy contest;
- The assumption of control by a holder of a large block of our securities; and/or
- The removal of incumbent management.

The limit on the percentage of shares of our common stock that any person may own may discourage a takeover or business combination that could benefit our stockholders.

Our charter restricts the direct or indirect ownership by one person or entity to no more than 9.8% of the value of our then outstanding capital stock (which includes common stock and any preferred stock we may issue) and no more than 9.8% of the value or number of shares, whichever is more restrictive, of our then outstanding common stock. This restriction may discourage a change of control of us and may deter individuals or entities from making tender offers for shares of our common stock on terms that might be financially attractive to stockholders or which may cause a change in our management. This ownership restriction may also prohibit business combinations that would have otherwise been approved by our board of directors and our stockholders. In addition to deterring potential transactions that may be favorable to our stockholders, these provisions may also decrease our stockholders' ability to sell their shares of our common stock.

Maryland law and our organizational documents limit our stockholders' ability to amend our charter or terminate our company without the approval of our board of directors.

Although the Statement of Policy Regarding Real Estate Investment Trusts published by the North American Securities Administrators Association, or the Statement of Policy, indicates that stockholders are permitted to amend our charter or terminate our company without the necessity for concurrence by our board of directors, we are required to comply with the Maryland General Corporation Law, which provides that any amendment to our charter or any termination of our company must first be declared advisable by our board of directors. Therefore, our charter provides that stockholders may vote to authorize the amendment of our charter or the termination of our company, but only after such action has been declared advisable by our board of directors. Accordingly, the only proposals to amend our charter or to terminate our company that will be presented to our stockholders will be those that have been declared advisable by our board of directors.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland shall be the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders with respect to our company, our directors, our officers or our employees (we note we currently have no employees). This choice of forum provision will not apply to claims arising under the Securities Act or the Exchange Act. Similarly, this choice of forum provision will not apply to actions arising out of, or in connection with, the sale of securities in, or the violation of the laws of, the states and U.S. territories and districts, in which our shares are sold pursuant to the offering; provided that the inapplicability of this choice of forum provision to such actions will not cause this provision to be inapplicable to other types of claims, whether they are brought concurrently with or before or after actions arising out of, or in connection with, the sale of securities in, or the violation of the laws of, the states and U.S. territories and districts in which the Issuer's shares are sold pursuant to the offering. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder believes is favorable for disputes with us or our directors, officers or employees, which may discourage meritorious claims from being asserted against us and our directors, officers and employees. Alternatively, if a court were to find this provision of our charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations. We adopted this provision because we believe it makes it less likely that we will be forced to incur the expense of defending duplicative actions in multiple forums and less likely that plaintiffs' attorneys will be able to employ such litigation to coerce us into otherwise unjustified settlements, and we believe the risk of a court declining to enforce this provision is remote, as the General Assembly of Maryland has specifically amended the Maryland General Corporation Law to authorize the adoption of such provisions.

RISKS RELATED TO INVESTMENTS IN PROPERTY

Changes in global, national, regional or local economic, demographic, political, real estate or capital market conditions may adversely affect our results of operations and returns to our stockholders.

We are subject to risks generally incident to the ownership of property including changes in global, national, regional or local economic, demographic, political, real estate, or capital market conditions and other factors particular to the locations of the respective property investments. We are unable to predict future changes in these market conditions. For example, an economic downturn or a rise in interest rates could make it more difficult for us to lease properties or dispose of them. In addition, rising interest rates could also make alternative interest bearing and other investments more attractive and, therefore, potentially lower the relative value of our existing real estate investments.

Adverse economic and other conditions in the regions where our assets are located may adversely affect our levels of occupancy, the terms of our leases, and our ability to lease available areas, which could have an adverse effect on our results of operations.

Our results of operations depend substantially on our ability to lease the areas available in the properties that we own as well as the price at which we lease such space. Adverse conditions in the regions and specific markets where we operate may reduce our ability to lease our properties, reduce occupancy levels, restrict our ability to increase rental rates and force us to lower rental rates and/or offer customer incentives. Should our assets fail to generate sufficient revenues for us to meet our obligations, our financial condition and results of operations, as well as our ability to make distributions, could be adversely affected. The following factors, among others, may adversely affect the operating performance of our properties:

- Economic downturn and turmoil in the financial markets may preclude us from leasing our properties or increase the vacancy level of our assets;
- Periods of increased interest rates could result in, among other things, an increase in defaults by customers, a decline in our property values, and make it more difficult for us to dispose of our properties at an attractive price;
- Rising vacancy rates for commercial property, particularly in large metropolitan areas;
- Our inability to attract and maintain quality customers;
- Default or breaches by our customers of their contractual obligations;
- Increases in our operating costs, including the need for capital improvements;
- Increases in the taxes levied on our business;
- Regulatory changes affecting the real estate industry, including zoning rules; and
- Susceptibility of certain areas to natural disasters.

We anticipate that our investments in real estate assets will be concentrated in industrial properties, and the demand for industrial space in the U.S. is related to the level of economic activity. Accordingly, reduced economic activity may lead to lower occupancy and/or rental rates for our properties.

Properties that we may own or acquire that incur vacancies for a significant period of time could be difficult to sell, which could diminish the return to our stockholders.

A property may incur a vacancy either by the continued default of a customer under its lease or the expiration of the lease. We may have difficulty obtaining a new customer for any vacant space we have in our real properties, including properties we acquire with vacancies. If property vacancies continue for a long period of time, we may suffer reduced revenues, which could materially and adversely affect our liquidity and NAV, or result in lower cash distributions to our stockholders. In addition, because properties' market values depend

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principally upon the cash flow generated by the properties' leases, the resale value of properties with prolonged vacancies could suffer, which could further reduce returns to our stockholders.

Risks related to the development of properties may have an adverse effect on our results of operations and returns to our stockholders.

The risk associated with development and construction activities carried out by real estate companies like ours include, among others, the following:

- Long periods of time may elapse between the commencement and the completion of our projects;
- Construction and development costs may exceed original estimates;
- The developer/builder may be unable to index costs or receivables to inflation indices prevailing in the industry;
- The level of interest of potential customers for a recently launched development may be low;
- There could be delays in obtaining necessary permits;
- The supply and availability of construction materials and equipment may decrease and the price of construction materials and equipment may increase;
- Construction and sales may not be completed on time, resulting in a cost increase;
- It may be difficult to acquire land for new developments or properties;
- Labor may be in limited availability;
- Changes in tax, real estate and zoning laws may be unfavorable to us; and
- Unforeseen environmental or other site conditions.

In addition, our reputation and the construction quality of any future real estate developments, whether operated individually or through partnerships, may be determining factors for our ability to lease space and grow. The timely delivery of real estate projects and the quality of our developments, however, will depend on certain factors beyond our full control, including the quality and timeliness of construction materials delivered to us and the technical capabilities of our contractor. If one or more problems affect our real estate developments, our reputation and future performance may be negatively affected and we may be exposed to civil liability.

Companies in the real estate industry, including us, depend on a variety of factors outside of their control to develop, build and operate real estate projects. These factors include, among others, the availability of market resources for financing, land acquisition and project development. We may be unable to obtain financing for construction and development activities under favorable terms, including but not limited to interest rates, maturity dates and/or loan to value ratios, or at all, which could cause us to delay or even abandon potential development projects. Further, any scarcity of market resources, including human capital, may decrease our development capacity due to either difficulty in obtaining credit for land acquisition or construction financing or a need to reduce the pace of our growth. The combination of these risks may adversely affect our revenues, results of operations, financial condition and our ability to make distributions to our stockholders which may adversely affect the value of our stockholders' investment.

Delays in the acquisition, development and construction of properties or debt investments may have adverse effects on portfolio diversification, results of operations, and returns on our stockholders' investment.

Delays we encounter in the acquisition, development and construction of properties could adversely affect our stockholders' returns. To the extent that such disruptions continue, we may be delayed in our ability to invest our capital in property investments that meet our acquisition criteria. Such delays would result in our maintaining a relatively higher cash balance than expected, which could have a negative effect on our stockholders' returns until the capital is invested.

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In addition, where properties are acquired prior to the start of construction or during the early stages of construction, it will typically take several months or longer to complete construction, to rent available space, and for rent payments to commence. Therefore, we may not receive any income from these properties and distributions to our stockholders could suffer. Delays in the completion of construction could give customers the right to terminate preconstruction leases for space at a newly developed project. We may incur additional risks when we make periodic progress payments or other advances to builders prior to completion of construction. Each of those factors could result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly constructed projects. Furthermore, the price we agree to pay for a property will be based on our projections of rental income and expenses and estimates of the fair market value of the property upon completion of construction. If our projections are inaccurate, we may pay too much for a property.

Changes in supply of or demand for similar properties in a particular area may increase the price of real estate assets we seek to purchase or adversely affect the value of the properties we own.

The real estate industry is subject to market forces and we are unable to predict certain market changes including changes in supply of or demand for similar properties in a particular area. For example, if demand for the types of real estate assets in which we seek to invest were to sharply increase or supply of those assets were to sharply decrease, the prices of those assets could rise significantly. Any potential purchase of an overpriced asset could decrease our rate of return on these investments and result in lower operating results and overall returns to our stockholders. Likewise, a sharp increase in supply could adversely affect leasing rates and occupancy, which could impact operating results, our NAV or overall returns to our stockholders.

Actions of joint venture partners could adversely impact our performance.

We have entered, and may continue to enter, into joint venture partnerships with third parties, including entities that are affiliated with the Advisor. We may also purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements with the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may involve risks not otherwise present with a direct investment in real estate, including, for example:

- The possibility that our venture partner, co-tenant or partner in an investment might become bankrupt or otherwise be unable to meet its capital contribution obligations;
- That such venture partner, co-tenant or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals;
- That such venture partner, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives; or
- That actions by such venture partner could adversely affect our reputation, negatively impacting our ability to conduct business.

Actions by such a joint venture partner or co-tenant, which are generally out of our control, might have the result of subjecting the property to liabilities in excess of those contemplated and may have the effect of reducing our stockholders' returns, particularly if the joint venture agreement provides that the joint venture partner is the managing partner or otherwise maintains a controlling interest that could allow it to take actions contrary to our interests.

Under certain joint venture arrangements, neither venture partner may have the power to control the venture, and an impasse could be reached, which might have a negative influence on the joint venture and decrease potential returns to our stockholders. In the event that a venture partner has a right of first refusal to buy out the other partner, it may be unable to finance such a buy-out at that time. For example, certain actions by the joint venture partnership may require joint approval of our affiliated partners, on the one hand, and our joint venture partner, on the other hand. An impasse among the partners could result in a "deadlock event", which could trigger a buy-sell mechanism under the partnership agreement and, under certain circumstances, could lead to a liquidation of all or a portion of the partnership's portfolio. In such circumstances, we may also be subject to the 100% penalty tax on "prohibited transactions." It may also be difficult for us to sell our interest in any such joint venture or partnership or as a co-customer in a particular property. In addition, to the extent that our venture partner or co-customer is an affiliate of the Advisor, certain conflicts of interest will exist.

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Properties are illiquid investments and we may be unable to adjust our portfolio in response to changes in economic or other conditions or sell a property if or when we decide to do so.

Properties are illiquid investments and we may be unable to adjust our portfolio in response to changes in economic or other conditions. In addition, the real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.

We may also be required to expend funds to correct defects or to make improvements before a property can be sold. There can be no assurance that we will have funds available to correct such defects or to make such improvements.

In acquiring a property, we may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. All of these provisions would restrict our ability to sell a property.

Our operating expenses may increase in the future and to the extent such increases cannot be passed on to our customers, our cash flow and our operating results would decrease.

Operating expenses, such as expenses for property and other taxes, fuel, utilities, labor, building materials and insurance are not fixed and may increase in the future. Furthermore, we may not be able to pass these increases on to our customers. To the extent such increases cannot be passed on to our customers, any such increases would cause our cash flow and our operating results to decrease.

We compete with numerous other parties or entities for property investments and customers and may not compete successfully.

We compete with numerous other persons or entities seeking to buy or develop real estate assets or to attract customers to properties we already own, including with entities sponsored or advised by affiliates of the Sponsor, which may have a negative impact on our ability to acquire real property assets or attract customers on favorable terms, if at all, and the returns on our properties. These persons or entities may have greater experience and financial strength than us. There is no assurance that we will be able to acquire or develop real estate assets or attract customers on favorable terms, if at all. For example, our competitors may be willing to offer space at rental rates below our rates, causing us to lose existing or potential customers and pressuring us to reduce our rental rates to retain existing customers or convince new customers to lease space at our properties. Similarly, the opening of new competing assets near the assets that we own may hinder our ability to renew our existing leases or to lease to new customers, because the proximity of new competitors may divert existing or new customers to such competitors. In addition, if market rental rates decline during the term of an existing lease, we may be unable to renew or find a new customer without lowering the rental rate. Each of these could adversely affect our results of operations, financial condition, value of our investments or ability to pay distributions to our stockholders.

The operating results of the assets that we own may be impacted by our customers' financial condition.

Our income is derived primarily from lease payments made by our customers. As such, our performance is indirectly affected by the financial results of our customers, as difficulties experienced by our customers could result in defaults in their obligations to us. Furthermore, certain of our assets may utilize leases with payments directly related to customer sales, where the amount of rent that we charge a customer is calculated as a percentage of such customer's revenues over a fixed period of time, and a reduction in sales can reduce the amount of the lease payments required to be made to us by customers leasing space in such assets.

The financial results of our customers can depend on several factors, including but not limited to the general business environment, interest rates, inflation, the availability of credit, taxation and overall consumer confidence. An economic downturn can be expected to negatively impact all of these factors, some to a greater degree than others.

In addition, our ability to increase our revenues and operating income partially depends on steady growth of demand for the products and services offered by the customers located in the assets that we own and manage. A drop in demand, as a result of a slowdown in the U.S. and global economy or otherwise, could result in a reduction in customer performance and consequently, adversely affect us.

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If we enter into long-term leases with customers, those leases may not result in market rental rates over time, which could adversely affect our revenues and ability to make distributions to our stockholders.

We expect that the majority of our leases will be long-term operating leases. Long-term leases, as well as leases with renewal options that specify a maximum rent increase, may not allow for market-based or significant increases in rental payments during the term of the lease. If we do not accurately judge the potential for increases in market rental rates when negotiating these long-term leases, we may have no ability to terminate those leases or to adjust the rent to then-prevailing market rates. These circumstances could negatively impact our operating results and affect our ability to make distributions to our stockholders.

Lease agreements may have specific provisions that create risks to our business and may adversely affect us.

Our lease agreements are regulated by local, municipal, state and federal laws, which may grant certain rights to customers, such as the compulsory renewal of their lease by filing lease renewal actions when certain legal conditions are met. A lease renewal action may represent two principal risks for us: (i) if we plan to vacate a given unit in order to change or adapt an asset's mix of customers, the customer could remain in that unit by filing a lease renewal action and interfere with our strategy; and (ii) if we desire to increase the lease price for a specific unit, this increase may need to be approved in the course of a lease renewal action, and the final value could be decided at the discretion of a judge. We would then be subject to the court's interpretation and decision, and could be forced to accept an even lower price for the lease of the unit. The compulsory renewal of our lease agreements and/or the judicial review of our lease prices may adversely affect our cash flow and our operating results.

Certain of our lease agreements are not "triple net leases," under which the customer undertakes to pay all the expenses of maintaining the leased property, including insurance, taxes, utilities and repairs. We may be exposed to higher maintenance, tax, and property management expenses with respect to all of our leases that are not "triple net."

Operating expenses, such as expenses for fuel, utilities, labor, building materials and insurance are not fixed and may increase in the future. There is no guarantee that we will be able to pass such increases on to our customers. To the extent such increases cannot be passed on to our customers, any such increases could negatively impact our cash flow, NAV or operating results.

We depend on the availability of public utilities and services, especially for water and electric power. Any reduction, interruption or cancellation of these services may adversely affect us.

Public utilities, especially those that provide water and electric power, are fundamental for the sound operation of our assets. The delayed delivery or any material reduction or prolonged interruption of these services could allow certain customers to terminate their leases or result in an increase in our costs, as we may be forced to use backup generators, which also could be insufficient to fully operate our facilities and could result in our inability to provide services. Accordingly, any interruption or limitation in the provision of these essential services may adversely affect us.

Our industry is subject to extensive regulation, which may result in higher expenses or other negative consequences that could adversely affect us.

Our activities are subject to federal, state and municipal laws, and to regulations, authorizations and license requirements with respect to, among other things, zoning, environmental protection and historical heritage, all of which may affect our business. We may be required to obtain licenses and permits with different governmental authorities in order to acquire and manage our assets.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the "Dodd-Frank Act," which generally took effect in 2011, contains a sweeping overhaul of the regulation of financial institutions and the financial markets. Key provisions of the Dodd-Frank Act require extensive rulemaking by the SEC and the U.S. Commodity Futures Trading Commission, some of which remains ongoing. Thus, the full impact of the Dodd-Frank Act on our business cannot be fully assessed until all final implementing rules and regulations are promulgated.

Various rules currently in effect under the Dodd-Frank Act may have a significant impact on our business, including, without limitation, provisions of the legislation that increase regulation of and disclosure requirements related to investment advisors, swap transactions and hedging policies, corporate governance and executive compensation, investor protection and enforcement provisions, and asset-backed securities. In February 2017, the U.S. President ordered the Secretary of the U.S. Treasury to review certain existing rules and regulations,

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such as those promulgated under the Dodd-Frank Act; however, the implications of that review are not yet known and none of the rules and regulations promulgated under the Dodd-Frank Act have been modified or rescinded as of the date of this report.

For example, but not by way of limitation, the Dodd-Frank Act and the rules and regulations promulgated thereunder provide for significantly increased regulation of the derivatives markets and transactions that affect our interest rate hedging activities, including: (i) regulatory reporting, (ii) subject to limited exemptions, mandated clearing through central counterparties and execution on regulated exchanges or execution facilities, and (iii) margin and collateral requirements. While the full impact of the Dodd-Frank Act on our interest rate hedging activities cannot be fully assessed until all final implementing rules and regulations are promulgated, the foregoing requirements may affect our ability to enter into hedging or other risk management transactions, may increase our costs in entering into such transactions, and/or may result in us entering into such transactions on less favorable terms than prior to the effectiveness of the Dodd-Frank Act. For example, subject to an exception for “end-users” of swaps upon which we may seek to rely, we may be required to clear certain interest rate hedging transactions by submitting them to a derivatives clearing organization. To the extent we are required to clear any such transactions, we will be required to, among other things, post margin in connection with such transactions. The occurrence of any of the foregoing events may have an adverse effect on our business and on our stockholders’ return.

In addition, public authorities may enact new and more stringent standards, or interpret existing laws and regulations in a more restrictive manner, which may force companies in the real estate industry, including us, to spend funds to comply with these new rules. Any such action on the part of public authorities may adversely affect our results from operations.

In the event of noncompliance with such laws, regulations, licenses and authorizations, we may face the payment of fines, project shutdowns, cancellation of licenses, and revocation of authorizations, in addition to other civil and criminal penalties.

Our properties will be subject to property and other taxes that may increase in the future, which could adversely affect our cash flow.

Our properties will be subject to real and personal property and other taxes that may increase as tax rates change and as the properties are assessed or reassessed by taxing authorities. Certain of our leases provide that the property taxes, or increases therein, are charged to the lessees as an expense related to the properties that they occupy while other leases generally provide that we are responsible for such taxes. In any case, as the owner of the properties, we are ultimately responsible for payment of the taxes to the applicable governmental authorities. If property taxes increase, our customers may be unable to make the required tax payments, ultimately requiring us to pay the taxes even if otherwise stated under the terms of the lease. If we fail to pay any such taxes, the applicable taxing authorities may place a lien on the property and the property may be subject to a tax sale. In addition, we will generally be responsible for property taxes related to any vacant space.

Uninsured losses or premiums for insurance coverage relating to property may adversely affect our operating results.

There are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Risks associated with potential acts of terrorism could sharply increase the premiums we pay for coverage against property and casualty claims. Additionally, mortgage lenders sometimes require commercial property owners to purchase specific coverage against terrorism as a condition for providing mortgage loans. These policies may not be available at a reasonable cost, if at all, which could inhibit our ability to finance or refinance our properties. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. Changes in the cost or availability of insurance could expose us to uninsured casualty losses. In the event that any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by any such uninsured loss. In addition, we could be held liable for indemnifying possible victims of an accident. There can be no assurance that funding will be available to us for repair or reconstruction of damaged property in the future or for liability payments to accident victims.

Environmentally hazardous conditions may adversely affect our operating results.

Under various federal, state and local environmental laws, a current or previous owner or operator of property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, natural resources or

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property damage or other costs, including investigation and clean-up costs, resulting from the environmental contamination. The presence of hazardous or toxic substances on one of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination, or otherwise adversely affect our ability to sell or lease the property or borrow using the property as collateral. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, private parties. In connection with the acquisition and ownership of our properties, we may be exposed to such costs. The cost of defending against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially adversely affect our business, assets or results of operations and, consequently, amounts available for distribution to our stockholders.

Environmental laws in the U.S. also require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, adequately inform or train those who may come into contact with asbestos and undertake special precautions, including removal or other abatement, in the event that asbestos is disturbed during building renovation or demolition. These laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos. Some of our properties may contain asbestos-containing building materials.

We intend to invest in properties historically used for industrial, manufacturing and commercial purposes. Some of these properties may contain at the time of our investment, or may have contained prior to our investment, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. All of these operations create a potential for the release of petroleum products or other hazardous or toxic substances. Some of the properties that we acquire may be adjacent to or near other properties that have contained or then currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. In addition, certain of the properties that we acquire may be on or adjacent to or near other properties upon which others, including former owners or customers of our properties, have engaged, or may in the future engage, in activities that may release petroleum products or other hazardous or toxic substances.

From time to time, we may acquire properties, or interests in properties, with known adverse environmental conditions. In such an instance, we will underwrite the new anticipated costs of environmental investigation, clean-up and monitoring into the cost, as applicable. Further, in connection with property dispositions, we may agree to remain responsible for, and to bear the cost of, remediating or monitoring certain environmental conditions on the properties.

All of our properties will have been subject to a Phase I or similar environmental assessment by independent environmental consultants prior to or in connection with our acquisition of such properties. Phase I assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. Phase I assessments generally include a historical review, a public records review, an investigation of the surveyed site and surrounding properties, and preparation and issuance of a written report, but do not include soil sampling or subsurface investigations and typically do not include an asbestos survey. Nonetheless, an environmental liability that could have a material adverse effect on our business, financial condition or results of operations taken as a whole, may exist at the time of acquisition or may arise in the future, with respect to any properties that we acquire. Material environmental conditions, liabilities or compliance concerns may arise after an environmental assessment has been completed. Moreover, it is possible that (i) future laws, ordinances or regulations may impose a material environmental liability or (ii) the then current environmental condition of the properties that we acquire may be affected by customers, by the condition of land or operations in the vicinity of such properties (such as releases from underground storage tanks), or by third parties unrelated to us.

Costs of complying with environmental laws and regulations may adversely affect our income and the cash available for any distributions.

All property and the operations conducted on property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Customers' ability to operate and to generate income to pay their lease obligations may be affected by permitting and compliance obligations arising under such laws and regulations. Some of these laws and regulations may impose joint and several liability on customers, owners or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. Leasing properties to customers that engage in industrial, manufacturing, and commercial activities will cause us to be subject to the risk of liabilities under environmental laws and regulations. In addition, the presence of hazardous or toxic substances, or the failure to properly remediate these substances, may adversely affect our ability to sell, rent or pledge such property as collateral for future borrowings.

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Some of these laws and regulations have been amended so as to require compliance with new or more stringent standards as of future dates. Compliance with new or more stringent laws or regulations or stricter interpretation of existing laws may require us to incur material expenditures. Future laws, ordinances or regulations may impose material environmental liability. Additionally, our customers' operations, the existing condition of land when we buy it, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties. In addition, there are various local, state and federal fire, health, life-safety and similar regulations with which we may be required to comply and which may subject us to liability in the form of fines or damages for noncompliance. Any material expenditures, fines or damages we must pay will reduce our ability to make distributions.

In addition, changes in these laws and governmental regulations, or their interpretation by agencies or the courts, could occur.

The costs associated with complying with the Americans with Disabilities Act may reduce the amount of cash available for distribution to our stockholders.

Investment in properties may also be subject to the Americans with Disabilities Act of 1990, as amended, or the "Disabilities Act." Under this act, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The Disabilities Act has separate compliance requirements for "public accommodations" and "commercial facilities" that generally require that buildings and services be made accessible and available to people with disabilities. The Disabilities Act's requirements could require us to remove access barriers and our failure to comply with the act's requirements could result in the imposition of injunctive relief, monetary penalties or, in some cases, an award of damages. Any monies we use to comply with the Disabilities Act will reduce our NAV and the amount of cash available for distribution to our stockholders.

We may not have funding for future customer improvements which may adversely affect the value of our assets, our results of operations and returns to our stockholders.

If a customer at one of our properties does not renew its lease or otherwise vacates its space in one of our buildings, it is likely that, in order to attract one or more new customers, we will be required to expend substantial funds to construct new customer improvements in the vacated space. Substantially all of the net proceeds from our public offering will be used to acquire property, debt and other investments, and we do not anticipate that we will maintain permanent working capital reserves. We do not currently have an identified funding source to provide funds which may be required in the future for customer improvements and customer refurbishments in order to attract new customers. If we do not establish sufficient reserves for working capital or obtain adequate secured financing to supply necessary funds for capital improvements or similar expenses, we may be required to defer necessary or desirable improvements to our properties. If we defer such improvements, the applicable properties may decline in value, and it may be more difficult for us to attract or retain customers to such properties or the amount of rent we can charge at such properties may decrease. There can be no assurance that we will have any sources of funding available to us for repair or reconstruction of damaged property in the future.

Property investments made outside of the U.S. will be subject to currency rate exposure and risks associated with the uncertainty of foreign laws and markets.

We may invest outside of the U.S., most likely in Mexico or Canada, to the extent that opportunities exist that may help us meet our investment objectives. To the extent that we invest in property located outside of the U.S., in addition to risks inherent in an investment in real estate generally discussed herein, we will also be subject to fluctuations in foreign currency exchange rates, changes in U.S. regulations concerning foreign investments, if any, and the uncertainty of foreign laws and markets including, but not limited to, unexpected changes in regulatory requirements, political and economic instability in certain geographic locations, difficulties in managing international operations, currency exchange controls, potentially adverse tax consequences, additional accounting and control expenses and the administrative burden associated with complying with a wide variety of foreign laws. Changes in foreign currency exchange rates may adversely impact the fair values and earnings streams of our international holdings and therefore the returns on our non-dollar denominated investments. Although we may hedge our foreign currency risk subject to the REIT income qualification tests, we may not be able to do so successfully and may incur losses on these investments as a result of exchange rate fluctuations.

RISKS RELATED TO DEBT FINANCING

We intend to continue to incur mortgage indebtedness, corporate indebtedness and other borrowings, which may increase our business risks, and could hinder our ability to make distributions to our stockholders.

As of December 31, 2021, we had approximately \$2.3 billion of consolidated indebtedness outstanding. We intend to continue to finance a portion of the purchase price of our investments by borrowing funds. Under our charter, we have a limitation on borrowing which precludes us from borrowing in excess of 300% of the value of our net assets, provided that we may exceed this limit if a higher level of borrowing is approved by a majority of our independent directors. Net assets for purposes of this calculation are defined to be our total assets (other than intangibles), valued at cost prior to deducting depreciation, reserves for bad debts or other non-cash reserves, less total liabilities. Generally speaking, the preceding limitation provides for borrowings of up to 75% of the aggregate cost of our real estate assets before non-cash reserves and depreciation. In addition, we may incur mortgage debt and pledge some or all of our properties or other assets as security for that debt to obtain funds to acquire additional property, debt or other investments. We may also borrow funds to make distributions, to redeem securities, to satisfy the REIT distribution requirements or for any working capital purposes. Furthermore, we may borrow if we otherwise deem it necessary or advisable to ensure that we maintain our qualification as a REIT for federal income tax purposes.

High debt levels will cause us to incur higher interest charges, which would result in higher debt service payments and could be accompanied by restrictive covenants. If there is a shortfall between the cash flow from a property and the cash flow needed to service mortgage debt on that property, then the amount available for distributions to stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default, thus reducing the value of our stockholders' investment. For tax purposes, a foreclosure on any of our properties will be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we will recognize taxable income on foreclosure, but we would not receive any cash proceeds. We may give full or partial guarantees to lenders. When we give a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any mortgage contains cross collateralization or cross default provisions, a default on a single property could affect multiple properties. If any of our properties are foreclosed upon due to a default, our ability to pay cash distributions to our stockholders could be adversely affected.

We may not be able to obtain debt financing necessary to run our business.

We do not anticipate that we will maintain any permanent working capital reserves. Accordingly, we expect to need to borrow capital for acquisitions, the improvement of our properties, and for other purposes. Under current or future market conditions, we may not be able to borrow all of the funds we may need. If we cannot obtain debt or equity financing on acceptable terms, our ability to acquire new investments to expand our operations will be adversely affected. As a result, we would be less able to achieve our investment objectives, which may negatively impact our results of operations and reduce our ability to make distributions to our stockholders.

Increases in mortgage interest rates and/or unfavorable changes in other financing terms may make it more difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire and the amount of cash distributions we can make to our stockholders.

If mortgage or corporate debt is unavailable on reasonable terms as a result of increased interest rates, increased credit spreads, decreased liquidity or other factors, we may not be able to finance the initial purchase of properties. In addition, when we incur debt, we run the risk of being unable to refinance such debt when the loans come due, or of being unable to refinance on favorable terms. If interest rates are higher or other financing terms, such as principal amortization, are not as favorable when we refinance debt, our income could be reduced. We may be unable to refinance debt at appropriate times, which may require us to sell properties on terms that are not advantageous to us, or, with respect to mortgage debt could result in the foreclosure of such properties. If any of these events occur, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing securities or by borrowing more money.

Increases in interest rates could increase the amount of our debt payments and therefore negatively impact our operating results.

Our debt may be subject to the fluctuation of market interest rates such as the London Interbank Offered Rate (“LIBOR”), Prime rate, and other benchmark rates. Should such interest rates increase, our debt payments may also increase, reducing cash available for distributions. Furthermore, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments at times which may not permit realization of the maximum return on such investments. Additionally, as it relates to any real estate assets that we may own, an increase in interest rates may negatively impact activity in the consumer market and reduce consumer purchases, which could adversely affect us.

Lenders may require us to enter into restrictive covenants that relate to or otherwise limit our operations, which could limit our ability to make distributions to our stockholders, to replace the Advisor or to otherwise achieve our investment objectives.

When providing financing, a lender may impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. Loan documents we enter into may contain covenants that limit our ability to further mortgage property, discontinue insurance coverage, or make distributions under certain circumstances. In addition, provisions of our loan documents may deter us from replacing the Advisor because of the consequences under such agreements and may limit our ability to replace the property manager or terminate certain operating or lease agreements related to the property. These or other limitations may adversely affect our flexibility and our ability to achieve our investment objectives.

Risks related to floating rate indebtedness rates could increase the amount of our debt payments and therefore negatively impact our operating results.

Borrowings under our line of credit and portions of our borrowings under our term loan are, and certain of our future debt may be, subject to the fluctuation of market interest rates such as the LIBOR, Prime rate, and other benchmark rates. Should such interest rates increase, our debt payments may also increase, reducing cash available for distributions. Furthermore, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments at times which may not permit realization of the maximum return on such investments. Additionally, as it relates to any real estate assets that we may own, an increase in interest rates may negatively impact activity in the consumer market and reduce consumer purchases, which could adversely affect us.

Furthermore, U.S. and international regulators and law enforcement agencies have conducted investigations into a number of rates or indices which are deemed to be “reference rates.” Actions by such regulators and law enforcement agencies may result in changes to the manner in which certain reference rates are determined, their discontinuance, or the establishment of alternative reference rates. On November 30, 2020, U.S. and UK regulators and the Financial Conduct Authority (the “FCA”), which regulates LIBOR, made a series of announcements regarding the end of U.S. Dollar (USD) LIBOR. Collectively, these announcements call for no new LIBOR contracts after December 31, 2021, while giving legacy contracts sufficient time to wind-down, in that LIBOR (other than one-week and two-month LIBOR, which are rarely used) will be available for legacy contracts until June 30, 2023. As a result, we do not intend to use LIBOR as a reference rate in any of our debt agreements entered into after December 31, 2021.

At this time, it is not possible to predict the effect that these developments, the discontinuance of LIBOR, or the discontinuation, modification or other reforms to any other reference rate, or the establishment of alternative reference rates may have on our floating rate indebtedness. The use of alternative reference rates or other reforms could cause the interest rates for our floating rate indebtedness to be materially higher than expected.

We may enter into financing arrangements that require us to use and pledge offering proceeds to secure and repay such borrowings, and such arrangements may adversely affect our ability to make investments and operate our business.

We may enter into financing arrangements that require us to use and pledge future proceeds from our public offering or future offerings, if any, to secure and repay such borrowings. Such arrangements may cause us to have less proceeds available to make investments or otherwise operate our business, which may adversely affect our flexibility and our ability to achieve our investment objectives.

We may enter into financing arrangements involving balloon payment obligations, which may adversely affect our ability to refinance or sell properties on favorable terms, and to make distributions to our stockholders.

Some of our financing arrangements may require us to make a lump-sum or “balloon” payment at maturity. Our ability to make a balloon payment at maturity will be uncertain and may depend upon our ability to obtain additional financing or our ability to sell the particular property. At the time the balloon payment is due, we may or may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the particular property at a price sufficient to make the balloon payment. The effect of a refinancing or sale could affect the rate of return to our stockholders and the projected time of disposition of our assets. In an environment of increasing mortgage rates, if we place mortgage debt on properties, we run the risk of being unable to refinance such debt if mortgage rates are higher at a time a balloon payment is due. In addition, payments of principal and interest made to service our debts, including balloon payments, may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT.

The derivative instruments that we may use to hedge against interest rate fluctuations may not be successful in mitigating our risks associated with interest rates and could reduce the overall returns on our stockholders’ investment.

We may use derivative instruments to hedge exposure to changes in interest rates on certain of our variable rate loans, but no hedging strategy can protect us completely. We cannot assure our stockholders that our hedging strategy and the derivatives that we use will adequately offset the risk of interest rate volatility or that our hedging of these transactions will not result in losses. Any settlement charges incurred to terminate unused derivative instruments may result in increased interest expense, which may reduce the overall return on our investments. These instruments may also generate income that may not be treated as qualifying REIT income for purposes of the 75% or 95% REIT income tests.

Failure to hedge effectively against interest rate changes may materially adversely affect our results of operations and financial condition.

Subject to any limitations required to maintain qualification as a REIT, we manage or may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as interest rate cap or collar agreements and interest rate swap agreements. These agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements and that these arrangements may not be effective in reducing our exposure to interest rate changes. These interest rate hedging arrangements may create additional assets or liabilities from time to time that may be held or liquidated separately from the underlying property or loan for which they were originally established. Hedging may reduce the overall returns on our investments. Failure to hedge effectively against interest rate changes may materially adversely affect our results of operations and financial condition.

We assume the risk that our credit facility lenders may not honor their commitments to us.

We may enter into credit facility arrangements with lenders pursuant to which, subject to certain conditions, they commit to lend us money, provide us with letters of credit or provide other financial services to us. If we fail to comply with the covenants in such arrangements, the lenders could declare us in default, accelerate the maturities of our borrowings and refuse to make loans or provide other financial services to us. Or, if a lender becomes unable or unwilling to honor its commitments to us, we may not receive the loans and other financial services for which we negotiated. In such a situation, a replacement lender may be difficult or impossible to find quickly or at all. If we are unable to receive loans and other financial services, our liquidity and business could be negatively impacted.

RISKS RELATED TO INVESTMENTS IN REAL ESTATE-RELATED DEBT AND SECURITIES

The mortgage loans in which we may invest will be subject to the risk of delinquency, foreclosure and loss, which could result in losses to us.

Commercial mortgage loans are secured by commercial property and are subject to risks of delinquency and foreclosure and risks of loss. The ability of a borrower to repay a loan secured by a property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower’s ability to repay the loan may be impaired. Net operating income of an income producing property can be affected by, among other things: customer mix, success of customer businesses, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expenses or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national,

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regional or local economic conditions and/or specific industry segments, current and potential future capital markets uncertainty, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances.

In the event of any default under a mortgage loan held directly by us, we will bear a risk of loss of principal to the extent of any realized deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on our cash flow and limit amounts available for distribution to our stockholders. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Foreclosure of a mortgage loan can be an expensive and lengthy process, which could have a substantial adverse effect on our anticipated return on the foreclosed mortgage loan. In addition, if we foreclose on a particular property, we could become, as owner of the property, subject to liabilities associated with such property, including liabilities related to taxes and environmental matters.

The mezzanine loans, B-notes, and other junior financings in which we may invest would involve greater risks of loss than senior loans secured by income-producing properties.

We may invest in mezzanine loans, B-notes, and other junior financings that substantially take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or the entity that owns the interest in the entity owning the property. These types of investments involve a higher degree of risk than senior mortgage lending secured by income producing property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan in whole or in part. In addition, there may be significant delays and costs associated with the process of foreclosing on collateral securing or supporting these investments. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some or all of our investment. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. Further, even if we are successful in foreclosing on the equity interests serving as collateral for certain mezzanine loans, such foreclosure could result in us inheriting all of the liabilities of the underlying mortgage borrower, including the senior mortgage on the applicable property. This may result in both increased costs to us and a negative impact on our overall debt covenants and occupancy levels. In many cases a significant restructuring of the senior mortgage may be required in order for us to be willing to retain longer term ownership of the property. If we are unsuccessful in restructuring the underlying mortgage debt in these scenarios, the mortgage lender ultimately may foreclose on the property causing us to lose any of our remaining investment.

The B-notes in which we may invest may be subject to additional risks relating to the privately negotiated structure and terms of the transaction, which may result in losses to us.

We may invest in B-notes. A B-note is a mortgage loan typically (i) secured by a first mortgage on a single large commercial property or group of related properties and (ii) subordinated to an A-note secured by the same first mortgage on the same collateral. As a result, if a borrower defaults, there may not be sufficient funds remaining for B-note holders after payment to the A-note holders. Since each transaction is privately negotiated, B-notes can vary in their structural characteristics and risks. For example, the rights of holders of B-notes to control the process following a borrower default may be limited in certain B-note investments, particularly in situations where the A-note holders have the right to trigger an appraisal process pursuant to which control would shift from the holder of the B-note when it is determined, for instance, that a significant portion of the B-note is unlikely to be recovered. We cannot predict the terms of each B-note investment. Further, B-notes typically are secured by a single property, and, as a result, reflect the increased risks associated with a single property compared to a pool of properties. Our ownership of a B-note with controlling class rights may, in the event the financing fails to perform according to its terms, cause us to elect to pursue our remedies as owner of the B-note, which may include foreclosure on, or modification of, the note or the need to acquire or payoff the A-note. Acquiring or paying off the A-note could require a significant amount of cash, and we may not have sufficient cash to be able to do so.

Bridge loans may involve a greater risk of loss than conventional mortgage loans.

We may provide bridge loans secured by first lien mortgages on properties to borrowers who are typically seeking short-term capital to be used in an acquisition, development or refinancing of real estate. The borrower may have identified an undervalued asset that has been undermanaged or is located in a recovering market. If the market in which the asset is located fails to recover according to the borrower's projections, or if the borrower fails to improve the quality of the asset's management or the value of the asset, the borrower may not receive a sufficient return on the asset to satisfy the bridge loan, and we may not recover some or all of our investment.

In addition, owners usually borrow funds under a conventional mortgage loan to repay a bridge loan. We may, therefore, be dependent on a borrower's ability to obtain permanent financing to repay our bridge loan, which could depend on market conditions and other factors. Bridge loans, like other loans secured directly or indirectly by property, are subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. In the event of any default under bridge loans held by us, we bear the risk of loss of principal and nonpayment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount of the bridge loan. Any such losses with respect to our investments in bridge loans could have an adverse effect on our NAV, results of operations and financial condition.

Investment in non-conforming and non-investment grade loans may involve increased risk of loss.

Loans we may acquire or originate may not conform to conventional loan criteria applied by traditional lenders and may not be rated or may be rated as non-investment grade. Non-investment grade ratings for these loans typically result from the overall leverage of the loans, the lack of a strong operating history for the properties underlying the loans, the borrowers' credit history, the properties' underlying cash flow or other factors. As a result, loans we acquire or originate may have a higher risk of default and loss than conventional loans. Any loss we incur may reduce distributions to stockholders and adversely affect our value.

Risks of cost overruns and non-completion of the construction or renovation of the properties underlying loans we make or acquire may materially adversely affect our investment.

The renovation, refurbishment or expansion by a borrower of a mortgaged or leveraged property involves risks of cost overruns and non-completion. Costs of construction or improvements to bring a property up to standards established for the market intended for that property may exceed original estimates, possibly making a project uneconomical. Other risks may include: environmental risks, permitting risks, other construction risks and subsequent leasing of the property not being completed on schedule or at projected rental rates. If such construction or renovation is not completed in a timely manner, or if it costs more than expected, the borrower may experience a prolonged impairment of net operating income and may not be able to make payments of interest or principal to us.

Interest rate fluctuations and changes in prepayment rates could cause the value of our debt investments to decrease or could reduce our ability to generate income from such investments.

Interest rate risk is the risk that debt investments will decline in value because of changes in market interest rates. Generally, when market interest rates rise, the market value of such investments will decline, and vice versa. Accordingly, the yield on our debt investments may be sensitive to changes in prevailing interest rates and corresponding changes in prepayment rates. Therefore, changes in interest rates may affect our net interest income, which is the difference between the interest income we earn on our interest-earning investments and the interest expense we incur in financing these investments. Interest rate fluctuations could also cause a borrower to prepay a mortgage loan more quickly than we expect, which could lead to our expected return on the investment being adversely affected.

Our debt investments may be considered illiquid and we may not be able to adjust our portfolio in response to changes in economic and other conditions.

The debt investments we may make in connection with privately negotiated transactions may not be registered under the relevant securities laws, resulting in a prohibition against their transfer, sale, pledge or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise registered in accordance with, those laws. As a result, our ability to vary our portfolio in response to changes in economic and other conditions may be relatively limited. The mezzanine, B-note and bridge loans we may originate or purchase in the future may be particularly illiquid investments due to their short life, their unsuitability for securitization and the greater difficulty of recovery in the event of a borrower's default.

Delays in liquidating defaulted loans could reduce our investment returns.

If there are defaults under mortgage or other types of loans that we make, we may not be able to repossess and sell the underlying properties or equity collateral quickly. The resulting time delay could reduce the value of our investment in the defaulted loans. An action to foreclose on a property securing a loan is regulated by state statutes and regulations and is subject to many of the delays and expenses of other lawsuits if the defendant raises defenses or counterclaims. In the event of default by a mortgagor or other borrower, these restrictions, among other things, may impede our ability to foreclose on or sell the mortgaged property or other equity collateral or to obtain proceeds sufficient to repay all amounts due to us on the mortgage or other type of loan.

We may make investments in non-U.S. dollar denominated securities, which will be subject to currency rate exposure and risks associated with the uncertainty of foreign laws and markets.

Some of our real estate-related securities may be denominated in foreign currencies and, therefore, we expect to have currency risk exposure to any such foreign currencies. A change in foreign currency exchange rates may have an adverse impact on returns on our non-U.S. dollar denominated investments. Although we may hedge our foreign currency risk subject to the REIT income qualification tests, we may not be able to do so successfully and may incur losses on these investments as a result of exchange rate fluctuations. To the extent that we invest in non-U.S. dollar denominated securities, in addition to risks inherent in this investment in securities as generally discussed herein, we will also be subject to risks associated with the uncertainty of foreign laws and markets including, but not limited to, unexpected changes in regulatory requirements, political and economic instability in certain geographic locations, difficulties in managing international operations, currency exchange controls, potentially adverse tax consequences, additional accounting and control expenses and the administrative burden of complying with a wide variety of foreign laws.

Investments in real estate-related debt securities are subject to risks including various creditor risks and early redemption features which may materially adversely affect our results of operations and financial condition.

The debt securities and other interests in which we may invest may include secured or unsecured debt at various levels of an issuer's capital structure. The debt securities in which we may invest may not be protected by financial covenants or limitations upon additional indebtedness, may be illiquid or have limited liquidity, and may not be rated by a credit rating agency. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligation and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Our investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by us earlier than expected, resulting in a lower return to us than anticipated or reinvesting in a new obligation at a lower return to us.

We will depend on debtors for our revenue, and, accordingly, our revenue and our ability to make distributions to our stockholders will be dependent upon the success and economic viability of such debtors.

The success of our real estate-related investments will materially depend on the financial stability of the debtors underlying such investments. The inability of a single major debtor or a number of smaller debtors to meet their payment obligations could result in reduced revenue or losses. In the event of a debtor default or bankruptcy, we may experience delays in enforcing our rights as a creditor, and such rights may be subordinated to the rights of other creditors. These events could negatively affect the cash available for distribution to our stockholders.

We may invest in real estate-related preferred equity securities, which may involve a greater risk of loss than traditional debt financing.

We may invest in real estate-related preferred equity securities, which are currently volatile and which securities may involve a higher degree of risk than traditional debt financing due to a variety of factors, including that such investments are subordinate to traditional loans and are not secured. Furthermore, should the issuer default on our investment, we would only be able to proceed against the entity in which we have an interest, and not the property owned by such entity and underlying our investment. As a result, we may not recover some or all of our investment. Since there may be a number of debt obligations that have priority over our preferred stock investment, any determination by us to cure defaults could be costly and we may not have the cash to be able to do so. If we become the equity owner of the issuer, we would be responsible for other liabilities of the issuer, including liabilities relating to taxes and environmental matters.

Investments in real estate-related securities will be subject to specific risks relating to the particular issuer of the securities and may be subject to the general risks of investing in subordinated real estate-related securities.

We may invest in real estate-related securities and our investments may consist of real estate related common equity, preferred equity and debt securities of both publicly traded and private real estate companies. Our investments in such real estate related securities will involve special risks relating to the particular issuer of the securities, including the financial condition and business outlook of the issuer. Issuers of real estate related securities generally invest in real estate or real estate related assets and are subject to the inherent risks associated with real estate related debt investments discussed herein.

The value of real estate-related securities, including those of publicly listed REITs, fluctuates in response to issuer, political, market and economic developments. For example, equity markets are experiencing significant disruption as a result of the outbreak of COVID-19. In the short term, equity prices can fluctuate dramatically in response to these developments. Different parts of the market and different types of equity securities can react differently to these developments and they can affect a single issuer, multiple issuers within an industry, the economic sector or geographic region, or the market as a whole. The real estate industry is sensitive to economic downturns. The value of securities of companies engaged in real estate activities can be affected by changes in real estate values and rental income, property taxes, interest rates and tax and regulatory requirements. Downturns in equity and debt markets, such as the one we are currently experiencing, will significantly impact the value of our real-estate related securities.

Real estate related securities may be unsecured and subordinated to other obligations of the issuer. As a result, investments in real estate related securities are subject to risks of (i) limited liquidity in the secondary trading, (ii) substantial market price volatility, (iii) subordination to prior claims of banks and other senior lenders of the issuer and preferred equity holders (iv) the operation of mandatory sinking fund or call/redemption provisions during periods of declining interest rates that could cause the issuer to reinvest redemption proceeds in lower yielding assets, (v) the possibility that earnings of the issuer may be insufficient to meet its debt service and distribution obligations and (iv) the declining creditworthiness and potential for insolvency of the issuer during periods of rising interest rates and economic downturn. These risks may adversely affect the value of outstanding real estate related securities and the ability of the issuers thereof to pay dividends.

RISKS RELATED TO THE ADVISOR AND ITS AFFILIATES

Our Advisor faces conflicts of interest because certain of the fees it receives for services performed are based on our NAV, the procedures for which the Advisor will assist our board of directors in developing, overseeing, implementing and coordinating.

The Advisor assists our board of directors in developing, overseeing, implementing and coordinating our NAV procedures. It will assist our Independent Valuation Advisor in valuing our real property portfolio by providing the firm with property-level information, including (i) historical and projected operating revenues and expenses of the property; (ii) lease agreements on the property; and (iii) the revenues and expenses of the property. Our Independent Valuation Advisor assumes and relies upon the accuracy and completeness of all such information, does not undertake any duty or responsibility to verify independently any of such information and relies upon us and our Advisor to advise if any material information previously provided becomes inaccurate or was required to be updated during the period of its review. In addition, the Advisor may have some discretion with respect to valuations of certain assets and liabilities, which could affect our NAV. Because the Advisor is paid certain fees for its services based on our NAV, the Advisor could be motivated to influence our NAV and NAV procedures such that they result in an NAV exceeding realizable value, due to the impact of higher valuations on the compensation to be received by the Advisor. If our NAV is calculated in a way that is not reflective of our actual NAV, then the purchase price of shares of our common stock on a given date may not accurately reflect the value of our portfolio, and our stockholder's shares may be worth less than the purchase price.

Advisory fees may not create proper incentives or may induce the Advisor and its affiliates to make certain investments, including speculative investments, that increase the risk of our real estate portfolio.

The advisory fees we pay the Advisor are made up of a fixed component and a performance component. We will pay the Advisor the fixed component regardless of the performance of our portfolio. The Advisor's entitlement to the fixed component, which is not based upon performance metrics or goals, might reduce its incentive to devote its time and effort to seeking investments that provide attractive risk-adjusted returns for our portfolio. We will be required to pay the Advisor the fixed component in a particular period despite experiencing a net loss or a decline in the value of our portfolio during that period. The performance component, which is based on our total distributions plus the change in NAV per share, may create an incentive for the Advisor to make riskier or more speculative

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investments on our behalf than it would otherwise make in the absence of such performance-based compensation. Because the performance component is based on our NAV, the Advisor may be motivated to accelerate acquisitions in order to increase NAV or, similarly, delay or curtail dispositions of assets or share redemptions to maintain a higher NAV, which would, in each case, increase amounts payable to the Advisor.

The Advisor's management personnel, other employees and affiliates face conflicts of interest relating to time management and, accordingly, the Advisor's management personnel, other employees and affiliates may not be able to devote significant time to our business activities and the Advisor may not be able to hire adequate additional employees.

All of the Advisor's management personnel, other personnel, affiliates and related parties may also provide services to other Sponsor affiliated entities and related parties. We are not able to estimate the amount of time that such management personnel, other personnel, affiliates and related parties will devote to our business. As a result, the Advisor's management personnel, other personnel, affiliates and related parties may have conflicts of interest in allocating their time between our business and their other activities, which may include advising and managing various other real estate programs and ventures, which may be numerous and may change as programs are closed or new programs are formed. During times of significant activity in other programs and ventures, the time they devote to our business may decline. Accordingly, there is a risk that the Advisor's affiliates and related parties may not devote significant time to our business activities and the Advisor may not be able to hire adequate additional personnel.

The Advisor and its affiliates, including our officers and two of our directors, face conflicts of interest caused by compensation arrangements with us, and other entities sponsored or advised by affiliates of our Sponsor, which could result in actions that are not in our stockholders' best interests.

Some of our executive officers, two of our directors and other key personnel are also officers, directors, managers, and key personnel in the Advisor, the Dealer Manager and/or other entities related to our Sponsor. Our Advisor and its affiliates receive substantial fees from us in return for their services and these fees could influence their advice to us. Among other matters, the compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of our agreements with the Advisor and its affiliates, including the Advisory Agreement and the agreement with the Dealer Manager;
- recommendations to our board of directors with respect to developing, overseeing, implementing and coordinating our NAV procedures, or the decision to adjust the value of certain of our assets or liabilities if the Advisor is responsible for valuing them;
- public offerings of equity by us, which may result in increased fees for the Advisor and other related parties;
- competition for customers from entities sponsored or advised by affiliates of our Sponsor that own properties in the same geographic area as us; and
- investments through joint ventures or other co-ownership arrangements, which may result in increased fees for the Advisor.

We will be responsible for our proportionate share of certain fees and expenses, including due diligence costs, as determined by our Advisor, including legal, accounting and financial advisor fees and related costs, incurred in connection with evaluating and consummating investment opportunities, regardless of whether such transactions are ultimately consummated by the parties thereto.

In addition, we reimburse the Advisor and its affiliates for the salaries and other compensation of its personnel in accordance with the Advisory Agreement based on the percentage of such personnel's time spent on our affairs. Pursuant to the terms of our Advisory Agreement, we reimburse our Advisor and its affiliates for personnel (and related employment) costs and overhead (including, but not limited to, allocated rent paid, equipment, utilities, insurance, travel and entertainment, and other costs) incurred by the Advisor or its affiliates in performing the services under the Advisory Agreement, including, but not limited to, total compensation, benefits and other overhead of all employees involved in the performance of such services; provided, that we will not reimburse the Advisor or its affiliates for services for which the Advisor or its affiliates are entitled to compensation in the form of a separate fee.

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Considerations relating to compensation to our Advisor and its affiliates from us and other entities sponsored or advised by affiliates of our Sponsor could result in decisions that are not in our stockholders' best interests, which could hurt our ability to pay our stockholders distributions or result in a decline in the value of our stockholders' investment. Conflicts of interest such as those described above have contributed to stockholder litigation against certain other externally managed REITs that are not affiliated with our Advisor or the Sponsor.

Our Advisor may manage other investment vehicles (including public, non-listed REITs) that have investment objectives that compete or overlap with, and may from time to time invest in, our target asset classes.

Affiliates of our Advisor may manage other investment vehicles (including public, non-listed REITs) that have investment objectives that compete or overlap with, and may from time to time invest in, our target asset classes. This may apply to existing investment vehicles or investment vehicles that may be organized, or with respect to which affiliates of our Advisor may acquire and assume the role of management in the future. Consequently, we, on the one hand, and these other investment vehicles, on the other hand, may from time to time pursue the same or similar investment opportunities. To the extent such existing vehicles or other future investment vehicles managed by our Advisor or its affiliates seek to acquire the same target assets as our Company, the scope of opportunities otherwise available to us may be adversely affected and/or reduced. Our Advisor or its affiliates may also give advice to investment vehicles managed by our Advisor or its affiliates that may differ from the advice given to us even though their investment objectives may be the same or similar to ours.

The time and resources that Sponsor affiliated entities and related parties devote to us may be diverted and we may face additional competition due to the fact that Sponsor affiliated entities and related parties are not prohibited from raising money for another entity that makes the same types of investments that we target.

Sponsor affiliated entities and related parties are not prohibited from raising money for another investment entity that makes the same types of investments as those we target. As a result, the time and resources they could devote to us may be diverted. For example, the Dealer Manager is currently involved in separate public offerings for one other entity sponsored by the Sponsor. In addition, we may compete with other entities sponsored or advised by the Sponsor or affiliates of the Sponsor for the same investors and investment opportunities.

We may co-invest or joint venture an investment with a Sponsor affiliated entity or related party.

We have entered into and in the future may enter into additional joint ventures, co-investment or other arrangements with affiliates of the Sponsor or entities sponsored or advised by affiliates of the Sponsor to acquire, develop and/or manage property, debt and other investments. Such investments may raise potential conflicts of interest between us and such other investment vehicles managed by our Advisor or its affiliates, including determining which of such entities should enter into any particular joint venture, co-investment or other arrangement agreement. Joint venture, co-investment or other arrangement partners affiliated with the Advisor or sponsored or advised by affiliates of the Sponsor may have economic or business interests or goals which are or that may become inconsistent with our business interests or goals. In addition, should any such joint venture, co-investment or other arrangement be consummated, the Advisor and its affiliates may face a conflict in structuring the terms of the relationship between our interests and the interests of other parties, in managing the joint venture, co-investment or other arrangement, and in resolving any conflicts or exercising any rights in connection with the joint venture, co-investment or other arrangement. Since the Advisor will make various decisions on our behalf, agreements and transactions between us and the Advisor's affiliates or entities sponsored or advised by affiliates of the Sponsor will not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties. Furthermore, when such other investment vehicles managed by our Advisor or its affiliates have interests or requirements that do not align with our interests, including differing liquidity needs or desired investment horizons, conflicts may arise in the manner in which any voting or control rights are exercised with respect to the relevant investment, potentially resulting in an adverse impact on us. We may enter into joint ventures with affiliates of the Sponsor or entities sponsored or advised by affiliates of the Sponsor for the acquisition of investments, but only if (i) a majority of our directors not otherwise interested in the transaction, including a majority of the independent directors, approve the transaction as being fair and reasonable to us and (ii) the investment by us and such affiliate are on terms and conditions that are no less favorable than those that would be available to unaffiliated parties.

With respect to any joint venture, we may enter into an advisory or sub-advisory agreement with an affiliate of the Advisor. We may also enter into arrangements with the Advisor in which the Advisor receives fees (directly or indirectly, including through a subsidiary of ours) from the joint venture entity or from the joint venture partner. Fees received from joint venture entities or partners and paid, directly or

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indirectly (including without limitation, through us or our subsidiaries), to the Advisor may be more or less than similar fees that we pay to the Advisor pursuant to the Advisory Agreement.

In addition, the Advisor may, with respect to any investment in which we are a participant, also render advice and service to others in that investment, and earn fees for rendering such advice and service. Specifically, it is contemplated that we may enter into joint venture or other similar co-investment arrangements with certain individuals, corporations, partnerships, trusts, joint ventures, limited liability companies or other entities, with respect to which the Advisor or one of its affiliates may be engaged to provide advice and service to such individuals, corporations, partnerships, trusts, joint ventures, limited liability companies or other entities. The Advisor or its affiliate will earn fees for rendering such advice and service pursuant to the agreements governing such joint ventures or arrangements.

We may invest in, acquire, sell assets to or provide financing to investment vehicles managed by our Advisor or its affiliates.

We may invest in, acquire, sell assets to or provide financing to investment vehicles managed by our Advisor or its affiliates and their portfolio companies or purchase assets from, sell assets to, or arrange financing from any such investment vehicles and their portfolio companies. Any such transactions will require approval by a majority of our independent directors. There can be no assurance that any procedural protections will be sufficient to ensure that these transactions will be made on terms that will be at least as favorable to us as those that would have been obtained in an arm's-length transaction.

We depend on the Advisor and its key personnel; if any of such key personnel were to cease employment with the Advisor or its affiliates, our business could suffer.

Our ability to make distributions and achieve our investment objectives is dependent upon the performance of the Advisor in the acquisition, disposition and management of our investments, the selection of customers for our properties, the determination of any financing arrangements and other factors. In addition, our success depends to a significant degree upon the continued contributions of certain of the Advisor's key personnel, including, in alphabetical order, William Benjamin, Rajat Dhanda, David M. Fazekas, Andrea L. Karp, Brian R. Lange, Thomas G. McGonagle, Dwight L. Merriman III, Lainie P. Minnick, James R. Mulvihill, Taylor M. Paul, Scott W. Recknor, David Roth, Scott A. Seager, Jeffrey W. Taylor, Joshua J. Widoff and Evan H. Zucker, each of whom would be difficult to replace. We currently do not have, nor do we expect to obtain, key man life insurance on any of the Advisor's key personnel. If the Advisor were to lose the benefit of the experience, efforts and abilities of one or more of these individuals through their resignation, retirement, or due to an internalization transaction effected by another investment program sponsored by the Sponsor or its affiliates, or due to such individual or individuals becoming otherwise unavailable because of other activities on behalf of the Sponsor or its affiliates, our operating results could suffer.

Our Advisor is subject to extensive regulation as an investment adviser, which could adversely affect its ability to manage our business.

Our Advisor is subject to regulation as an investment adviser by various regulatory authorities that are charged with protecting the interests of its clients, including us. Instances of criminal activity and fraud by participants in the investment management industry and disclosures of trading and other abuses by participants in the financial services industry have led the United States Government and regulators to increase the rules and regulations governing, and oversight of, the United States financial system. This activity resulted in changes to the laws and regulations governing the investment management industry and more aggressive enforcement of the existing laws and regulations. Our Advisor could be subject to civil liability, criminal liability, or sanction, including revocation of its registration as an investment adviser, revocation of the licenses of its employees, censures, fines, or temporary suspension or permanent bar from conducting business, if it is found to have violated any of these laws or regulations. Any such liability or sanction could adversely affect our Advisor's ability to manage our business. Our Advisor must continually address conflicts between its interests and those of its clients, including us. In addition, the SEC and other regulators have increased their scrutiny of potential conflicts of interest. Our Advisor has procedures and controls that are reasonably designed to address these issues. However, appropriately dealing with conflicts of interest is complex and difficult and if our Advisor fails, or appears to fail, to deal appropriately with conflicts of interest, it could face litigation or regulatory proceedings or penalties, any of which could adversely affect its ability to manage our business.

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The fees we pay to entities sponsored or advised by affiliates of our Sponsor in connection with our offerings of securities and in connection with the management of our investments were not determined on an arm's-length basis, and therefore, we do not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

The Advisor, affiliates of the Advisor and the Dealer Manager have earned and will continue to earn fees, performance allocations, commissions and expense reimbursements from us. The fees, performance allocations, commissions and expense reimbursements paid and to be paid to the Advisor, affiliates of the Advisor and the Dealer Manager for services they provided us in connection with past offerings and in connection with our public offering were not determined on an arm's-length basis. As a result, the fees have been determined without the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

We compete with entities sponsored or advised by affiliates of the Advisor, for whom affiliates of the Advisor provide certain advisory or management services, for opportunities to acquire, lease, finance, or sell investments, and for customers, which may have an adverse impact on our operations.

We compete with entities sponsored or advised by affiliates of the Advisor and may compete with any such entity created in the future, as well as entities for whom affiliates of the Advisor provide certain advisory or management services, for opportunities to acquire, lease, finance or sell certain types of properties. We may also buy, lease, finance or sell properties at the same time as these entities are buying, leasing, financing or selling properties. In this regard, there is a risk that we will purchase or lend on a property that provides lower returns to us than a property purchased or lent on by entities sponsored or advised by affiliates of the Advisor and entities for whom affiliates of the Advisor provide certain advisory or management services. Certain entities sponsored or advised by affiliates of the Advisor own and/or manage properties in geographical areas in which we expect to own properties. Therefore, our properties may compete for customers with other properties owned and/or managed by these entities. The Advisor may face conflicts of interest when evaluating customer leasing opportunities for our properties and other properties owned and/or managed by these entities and these conflicts of interest may have a negative impact on our ability to attract and retain customers.

The Advisor has implemented lease allocation guidelines to assist with the process of the allocation of leases when we and certain other entities to which affiliates of the Advisor are providing certain advisory services have potentially competing properties with respect to a particular customer. These guidelines, are designed to allow, where possible, each fund with a potentially competing property to bid on a lease with a prospective customer in a fair and equitable manner.

Because affiliates of the Advisor currently sponsor and advise, and in the future may sponsor and advise, other investment vehicles and clients (each, an "Advisory Client") with overlapping investment objectives, strategies and criteria, potential conflicts of interest may arise with respect to real estate investment opportunities. In order to manage this potential conflict of interest, in allocating opportunities among the Advisory Clients, the Advisor follows an allocation policy (the "Allocation Policy") which endeavors to allocate investment opportunities in a fair and equitable manner. The Advisor's Allocation Policy, which may be amended without consent, is intended to enable us to share equitably with any other Advisory Clients that are managed by the Advisor and competing with us to acquire similar types of assets.

Under the Allocation Policy, real estate investments will be considered for Advisory Clients based on appropriateness and conformity with their respective investment objectives, as well as the suitability of the investment for each Advisory Client. Suitability is determined by a variety of factors related to the investment mandates of each Advisory Client, the nature of the investment opportunity and the composition of each client's portfolio. In the circumstance where an investment is suitable for only one Advisory Client based on such factors, the investment will be allocated to that Advisory Client. Where an investment is suitable for more than one Advisory Client, the Advisor generally employs an allocation rotation process pursuant to the Allocation Policy that is designed to facilitate an equitable allocation of such opportunities over time. Nevertheless, it is possible that we may not be given the opportunity to participate in certain investments made by Advisory Clients managed by affiliates of the Advisor. In addition, the Advisor may from time to time limit the number of positions in a rotation and/or grant to certain Advisory Clients certain exclusivity, rotation or other priority (each, a "Rotational Priority") with respect to industrial investments or other investment opportunities. Current existing Rotational Priorities have been granted to certain of the Advisor's industrial real estate funds which ensure them a minimum number of opportunities (e.g., one out of every three) in each core, value-add and development rotation. This means that, depending on the number of Advisory Clients and number of positions in each such rotation and/or the Rotational Priorities that have been granted, we may be offered less investment opportunities. The Advisor or its affiliates may grant additional Rotational Priorities in the future and from time to time.

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The Advisor may modify its overall allocation policies from time to time. Any changes to the Advisor's allocation policies will be timely reported to our board of directors or our Conflicts Resolution Committee. The Advisor will be required to provide information to our board of directors on a quarterly basis to enable our board of directors, including the independent directors, to determine whether such policies are being fairly applied.

If we invest in joint venture or co-ownership arrangements with the Advisor or its affiliates, they may retain significant control over our investments even if our independent directors terminate the Advisor.

While a majority of our independent directors may terminate the Advisor upon 60 days' written notice, our ability to remove co-general partners or advisors to any entities in which the Advisor or its affiliates serve in such capacities and in which we may serve as general partner or manager is limited. As a result, if we invest in such joint-venture or co-ownership arrangements; an affiliate of the Advisor may continue to maintain a substantial degree of control over our investments despite the termination of the Advisor.

RISKS RELATED TO OUR TAXATION AS A REIT

Failure to qualify as a REIT could adversely affect our operations and our ability to make distributions.

We have elected to be taxed as a REIT for U.S. federal income tax purposes, commencing with the taxable year ended December 31, 2017, and we intend to continue to operate in accordance with the requirements for qualification as a REIT. Although we do not intend to request a ruling from the Internal Revenue Service, ("IRS"), as to our REIT status, we have received the opinion of our special U.S. federal income tax counsel, Morrison & Foerster LLP, with respect to our qualification as a REIT. This opinion was issued in connection with our public offering. Investors should be aware, however, that opinions of counsel are not binding on the IRS or on any court. The opinion of Morrison & Foerster LLP represents only the view of our counsel based on our counsel's review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets, the sources of our income, the amount of distributions that we pay, the composition of our stockholders, and various other matters relating to the requirements for qualification as a REIT. Morrison & Foerster LLP has no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed in its opinion or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Morrison & Foerster LLP and our qualification as a REIT will depend on our satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex provisions of the Code, for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. The complexity of these provisions and of the applicable income tax regulations that have been promulgated under the Code is greater in the case of a REIT that holds its assets through a partnership, as we do. Moreover, no assurance can be given that legislation, new regulations, administrative interpretations or court decisions will not change the tax laws with respect to qualification as a REIT or the U.S. federal income tax consequences of that qualification.

If we were to fail to qualify as a REIT for any taxable year, we would be subject to U.S. federal income tax on our taxable income at corporate rates. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year in which we lose our REIT status. Losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer be deductible in computing our taxable income and we would no longer be required to make distributions. However, any distributions made would be subject to the favorable tax rate applied to "qualified dividend income." To the extent that distributions had been made in anticipation of our qualifying as a REIT, we might be required to borrow funds or liquidate some investments in order to pay the applicable corporate income tax. In addition, although we intend to operate in such a manner as to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause our board of directors to determine that it is no longer in our best interest to continue to be qualified as a REIT and recommend that we revoke our REIT election.

We believe that the Operating Partnership will be treated for U.S. federal income tax purposes as a partnership and not as an association or as a publicly traded partnership taxable as a corporation. If the IRS successfully determines that the Operating Partnership should be treated as a corporation, the Operating Partnership would be required to pay U.S. federal income tax at corporate rates on its net income, its partners would be treated as stockholders of the Operating Partnership and distributions to partners would constitute distributions that would not be deductible in computing the Operating Partnership's taxable income. In addition, if the Operating Partnership were treated as a corporation, we could fail to qualify as a REIT, with the resulting consequences described above.

To qualify as a REIT, we must meet annual distribution requirements, which may result in us distributing amounts that may otherwise be used for our operations.

To obtain the favorable tax treatment accorded to REITs, in addition to other qualification requirements, we normally will be required each year to distribute to our stockholders at least 90% of our REIT taxable income (which may not equal net income as calculated in accordance with GAAP), determined without regard to the deduction for distributions paid and by excluding net capital gains. We will be subject to U.S. federal income tax on our undistributed taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be invested in acquisitions of properties and it is possible that we might be required to borrow funds or sell assets to fund these distributions. It is possible that we might not always be able to continue to make distributions sufficient to meet the annual distribution requirements required to maintain our REIT status, avoid corporate tax on undistributed income and/or avoid the 4% excise tax.

From time to time, we may generate taxable income greater than our income for financial reporting purposes, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. If we do not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell investments at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce our equity. Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect our value.

Recharacterization of sale-leaseback transactions may cause us to lose our REIT status.

We may purchase properties and lease them back to the sellers of such properties. There can be no assurance that the IRS will not challenge our characterization of any such sale-leaseback transaction as a ‘true lease.’ In the event that any such sale-leaseback transaction is challenged and successfully recharacterized as a financing or loan for U.S. federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. If a sale-leaseback transaction were so recharacterized, we might fail to satisfy the REIT qualification “asset tests,” the “income tests” or the “distribution requirements” and, consequently, lose our REIT status effective with the year of recharacterization. Alternatively, the amount of our REIT taxable income could be recalculated which might also cause us to fail to meet the distribution requirement for a taxable year in the event we cannot make a sufficient deficiency distribution.

Our stockholders may have current tax liability on distributions if they elect to reinvest in shares of our common stock.

Stockholders who elect to participate in the distribution reinvestment plan, and who are subject to U.S. federal income taxation laws, will incur a tax liability on an amount equal to the fair market value on the relevant distribution date of the shares of our common stock purchased with reinvested distributions, to the extent such distribution is properly treated as being paid out of “earnings and profits,” even though such stockholders have elected not to receive the distributions used to purchase those shares of common stock in cash. As a result, each of our stockholders that is not a tax-exempt entity may have to use funds from other sources to pay such tax liability on the value of the common stock received.

Distributions payable by REITs do not qualify for the reduced tax rates that apply to other corporate distributions.

The maximum tax rate applicable to income from “qualified dividends” payable to U.S. stockholders that are individuals, trusts and estates is currently 20% plus a 3.8% “Medicare tax” surcharge. Distributions payable by REITs, however, generally continue to be taxed at the normal rate applicable to the individual recipient on ordinary income, rather than the 20% preferential rate and are also subject to the 3.8% Medicare tax; provided however, that all such distributions (other than distributions designated as capital gain distributions and distributions traceable to distributions from a taxable REIT subsidiary), which are received by a pass-through entity or an individual, are eligible for a 20% deduction from gross income under the current tax laws that will expire if not extended at the end of 2025. The more favorable rates applicable to regular corporate distributions could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay distributions, which could adversely affect the value of our common stock.

In certain circumstances, we may be subject to federal and state income taxes as a REIT, which would reduce our cash available for distribution to our stockholders.

Even if we qualify and maintain our status as a REIT, we may be subject to U.S. federal income taxes or state taxes. For example, net income from a “prohibited transaction” will be subject to a 100% tax. We may not be able to make sufficient distributions to avoid excise taxes applicable to REITs. We may also decide to retain income we earn from the sale or other disposition of our properties and pay income tax directly on such income. In that event, our stockholders would be treated as if they had earned that income and paid the tax on it directly, would be eligible to receive a credit or refund of the taxes deemed paid on the income deemed earned, and shall increase the adjusted basis of its shares by the excess of such deemed income over the amount of taxes deemed paid. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability. We may also be subject to state and local taxes on our income or property, either directly or at the level of the companies through which we indirectly own our assets. Any of these taxes we pay will reduce our cash available for distribution to our stockholders.

Distributions to tax-exempt investors may be classified as unrelated business taxable income.

Neither ordinary nor capital gain distributions with respect to our common stock, or gain from the sale of common stock should generally constitute unrelated business taxable income to a tax-exempt investor. However, there are certain exceptions to this rule. In particular:

- Part of the income and gain recognized by certain qualified employee pension trusts with respect to our common stock may be treated as unrelated business taxable income if shares of our common stock are predominately held by qualified employee pension trusts, and we are required to rely on a special look-through rule for purposes of meeting one of the REIT share ownership tests, and we are not operated in a manner to avoid treatment of such income or gain as unrelated business taxable income;
- Part of the income and gain recognized by a tax-exempt investor with respect to our common stock would constitute unrelated business taxable income if the investor incurs debt in order to acquire the common stock; and
- Part or all of the income or gain recognized with respect to our common stock by social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans which are exempt from federal income taxation under Sections 501(c)(7), (9), (17), or (20) of the Code may be treated as unrelated business taxable income.

Investments in other REITs and real estate partnerships could subject us to the tax risks associated with the tax status of such entities.

We may invest in the securities of other REITs and real estate partnerships. Such investments are subject to the risk that any such REIT or partnership may fail to satisfy the requirements to qualify as a REIT or a partnership, as the case may be, in any given taxable year. In the case of a REIT, such failure would subject such entity to taxation as a corporation, may require such REIT to incur indebtedness to pay its tax liabilities, may reduce its ability to make distributions to us, and may render it ineligible to elect REIT status prior to the fifth taxable year following the year in which it fails to so qualify. In the case of a partnership, such failure could subject such partnership to an entity level tax and reduce the entity’s ability to make distributions to us. In addition, such failures could, depending on the circumstances, jeopardize our ability to qualify as a REIT.

Complying with the REIT requirements may cause us to forego otherwise attractive opportunities.

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of shares of our common stock. We may be required to forego attractive investments. We also may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Complying with the REIT requirements may force us to liquidate otherwise attractive investments.

To qualify as a REIT, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investments (other than governmental securities and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets

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(other than government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 20% of the value of our total assets can be represented by securities of one or more taxable REIT subsidiaries. If we fail to comply with these requirements at the end of any calendar quarter, we must correct such failure within 30 days after the end of the calendar quarter to avoid losing our REIT status and suffering adverse tax consequences or, generally, must have “reasonable cause” for the failure and pay a penalty, in addition to satisfying such requirements. As a result, we may be required to liquidate otherwise attractive investments.

The stock ownership limit imposed by the Code for REITs and our charter may restrict our business combination opportunities.

To qualify as a REIT under the Code, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year after our first year in which we qualify as a REIT. Our charter, with certain exceptions, authorizes our board of directors to take the actions that are necessary and desirable to preserve our qualification as a REIT. Unless an exemption is granted by our board of directors, no person (as defined to include entities) may own more than 9.8% in value of our capital stock or more than 9.8% in value or in number of shares, whichever is more restrictive, of our common stock. In addition, our charter generally prohibits beneficial or constructive ownership of shares of our capital stock by any person that owns, actually or constructively, an interest in any of our lessees that would cause us to own, actually or constructively, 10% or more of any of our lessees. Our board of directors may grant an exemption, prospectively or retroactively, in its sole discretion, subject to such conditions, representations and undertakings as it may determine. These ownership limitations in our charter are common in REIT charters and are intended, among other purposes, to assist us in complying with the tax law requirements and to minimize administrative burdens. However, these ownership limits might also delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Our ownership of and relationship with our taxable REIT subsidiaries will be limited and a failure to comply with the limits would jeopardize our REIT status and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more taxable REIT subsidiaries. A taxable REIT subsidiary may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a taxable REIT subsidiary. A corporation of which a taxable REIT subsidiary directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a taxable REIT subsidiary. Overall, no more than 20% of the value of a REIT’s assets may consist of stock or securities of one or more taxable REIT subsidiaries. A domestic taxable REIT subsidiary will pay federal, state and local income tax at regular corporate rates on any income that it earns. In addition, the taxable REIT subsidiary rules limit the deductibility of interest paid or accrued by a taxable REIT subsidiary to its parent REIT to assure that the taxable REIT subsidiary is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm’s-length basis. We cannot assure our stockholders that we will be able to comply with the 20% value limitation on ownership of taxable REIT subsidiary stock and securities on an ongoing basis so as to maintain REIT status or to avoid application of the 100% excise tax imposed on certain non-arm’s length transactions.

The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to qualify as a REIT.

The IRS has issued Revenue Procedure 2003-65, which provides a safe harbor pursuant to which a mezzanine loan that is secured by interests in a pass-through entity will be treated by the IRS as a real estate asset for purposes of the REIT 75% asset test, and interest derived from such loan will be treated as qualifying mortgage interest for purposes of the REIT 75% income test. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. We may make investments in loans secured by interests in pass-through entities in a manner that complies with the various requirements applicable to our qualification as a REIT. To the extent, however, that any such loans do not satisfy all of the requirements for reliance on the safe harbor set forth in the Revenue Procedure, there can be no assurance that the IRS will not challenge the tax treatment of such loans, which could jeopardize our ability to qualify as a REIT.

Liquidation of assets may jeopardize our REIT status.

To qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our investments to satisfy our obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our status as a REIT, or we may be subject to a 100% tax on any resultant gain if we sell assets that are treated as dealer property or inventory.

Changes to the U.S. federal income tax laws, including the enactment of certain tax reform measures, could have an adverse impact on our business and financial results.

In recent years, numerous legislative, judicial and administrative changes have been made to the U.S. federal income tax laws applicable to investments in real estate and REITs, including the passage of the Tax Cuts and Jobs Act of 2017. Federal legislation intended to ameliorate the economic impact of the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act, or the CARES Act, has been enacted that makes technical corrections to, or modifies on a temporary basis, certain of the provisions of the Tax Cut and Jobs Act of 2017, and it is possible that additional such legislation may be enacted in the future. The full impact of the Tax Cuts and Jobs Act of 2017 and the CARES Act may not become evident for some period of time. In addition, there can be no assurance that future changes to the U.S. federal income tax laws or regulatory changes will not be proposed or enacted that could impact our business and financial results. The REIT rules are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department, which may result in revisions to regulations and interpretations in addition to statutory changes. If enacted, certain of such changes could have an adverse impact on our business and financial results.

We cannot predict whether, when or to what extent any new U.S. federal tax laws, regulations, interpretations or rulings will impact the real estate investment industry or REITs. Prospective investors are urged to consult their tax advisors regarding the effect of potential future changes to the federal tax laws on an investment in our shares.

Foreign investors may be subject to FIRPTA on the sale of common stock if we are unable to qualify as a domestically controlled REIT.

A foreign person (other than a “qualified foreign pension plan”) disposing of a U.S. real property interest, including shares of a U.S. corporation whose assets consist principally of U.S. real property interests, is generally subject to a tax under FIRPTA on the gain recognized on the disposition. FIRPTA does not apply, however, to the disposition of stock in a REIT if the REIT is a “domestically controlled REIT.” A domestically controlled REIT is a REIT in which, at all times during a specified testing period, less than 50% in value of its shares is held directly or indirectly by non-U.S. holders. There can be no assurance that we will qualify as a domestically controlled REIT. If we were to fail to so qualify, gain realized by a foreign investor (other than a “qualified foreign pension plan”) on a sale of our common stock would be subject to FIRPTA unless our common stock was traded on an established securities market and the foreign investor did not at any time during a specified testing period directly or indirectly own more than 5% (10% after December 18, 2015) of the value of our outstanding common stock. We are not currently traded on an established securities market.

We may enter into certain hedging transactions which may have a potential impact on our REIT status.

From time to time, we may enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate and/or foreign currency swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Income and gain from “hedging transactions” that we enter into to hedge indebtedness incurred or to be incurred to acquire or carry real estate assets and that are clearly and timely identified as such will be excluded from both the numerator and the denominator for purposes of the gross income and asset tests that apply to REITs. Moreover, any income from a transaction entered into primarily to manage risk of currency fluctuations with respect to any item of income that would be qualifying REIT income under the REIT gross income tests, and any gain from the unwinding of any such transaction, does not constitute gross income for purposes of the REIT annual gross income tests. To the extent that we do not properly identify such transactions as hedges or we hedge with other types of financial instruments, or hedge other types of indebtedness, the income from those transactions may not be treated as qualifying income for purposes of the REIT gross income tests, and might also give rise to an asset that does not qualify for purposes of the REIT asset tests.

INVESTMENT COMPANY RISKS

We are not registered as an investment company under the Investment Company Act, and therefore we will not be subject to the requirements imposed on an investment company by the Investment Company Act which may limit or otherwise affect our investment choices.

The Company, the Operating Partnership, and our subsidiaries intend to conduct our businesses so that we are not required to register as “investment companies” under the Investment Company Act. The operation of a business in a manner so as not to be subject to regulation as an investment company requires an analysis of and compliance with complex laws, regulations and SEC staff interpretations, not all of which are summarized herein. Although we could modify our business methods at any time, at the present time we focus our activities on

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investments in real estate, buildings, and other assets that can be referred to as “sticks and bricks” and therefore we will not be an investment company under Section 3(a)(1)(A) of the Investment Company Act. We also may invest in other real estate investments, such as real estate related securities, and will otherwise be considered to be in the real estate business.

Companies subject to the Investment Company Act are required to comply with a variety of substantive requirements such as requirements relating to:

- Limitations on the capital structure of the entity;
- Restrictions on certain investments;
- Prohibitions on transactions with affiliated entities; and
- Public reporting disclosures, record keeping, voting procedures, proxy disclosure and similar corporate governance rules and regulations.

These and other requirements are intended to provide benefits or protections to security holders of investment companies. Because we and our subsidiaries do not expect to be subject to these requirements, stockholders will not be entitled to these benefits or protections. It is our policy to operate in a manner that will not require us to register as an investment company, and we do not expect to register as an “investment company” under the Investment Company Act.

We do not expect that we, the Operating Partnership, or other subsidiaries will be an investment company because, if we have any securities that are considered to be investment securities held by an entity, then we will seek to ensure that holdings of investment securities in such entity will not exceed 40% of the total assets of that entity (on a consolidated basis) and that no such entity holds itself out as being engaged primarily in the business of investing in securities. If an entity were to hold investment securities having a value exceeding 40% of the value of the entity’s total assets (on a consolidated basis), and no other exclusion from registration was available, that entity might be required to register as an investment company. In order to avoid such a result, we, the Operating Partnership, or a subsidiary may be unable to sell assets we would otherwise want to sell or we may need to sell assets we would otherwise wish to retain. In addition, we may also have to forgo opportunities to acquire certain investments or interests in companies or entities that we would otherwise want to acquire, or acquire assets we might otherwise not select for purchase.

If the Company, the Operating Partnership or any subsidiary owns assets that qualify as “investment securities” and the value of such assets exceeds 40% of the value of its total assets (on a consolidated basis), the entity would be deemed to be an investment company absent another exclusion from the Investment Company Act. Certain of the subsidiaries that we may form in the future could seek to rely upon the exclusion provided by Section 3(c)(5)(C) of that Act, which is available for entities, among other things, “primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate.” This exclusion, as interpreted by the staff of the SEC, generally requires that at least 55% of an entity’s portfolio be comprised of qualifying interests and an additional 25% of the entity’s portfolio be comprised of real estate-related interests although this percentage may be reduced to the extent that more than 55% of the entity’s assets are invested in qualifying interests, (as such terms have been interpreted by the staff of the SEC) and no more than 20% of such entity’s total assets are invested in miscellaneous investments. Qualifying interests for this purpose include actual interests in real estate, certain mortgage loans and other assets as interpreted in a manner consistent with SEC staff guidance. We intend to treat as real estate-related interests those assets that do not qualify for treatment as qualifying interests, including any securities of companies primarily engaged in real estate businesses that are not within the scope of SEC staff positions and/or interpretations regarding qualifying interests and securities issued by pass-through entities of which substantially all of the assets consist of qualifying interests and/or real estate-related interests. Due to the factual nature of this test, we, the Operating Partnership, or a subsidiary may be unable to sell assets we would otherwise want to sell or may need to sell assets we would otherwise wish to retain, if we deem it necessary to remain in compliance with the foregoing standards. In addition, we may have to forgo opportunities to acquire certain investments or interests in companies or entities that we would otherwise want to acquire, or acquire assets we might otherwise not select for purchase, if we deem it necessary to remain in compliance with the foregoing standards.

In addition, we, the Operating Partnership and/or our subsidiaries may rely upon other exclusions, including the exclusion provided by Section 3(c)(6) of the Investment Company Act (which excludes, among other things, parent entities whose primary business is conducted through majority-owned subsidiaries relying upon the exclusion provided by Section 3(c)(5)(C), discussed above), from the definition of an investment company and the registration requirements under the Investment Company Act.

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There can be no assurance that the laws and regulations governing the Investment Company Act status of REITs (and/or their subsidiaries), including actions by the SEC or its staff providing more specific or different guidance regarding these exclusions, will not change in a manner that adversely affects our operations. For example, on August 31, 2011, the SEC issued a concept release requesting comments regarding a number of matters relating to the exclusion provided by Section 3(c)(5)(C) of the Investment Company Act, including the nature of assets that qualify for purposes of the exclusion and whether mortgage REITs should be regulated in a manner similar to investment companies. To the extent that the SEC or the SEC staff provides more specific guidance regarding any of the matters bearing upon the exclusions discussed above or other exclusions from the definition of an investment company under the Investment Company Act upon which we may rely, we may be required to change the way we conduct our business or adjust our strategy accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen. If we meet the definition of an investment company under the Investment Company Act and we fail to qualify for an exclusion therefrom, our ability to use leverage and other business strategies would be substantially reduced. Our business will be materially and adversely affected if we fail to qualify for an exemption or exclusion from regulation under the Investment Company Act.

If we or the Operating Partnership are required to register as an investment company under the Investment Company Act, the additional expenses and operational limitations associated with such registration may reduce our stockholders' investment return or impair our ability to conduct our business as planned.

If we become an investment company or are otherwise required to register as an investment company, we might be required to revise some of our current policies, or substantially restructure our business, to comply with the Investment Company Act. This would likely require us to incur the expense and delay of holding a stockholder meeting to vote on proposals for such changes. Further, if we were required to register as an investment company, but failed to do so, we would be prohibited from engaging in our business, criminal and civil actions could be brought against us, some of our contracts might be unenforceable, unless a court were to direct enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

ERISA RISKS

If our assets are deemed to be ERISA plan assets, the Advisor and we may be exposed to liabilities under Title I of ERISA and the Internal Revenue Code.

In some circumstances where an ERISA plan holds an interest in an entity, the assets of the entire entity are deemed to be ERISA plan assets unless an exception applies. This is known as the "look-through rule." Under those circumstances, the obligations and other responsibilities of plan sponsors, plan fiduciaries and plan administrators, and of parties in interest and disqualified persons, under Title I of ERISA and Section 4975 of the Code, as applicable, may be applicable, and there may be liability under these and other provisions of ERISA and the Code. We believe that our assets should not be treated as plan assets because the shares should qualify as "publicly-offered securities" that are exempt from the look-through rules under applicable Treasury Regulations. We note, however, that because certain limitations are imposed upon the transferability of shares so that we may qualify as a REIT, and perhaps for other reasons, it is possible that this exemption may not apply. If that is the case, and if the Advisor or we are exposed to liability under ERISA or the Code, our performance and results of operations could be adversely affected. Prior to making an investment in us, our stockholders should consult with their legal and other advisors concerning the impact of ERISA and the Code on their investment and our performance.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2021, we directly owned and managed a real estate portfolio that included 193 industrial buildings totaling approximately 37.6 million square feet located in 28 markets throughout the U.S., with 348 customers, and was 96.6% occupied (97.6% leased) with a weighted-average remaining lease term (based on square feet) of 4.4 years. The occupied rate reflects the square footage with a paying customer in place. The leased rate includes the occupied square footage and additional square footage with leases in place that have not yet commenced. As of December 31, 2021, our real estate portfolio included:

- 183 industrial buildings totaling approximately 36.1 million square feet comprised our operating portfolio, which includes stabilized properties, and was 98.3% occupied (98.3% leased) with a weighted-average remaining lease term (based on square feet) of approximately 4.4 years; and
- 10 industrial buildings totaling approximately 1.5 million square feet comprised our value-add portfolio, which includes buildings acquired with the intention to reposition or redevelop, or buildings recently completed which have not yet reached stabilization. We generally consider a building to be stabilized on the earlier to occur of the first anniversary of a building's shell completion or a building achieving 90% occupancy.

On July 15, 2020, we acquired minority ownership interests in two joint venture partnerships, the BTC I Partnership and the BTC II Partnership, for \$301.0 million in cash paid at closing, exclusive of due diligence expenses and other closing costs. As of the date of acquisition, the joint venture partnerships' aggregate real estate portfolios consisted of 64 acquired or completed buildings and 18 buildings under construction or in the pre-construction phase.

On June 15, 2021, we, along with our joint venture partners, entered into the BTC I Partnership Transaction to split the BTC I Portfolio, which, prior to the transaction, consisted of 44 buildings totaling approximately 12.1 million square feet. As a result of the BTC I Partnership Transaction (described further in "Note 5 to the Consolidated Financial Statements"), we own a 100% interest in 22 buildings that were previously part of the BTC I Portfolio, totaling approximately 5.4 million square feet with a total cost of \$876.7 million, which includes the cost of our minority joint venture interest in the BTC I Partnership and our incremental additional investment of approximately \$580 million, exclusive of transaction costs, to effect the split of the BTC I Portfolio.

As of December 31, 2021, we owned and managed 29 buildings totaling approximately 6.9 million square feet and six buildings either under construction or in the pre-construction phase totaling approximately 1.8 million square feet through our 12.0% minority ownership interest in the BTC II Partnership (as described in "Note 5 to the Consolidated Financial Statements"). Unless otherwise noted, these buildings are excluded from the presentation of our portfolio data herein. See "Note 17 to the Consolidated Financial Statements" for information regarding transactions effected subsequent to December 31, 2021 with respect to the BTC II Partnership.

We have used, and intend to continue to use, the net proceeds from our offerings primarily to make investments in real estate assets. We may use the net proceeds from our offerings to make other real estate-related investments and debt investments and to pay distributions. The number and type of properties we may acquire and debt and other investments we may make will depend upon real estate market conditions, the amount of proceeds we raise in our offerings, and other circumstances existing at the time we make our investments.

Unless otherwise indicated, the term "property" as used herein refers to one or more buildings in the same market that were acquired by us in the same transaction.

Building Types. Our industrial buildings consist primarily of warehouse distribution facilities suitable for single or multiple customers. The following table summarizes our portfolio by building type as of December 31, 2021:

Building Type	Description	Percent of Rentable Square Feet
Bulk distribution	Building size of 150,000 to over 1 million square feet, single or multi-customer	77.7 %
Light industrial	Building size of less than 150,000 square feet, single or multi-customer	22.2
Flex industrial	Includes assembly or research and development, primarily multi-customer	0.1
		100.0 %

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Portfolio Overview and Market Diversification. As of December 31, 2021, the average effective annual rent of our total real estate portfolio (calculated by dividing total annualized base rent, which includes the impact of any contractual tenant concessions (cash basis), by total occupied square footage) was approximately \$5.92 per square foot. The following table summarizes certain operating metrics of our portfolio by market as of December 31, 2021:

(\$ and square feet in thousands)	Number of Buildings	Rentable Square Feet	Occupied Rate (1)	Leased Rate (1)	Annualized Base Rent (2)	
Operating Properties:						
Atlanta	14	2,839	99.5 %	100.0 %	\$ 14,295	6.7 %
Austin	6	562	95.9	95.9	4,255	2.0
Bay Area	3	845	89.3	89.3	8,361	3.9
Boston	3	415	100.0	100.0	2,914	1.4
Central Florida	3	519	100.0	100.0	3,150	1.5
Central Valley	9	2,280	100.0	100.0	12,464	5.8
Charlotte	1	210	100.0	100.0	1,067	0.5
Chicago	6	1,371	100.0	100.0	6,842	3.2
Cincinnati	4	620	87.7	87.7	2,704	1.3
Dallas	12	2,731	100.0	100.0	12,890	6.0
D.C. / Baltimore	9	1,037	95.5	95.5	7,219	3.4
Denver	2	252	100.0	100.0	1,220	0.6
Houston	7	1,088	91.1	91.1	4,953	2.3
Indianapolis	1	691	100.0	100.0	2,322	1.1
Las Vegas	7	1,118	100.0	100.0	8,686	4.0
Louisville	6	1,903	100.0	100.0	7,692	3.6
Memphis	7	2,602	100.0	100.0	8,647	4.0
Nashville	2	817	100.0	100.0	3,722	1.7
New Jersey	14	2,747	100.0	100.0	22,408	10.3
Pennsylvania	16	2,881	90.7	90.7	15,329	7.1
Phoenix	3	417	100.0	100.0	3,206	1.5
Portland	1	446	100.0	100.0	2,119	1.0
Reno	6	1,422	100.0	100.0	7,147	3.3
Salt Lake City	5	1,003	100.0	100.0	5,197	2.4
San Diego	7	762	100.0	100.0	7,005	3.3
Seattle	9	1,431	99.2	99.2	11,092	5.2
South Florida	4	422	100.0	100.0	3,043	1.4
Southern California	16	2,692	100.0	100.0	19,544	9.0
Total operating	183	36,123	98.3 %	98.3 %	209,493	97.5 %
Value-Add Properties:						
Atlanta	5	658	67.9	77.8	3,116	1.5
Houston	1	415	60.7	77.6	1,179	0.5
Pennsylvania	1	222	—	100.0	—	—
Seattle	2	140	78.6	78.6	1,031	0.5
South Florida	1	25	—	—	—	—
Total value-add properties	10	1,460	55.4	79.9	5,326	2.5
Total portfolio	193	37,583	96.6 %	97.6 %	\$ 214,819	100.0 %

- (1) The occupied rate reflects the square footage with a paying customer in place. The leased rate includes the occupied square footage and additional square footage with leases in place that have not yet commenced.
- (2) Annualized base rent is calculated as monthly base rent, including the impact of any contractual tenant concessions (cash basis) per the terms of the lease as of December 31, 2021, multiplied by 12.

Lease Terms. Our industrial properties are typically subject to leases on a “triple net basis,” in which customers pay their proportionate share of real estate taxes, insurance, common area maintenance, and certain other operating costs. In addition, most of our leases include fixed rental increases or Consumer Price Index-based rental increases. Lease terms typically range from one to 10 years, and often include renewal options.

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Lease Expirations. As of December 31, 2021, the weighted-average remaining lease term (based on square feet) of our total occupied portfolio was approximately 4.4 years, excluding renewal options. The following table summarizes the lease expirations of our occupied portfolio for leases in place as of December 31, 2021, without giving effect to the exercise of renewal options or termination rights, if any:

(\$ and square feet in thousands)	Number of Leases	Occupied Square Feet		Annualized Base Rent (1)	
2022	51	3,585	9.9 %	\$ 17,570	8.2 %
2023	64	4,934	13.6	26,276	12.3
2024	60	4,991	13.8	28,598	13.4
2025	48	4,583	12.6	26,072	12.2
2026	58	6,223	17.2	34,881	16.3
2027	29	2,935	8.1	20,367	9.5
2028	17	2,516	6.9	15,939	7.4
2029	17	2,383	6.6	14,535	6.8
2030	6	644	1.8	3,651	1.7
Thereafter	21	3,452	9.5	26,081	12.2
Total occupied	371	36,246	100.0 %	\$ 213,970	100.0 %

(1) Annualized base rent is calculated as monthly base rent, including the impact of any contractual tenant concessions (cash basis) per the terms of the lease as of December 31, 2021, multiplied by 12.

Customer Diversification. As of December 31, 2021, there were two customers that individually represented more than 5.0% of total occupied square feet of our portfolio and one customer that individually represented more than 5.0% of total annualized base rent of our portfolio. The following table reflects the 10 largest customers of our portfolio, based on annualized base rent, which occupied a combined 25.2 million square feet as of December 31, 2021:

Customer	% of Total Occupied Square Feet	% of Total Annualized Base Rent (1)
Amazon.com Services LLC	5.3 %	7.8 %
Radial, Inc.	5.9	4.2
Steelcase Inc.	3.4	3.4
US Elogistics Service Corp	1.3	1.8
Boyd Flotation, Inc.	0.9	1.6
SBS Transportation, Inc.	1.2	1.6
The Kroger Company	1.3	1.3
Lowe's Companies, Inc.	1.2	1.2
Clutter, Inc.	1.3	1.2
Patagonia, Inc.	1.3	1.1
Total	23.1 %	25.2 %

(1) Annualized base rent is calculated as monthly base rent, including the impact of any contractual tenant concessions (cash basis) per the terms of the lease as of December 31, 2021, multiplied by 12.

The majority of our customers do not have a public corporate credit rating. We evaluate creditworthiness and financial strength of prospective customers based on financial, operating and business plan information that is provided to us by such prospective customers, as well as other market, industry, and economic information that is generally publicly available.

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Industry Diversification. The table below illustrates the diversification of our portfolio by industry classifications of our customers as of December 31, 2021:

<u>(\$ and square feet in thousands)</u>	<u>Number of Leases</u>	<u>Occupied Square Feet</u>		<u>Annualized Base Rent (1)</u>	
eCommerce / Fulfillment	21	5,565	15.3 %	\$ 32,399	15.1 %
Transportation / Logistics	39	5,452	15.0	30,933	14.4
Home Furnishings	16	2,689	7.4	17,492	8.1
Food & Beverage	26	2,396	6.6	16,313	7.6
Auto	23	2,593	7.1	12,927	6.0
Manufacturing	32	1,911	5.3	12,520	5.8
Storage / Warehousing	20	2,233	6.2	12,194	5.7
Home Improvement	22	1,237	3.4	7,283	3.4
Printing	9	992	2.7	5,710	2.7
Construction / Engineering	18	896	2.5	5,474	2.5
Other	150	10,343	28.5	61,574	28.7
Total	376	36,307	100.0 %	\$ 214,819	100.0 %

(1) Annualized base rent is calculated as monthly base rent, including the impact of any contractual tenant concessions (cash basis) per the terms of the lease as of December 31, 2021, multiplied by 12.

Debt Obligations. Our consolidated indebtedness is currently comprised of borrowings under our line of credit, term loan and mortgage notes. As of December 31, 2021, we had approximately \$2.3 billion of consolidated indebtedness with a weighted-average interest rate of 2.14%, which includes the effect of interest rate swap agreements. The weighted-average remaining term of our consolidated debt as of December 31, 2021 was 4.2 years, excluding extension options. The total gross book value of properties encumbered by our total consolidated debt as of December 31, 2021 was \$1.8 billion. See “Note 6 to the Consolidated Financial Statements” for additional information.

ITEM 3. LEGAL PROCEEDINGS

As of the date hereof, there are no material pending legal proceedings to which we are a party or of which any of our properties are the subject.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

There is no public trading market for our shares of common stock. On a limited basis, our stockholders may be able to have their shares redeemed through our share redemption program. In the future we may also consider various forms of additional liquidity, each of which we refer to as a "Liquidity Event," including, but not limited to, a listing of our common stock on a national securities exchange (or the receipt by our stockholders of securities that are listed on a national securities exchange in exchange for our common stock); the sale, merger, or other transaction of our company in which our stockholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company; and the sale of all or substantially all of our assets where our stockholders either receive, or have the option to receive, cash or other consideration. While we may consider a Liquidity Event, which may provide an additional source of value through the realization of capital appreciation, at any time in the future, we currently do not have a fixed time frame in which we intend to undertake such consideration and we are not obligated by our charter or otherwise to effect a Liquidity Event at any time. There can be no assurance that we will ever pursue a Liquidity Event. We believe that our structure as a non-exchange traded REIT that may continue to raise capital through a series of offerings with no targeted liquidity window enhances the potential to achieve our investment objectives by allowing us to acquire and manage our investment portfolio in a more flexible manner.

We commenced calculating a monthly NAV on June 15, 2018. The following table presents the high and low NAV per share of each class of common stock for each reported quarter within the two most recent fiscal years. Each class of common stock has had the same NAV for each reported period.

Quarter	Low	High
2021		
First Quarter	\$ 10.1643	\$ 10.2031
Second Quarter	\$ 10.2518	\$ 10.5692
Third Quarter	\$ 10.7090	\$ 11.5332
Fourth Quarter	\$ 11.8169	\$ 12.5007
2020		
First Quarter	\$ 10.0056	\$ 10.0688
Second Quarter	\$ 10.0591	\$ 10.0629
Third Quarter	\$ 10.0595	\$ 10.0904
Fourth Quarter	\$ 10.0920	\$ 10.1437

Net Asset Value

Our board of directors, including a majority of our independent directors, has adopted valuation procedures, as amended from time to time, that contain a comprehensive set of methodologies to be used in connection with the calculation of our NAV. With the approval of our board of directors, including a majority of our independent directors, we have engaged Altus Group U.S. Inc., a third-party valuation firm, to serve as our independent valuation advisor ("Altus Group" or the "Independent Valuation Advisor") with respect to providing monthly real property appraisals, reviewing annual third-party real property appraisals, reviewing the internal valuations of debt-related assets and liabilities performed by our Advisor, helping us administer the valuation and review process for the real properties in our portfolio, and assisting in the development and review of our valuation procedures. As part of this process, our Advisor reviews the estimates of the values of our real property portfolio, real estate-related assets, and other assets and liabilities within our portfolio for consistency with our valuation guidelines and the overall reasonableness of the valuation conclusions, and informs our board of directors of its conclusions. Although third-party appraisal firms, the Independent Valuation Advisor, or other pricing sources may consider any comments received from us or our Advisor or other valuation sources for their individual valuations, the final estimated fair values of our real properties are determined by the Independent Valuation Advisor and the final estimates of fair values of our real estate-related assets, our other assets and our liabilities are determined by the applicable pricing source, subject to the oversight of our board of directors. With respect to the valuation of our real properties, the Independent Valuation Advisor provides our board of directors with periodic valuation reports and is available to meet with our board of directors to review valuation information, as well as our valuation guidelines and the operation and results of the valuation and review process generally. Unconsolidated real properties held through joint ventures or partnerships are valued

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by such joint ventures or partnerships according to their valuation procedures. At least once per calendar year, each unconsolidated real property asset will be appraised by a third-party appraiser. If the valuation procedures of the applicable joint ventures or partnerships do not accommodate a monthly determination of the fair value of real properties, the Advisor will determine the estimated fair value of the unconsolidated real properties for those interim periods. All parties engaged by us in connection with our valuation procedures, including the Independent Valuation Advisor, ALPS Fund Services Inc. (“ALPS”), and our Advisor, are subject to the oversight of our board of directors. Our board of directors has the right to engage additional valuation firms and pricing sources to review the valuation process or valuations, if deemed appropriate. At least once each calendar year our board of directors, including a majority of our independent directors, reviews the appropriateness of our valuation procedures with input from the Independent Valuation Advisor. From time to time our board of directors, including a majority of our independent directors, may adopt changes to the valuation procedures if it: (1) determines that such changes are likely to result in a more accurate reflection of NAV or a more efficient or less costly procedure for the determination of NAV without having a material adverse effect on the accuracy of such determination; or (2) otherwise reasonably believes a change is appropriate for the determination of NAV. We will publicly announce material changes to our valuation procedures. See Exhibit 99.2 of this Annual Report on Form 10-K for a more detailed description of our valuation procedures, including important disclosure regarding real property valuations provided by the Independent Valuation Advisor.

Our valuation procedures, which address specifically each category of our assets and liabilities and are applied separately from the preparation of our financial statements in accordance with GAAP, involve adjustments from historical cost. There are certain factors which cause NAV to be different from total equity or stockholders’ equity on a GAAP basis. Most significantly, the valuation of our real assets, which is the largest component of our NAV calculation, is provided to us by the Independent Valuation Advisor. For GAAP purposes, these assets are generally recorded at depreciated or amortized cost. Another example that will cause our NAV to differ from our GAAP total equity or stockholders’ equity is the straight-lining of rent, which results in a receivable for GAAP purposes that is not included in the determination of our NAV. The fair values of our assets and certain liabilities are determined using widely accepted methodologies and, as appropriate, the GAAP principles within the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification under Topic 820, Fair Value Measurements and Disclosures and are used by ALPS in calculating our NAV per share. However, our valuation procedures and our NAV are not subject to GAAP and will not be subject to independent audit. We did not develop our valuation procedures with the intention of complying with fair value concepts under GAAP and, therefore, there could be differences between our fair values and the fair values derived from the principal market or most advantageous market concepts of establishing fair value under GAAP. The aggregate real property valuation of \$5.68 billion compares to a GAAP basis of real properties (net of intangible lease liabilities and before accumulated amortization and depreciation) of \$4.92 billion, representing a difference of approximately \$758.9 million, or 15.4%.

As used below, “Fund Interests” means our outstanding shares of common stock, along with OP Units, which may be or were held directly or indirectly by the Advisor, BCI IV Advisors Group LLC (the “Former Sponsor”), members or affiliates of the Former Sponsor, and third parties, and “Aggregate Fund NAV” means the NAV of all of the Fund Interests.

The following table sets forth the components of Aggregate Fund NAV as of December 31, 2021 and September 30, 2021:

(in thousands)	As of	
	December 31, 2021	September 30, 2021
Investments in industrial properties	\$ 5,677,050	\$ 4,241,400
Investment in unconsolidated joint venture partnership	147,952	91,729
DST Program Loans	68,772	33,074
Cash and cash equivalents	216,848	132,070
Other assets	36,317	34,890
Line of credit, term loans and mortgage notes	(2,261,140)	(1,466,000)
Financing obligations associated with our DST Program	(499,964)	(200,423)
Other liabilities	(73,467)	(70,372)
Accrued performance participation allocation	(81,185)	(45,932)
Accrued fixed component of advisory fee	(3,864)	(3,076)
Aggregate Fund NAV	\$ 3,227,319	\$ 2,747,360
Total Fund Interests outstanding	258,170	238,212

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The following table sets forth the NAV per Fund Interest as of December 31, 2021:

(in thousands, except per Fund Interest data)	Total	Class T Shares	Class D Shares	Class I Shares	OP Units
Monthly NAV	\$ 3,227,319	\$ 2,576,768	\$ 170,622	\$ 463,537	\$ 16,392
Fund Interests outstanding	258,170	206,129	13,649	37,081	1,311
NAV Per Fund Interest	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50

The NAV per Fund Interest as of December 31, 2021 increased by approximately \$0.97, or 8.4%, compared to our NAV per Fund Interest as of September 30, 2021, primarily as a result of strong leasing, above-average market rent growth, and strengthening capital markets. These factors, as well as the BTC I Partnership Transaction, were primary drivers of the increase in the NAV per Fund Interest as of December 31, 2021 by approximately \$2.36, or 23.2%, compared to our NAV per Fund Interest as of December 31, 2020.

Under GAAP, we record liabilities for ongoing distribution fees that (i) we currently owe the Dealer Manager under the terms of the dealer manager agreement and (ii) we estimate we may pay to the Dealer Manager in future periods for shares of our common stock. As of December 31, 2021, we estimated approximately \$87.2 million of ongoing distribution fees were potentially payable to the Dealer Manager. We do not deduct the liability for estimated future distribution fees in our calculation of NAV since we intend for our NAV to reflect our estimated value on the date that we determine our NAV. Accordingly, our estimated NAV at any given time does not include consideration of any estimated future distribution fees that may become payable after such date.

Other liabilities as of December 31, 2020 include a \$17.1 million liability to reimburse the Advisor for outstanding organization and offering expenses that the Advisor paid on behalf of the Company prior to December 31, 2021. Our board of directors determined to accelerate this reimbursement in December 2020, and we have since repaid the entire outstanding balance. Accordingly, we recognized the entire outstanding liability and expense in December 2020 for purposes of determining our December 2020 NAV. We reimbursed the Advisor in full in January 2021.

Investment in unconsolidated joint venture partnership as of December 31, 2021 includes a minority interest discount on the real property valuation component of the unconsolidated joint venture valuation to account for the restricted salability or transferability of those real properties given our minority ownership interest in the BTC II Partnership. We estimate the fair value of our minority ownership interest in the BTC II Partnership as of December 31, 2021 would have been \$21.0 million higher if a minority discount had not been applied, meaning that if we used the estimated fair value without the application of the minority discount, our NAV as of December 31, 2021 would have been higher by approximately \$21.0 million, or \$0.08 per share, not taking into account all of the other items that impact our monthly NAV. As disclosed in “Note 17 to the Consolidated Financial Statements,” in February 2022, we, along with our joint venture partners, entered into a transaction to split the majority of the properties in the BTC II portfolio amongst the joint venture partners (the “BTC II Partnership Transaction”). As a result of the BTC II Partnership Transaction, we own a 100% interest in 11 buildings that were previously part of the BTC II Portfolio. Following the BTC II Partnership Transaction, we and our joint venture partners formed a new joint venture partnership (the “BTC II B Partnership”), through which we co-own five properties that were previously part of the BTC II Portfolio and were not part of the BTC II Partnership Transaction. We own a 8.0% interest in the BTC II B Partnership and the terms of the BTC II B Partnership and the rights and obligations of the joint venture partners are substantially the same as the terms of, and the rights and obligations of the joint venture partners with respect to the BTC II Partnership. As a result of the BTC II Partnership Transaction, the minority discount described above is expected to be substantially eliminated when our NAV as of February 28, 2022 is calculated, thereby having a positive impact on our NAV. This does not take into account all of the other items that impact our monthly NAV and may offset the impact of the elimination of the discount to some extent, such as transaction expenses associated with any strategic alternative.

We include no discounts to our NAV for the illiquid nature of our shares, including the limitations on our stockholders’ ability to redeem shares under our share redemption program and our ability to suspend our share redemption program at any time. Our NAV generally does not reflect the potential impact of exit costs (e.g. selling costs and commissions related to the sale of a property) that would likely be incurred if our assets and liabilities were liquidated or sold today. While we may use market pricing concepts to value individual components of our NAV, our per share NAV is not derived from the market pricing information of open-end real estate funds listed on stock exchanges.

Our NAV is not a representation, warranty or guarantee that: (i) we would fully realize our NAV upon a sale of our assets; (ii) shares of our common stock would trade at our per share NAV on a national securities exchange; and (iii) a stockholder would be able to realize the per share NAV if such stockholder attempted to sell his or her shares to a third party.

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The valuations of our real properties as of December 31, 2021, excluding certain newly acquired properties that are currently held at cost, which we believe reflects the fair value of such properties, were provided by the Independent Valuation Advisor in accordance with our valuation procedures. Certain key assumptions that were used by the Independent Valuation Advisor in the discounted cash flow analysis are set forth in the following table:

	<u>Weighted-Average Basis</u>
Exit capitalization rate	4.9 %
Discount rate / internal rate of return	5.8 %
Average holding period (years)	10.3

A change in the exit capitalization and discount rates used would impact the calculation of the value of our real property. For example, assuming all other factors remain constant, the changes listed below would result in the following effects on the value of our real properties, excluding certain newly acquired properties that are currently held at cost, which we believe reflects the fair value of such properties:

<u>Input</u>	<u>Hypothetical Change</u>	<u>Increase (Decrease) to the NAV of Real Properties</u>
Exit capitalization rate (weighted-average)	0.25% decrease	3.8 %
	0.25% increase	(3.4)%
Discount rate (weighted-average)	0.25% decrease	2.1 %
	0.25% increase	(2.1)%

From November 1, 2017 through January 31, 2020, we valued our debt-related investments and real estate-related liabilities generally in accordance with fair value standards under GAAP. Beginning with our valuation for February 29, 2020, our property-level mortgages and corporate-level credit facilities that are intended to be held to maturity (which for fixed rate debt not subject to interest rate hedges may be the date near maturity at which time the debt will be eligible for prepayment at par for purposes herein), including those subject to interest rate hedges, were valued at par (i.e. at their respective outstanding balances). In addition, because we utilize interest rate hedges to stabilize interest payments (i.e. to fix all-in interest rates through interest rate swaps or to limit interest rate exposure through interest rate caps) on individual loans, each loan and associated interest rate hedge is treated as one financial instrument which is valued at par if intended to be held to maturity. This policy of valuing at par applies regardless of whether any given interest rate hedge is considered as an asset or liability for GAAP purposes. We currently estimate the fair value of our debt (inclusive of associated interest rate hedges) that was intended to be held to maturity as of December 31, 2021 was \$4.6 million higher than par for such debt in aggregate, meaning that if we used the fair value of our debt rather than par (and treated the associated hedge as part of the same financial instrument), our NAV would have been lower by approximately \$4.6 million, or \$0.02 per share, not taking into account all of the other items that impact our monthly NAV, as of December 31, 2021. As of December 31, 2021, we classified all of our debt as intended to be held to maturity. See “Performance” below for further information concerning the impact of interest rate movements on our total stockholder returns assuming we were to include the mark-to-market adjustments for all borrowing-related interest rate hedge and debt instruments.

Reconciliation of Stockholders' Equity and Noncontrolling Interests to NAV

The following table reconciles stockholders' equity and noncontrolling interests per our consolidated balance sheet to our NAV as of December 31, 2021.

(in thousands)	As of December 31, 2021
Total stockholder's equity	\$ 2,183,347
Noncontrolling interests	312
Total equity under GAAP	2,183,659
Adjustments:	
Accrued distribution fee (1)	85,419
Unrealized net real estate, debt and interest rate hedge appreciation (depreciation) (2)	740,931
Unrealized gain (loss) on investments in unconsolidated joint venture partnership(s) (3)	46,183
Accumulated depreciation and amortization (4)	173,645
Other adjustments (5)	(2,518)
Aggregate Fund NAV	\$ 3,227,319

- (1) Accrued distribution fee represents the accrual for the full cost of the distribution fee for Class T and Class D shares (formerly designated as Class W shares). Under GAAP, we accrued the full cost of the distribution fee payable over the life of each share (assuming such share remains outstanding the length of time required to pay the maximum distribution fee) as an offering cost at the time we sold the Class T and Class D shares. For purposes of calculating the NAV, we recognize the distribution fee as a reduction of NAV on a monthly basis when such fee is paid and do not deduct the liability for estimated future distribution fees that may become payable after the date as of which our NAV is calculated.
- (2) Our investments in real estate are presented as historical cost in our consolidated financial statements. Additionally, our mortgage notes, term loans and line of credit are presented at their carrying value in our consolidated financial statements. As such, any increases or decreases in the fair market value of our investments in real estate or our debt instruments are not included in our GAAP results. For purposes of determining our NAV, our investments in real estate and certain of debt are recorded at fair value. Notwithstanding, our property-level mortgages and corporate-level credit facilities that are intended to be held to maturity, including those subject to interest rates hedges, are valued at par (i.e. at their respective outstanding balances).
- (3) Our investments in unconsolidated joint venture partnerships are presented under historical cost in our consolidated financial statements. As such, any increases or decreases in the fair market value of the underlying investments or underlying debt instruments are not included in our GAAP results. For purposes of determining our NAV, the investments in the underlying real estate and certain of the underlying debt are recorded at fair value, and reflected in our NAV at our proportional ownership interest.
- (4) We depreciate our investments in real estate and amortize certain other assets and liabilities in accordance with GAAP. Such depreciation and amortization is not recorded for purposes of determining our NAV.
- (5) Includes (i) straight-line rent receivables, which are recorded in accordance with GAAP but not recorded for purposes of determining our NAV (ii) redeemable noncontrolling interests related to our OP Units, which are included in our determination of NAV but not included in total equity, and (iii) other minor adjustments.

Performance

Our NAV increased from \$10.14 per share as of December 31, 2020 to \$12.50 per share as of December 31, 2021. The increase in NAV was primarily driven by the performance of our real estate portfolio as a result of unprecedented demand in the industrial property sector due to the substantial increase in e-commerce in the last year. The performance of our real estate portfolio was also driven by the acquisition of 128 properties during the year ended December 31, 2021, for an aggregate purchase price of \$3.5 billion, which is equal to the total consideration paid, as well as the performance of our interests in the BTC Partnerships' real estate portfolio.

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As noted above, effective February 29, 2020, our board of directors approved amendments to our valuation procedures which revised the way we value property-level mortgages, corporate-level credit facilities and associated interest rate hedges when loans, including associated interest rate hedges, are intended to be held to maturity, effectively eliminating all mark-to-market adjustments for such loans and hedges from the calculation of our NAV. The following table summarizes the impact of interest rate movements on our returns assuming we continued to include the mark-to-market adjustments for all borrowing-related interest rate hedge and debt instruments beginning with the February 29, 2020 NAV:

(as of December 31, 2021)	Trailing Three-Months (1)	Year-to-Date (1)	One-Year (Trailing 12-Months) (1)	Since NAV Inception Annualized (1)(2)(3)
Class T Share Total Return (with Sales Charge) (3)	4.50 %	22.79 %	22.79 %	9.03 %
Adjusted Class T Share Total Return (with Sales Charge) (continued inclusion of mark-to-market adjustments for borrowing-related interest rate hedge and debt instruments) (4)	4.69 %	23.55 %	23.55 %	8.99 %
Difference	(0.19)%	(0.76)%	(0.76)%	0.04 %
Class T Share Total Return (without Sales Charge) (3)	9.42 %	28.58 %	28.58 %	10.24 %
Adjusted Class T Share Total Return (without Sales Charge) (continued inclusion of mark-to-market adjustments for borrowing-related interest rate hedge and debt instruments) (4)	9.63 %	29.37 %	29.37 %	10.20 %
Difference	(0.21)%	(0.79)%	(0.79)%	0.04 %
Class D Share Total Return (3)	9.52 %	29.04 %	29.04 %	11.85 %
Adjusted Class D Share Total Return (continued inclusion of mark-to-market adjustments for borrowing-related interest rate hedge and debt instruments) (4)	9.72 %	29.83 %	29.83 %	11.80 %
Difference	(0.20)%	(0.79)%	(0.79)%	0.05 %
Class I Share Total Return (3)	9.65 %	29.66 %	29.66 %	11.29 %
Adjusted Class I Share Total Return (continued inclusion of mark-to-market adjustments for borrowing-related interest rate hedge and debt instruments) (4)	9.85 %	30.46 %	30.46 %	11.25 %
Difference	(0.20)%	(0.80)%	(0.80)%	0.04 %

- (1) Performance is measured by total return, which includes income and appreciation (i.e., distributions and changes in NAV) and reinvestment of all distributions (“Total Return”) for the respective time period. Past performance is not a guarantee of future results. Performance data quoted above is historical. Current performance may be higher or lower than the performance data quoted. Actual individual stockholder returns will vary. The returns have been prepared using unaudited data and valuations of the underlying investments in our portfolio, which are estimates of fair value and form the basis for our NAV. Valuations based upon unaudited or estimated reports from the underlying investments may be subject to later adjustments or revisions, may not correspond to realized value and may not accurately reflect the price at which assets could be liquidated on any given day.
- (2) The inception date for Class I shares and Class T shares was November 1, 2017, which is when shares of our common stock were first issued to third-party investors in our initial public offering. The inception date for Class D shares (formerly designated as Class W shares) was July 2, 2018, which is when Class D shares of common stock were first issued to third-party investors.
- (3) The Total Returns presented are based on the actual NAVs at which stockholders transacted, calculated pursuant to our valuation procedures. With respect to the “Class T Share Total Return (with Sales Charge),” the Total Returns are calculated assuming the stockholder also paid the maximum upfront selling commission, dealer manager fee and ongoing distribution fees in effect during the time period indicated. With respect to “Class T Share Total Return (without Sales Charge),” the Total Returns are calculated assuming the stockholder did not pay any upfront selling commission or dealer manager fee, but did pay the maximum ongoing distribution fees in effect during the time period indicated. From NAV inception to January 31, 2020, these NAVs reflected mark-to-market adjustments on our borrowing-related debt instruments and our borrowing-related interest rate hedge positions.
- (4) The Adjusted Total Returns presented are based on adjusted NAVs calculated as if we had continued to mark our borrowing-related hedge and debt instruments to market following a policy change to largely exclude borrowing-related interest rate hedge and debt marks to market from our NAV calculations (except in certain circumstances pursuant to our valuation procedures), beginning with

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our NAV calculated as of February 29, 2020. Therefore, the NAVs used in the calculation of Adjusted Total Returns were calculated in the same manner as the NAVs used in the calculation of the unadjusted total return for periods through January 31, 2020. The Adjusted Total Returns include the incremental impact of the adjusted NAVs on advisory fees and performance fees; however, they do not include the incremental impact that the adjusted NAVs would have had on any expense support from our Advisor, or the prices at which shares were purchased in our public offerings or pursuant to our share redemption program. For calculation purposes, transactions in our common stock were assumed to occur at the adjusted NAVs.

Impacts of COVID-19

The global pandemic and resulting shut down of large parts of the U.S. economy has created significant uncertainty and enhanced investment risk across many asset classes, including real estate. The extent of the impact on the commercial real estate sector continues to vary dramatically across real estate property types and markets, with certain property segments affected particularly harshly. The industrial property sector continues to remain very resilient, with unprecedented demand and performance throughout the year, and we believe we are well-positioned to navigate this uncertain period. While the uncertain length and depth of the damage from business disruptions remain a risk, we believe our NAV as of December 31, 2021 currently reflects this uncertainty. We have experienced a very strong twelve months in 2021, with the acquisition of 128 buildings in 25 markets for \$3.5 billion.

Unregistered Sales of Equity Securities

During the year ended December 31, 2021, we issued equity securities without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act, as described below. In March 2021, we issued 0.2 million restricted Class I shares to employees of the Advisor or its affiliates for services provided to us. In addition, the holder of the special operating partnership units (the "Special OP Units") in the Operating Partnership is entitled to an annual performance participation allocation if certain performance hurdles are met. As further described in "Note 12 to the Consolidated Financial Statements, the 2020 performance participation allocation became payable on December 31, 2020 and in January 2021, we issued 950,358 Class I OP Units to the holder of the Special OP Units. Subsequent to this issuance, the holder of the Special OP Units made a pro rata distribution of these Class I OP Units to its members, resulting in a distribution to our Chairman of 316,786 Class I OP Units on January 15, 2021. These OP Units may be repurchased by the Operating Partnership for cash unless our board of directors determines that any such repurchase for cash would be prohibited by applicable law or our charter, in which case such OP Units will be repurchased for Class I shares of our common stock with an equivalent aggregate NAV.

Share Redemption Program

We expect that there will be no regular secondary trading market for shares of our common stock. While our stockholders should view their investment as long term with limited liquidity, we have adopted a share redemption program applicable to all shares of our common stock, whereby stockholders may receive the benefit of limited liquidity by presenting for redemption to us all or any portion of those shares in accordance with the procedures and subject to certain conditions and limitations. All references herein to classes of shares of our common stock do not include the OP Units issued by our Operating Partnership, unless the context otherwise requires.

While stockholders may request on a monthly basis that we redeem all or any portion of their shares pursuant to our share redemption program, we are not obligated to redeem any shares and may choose to redeem only some, or even none, of the shares that have been requested to be redeemed in any particular month, in our discretion. In addition, our ability to fulfill redemption requests is subject to a number of limitations. As a result, share redemptions may not be available each month. Under our share redemption program, to the extent we determine to redeem shares in any particular month, we will only redeem shares as of the last calendar day of that month (each such date, a "Redemption Date"). Redemptions will be made at the transaction price in effect on the Redemption Date, except that shares that have not been outstanding for at least one year will be redeemed at 95% of the transaction price. However, our board of directors determined to waive the 5.0% Early Redemption Deduction for shares redeemed from February of 2021 through September of 2021, even if the shares were outstanding for less than one year. The Early Redemption Deduction may also be waived in certain circumstances including: (i) in the case of redemption requests arising from the death or qualified disability of the holder; (ii) in the event that a stockholder's shares are redeemed because the stockholder has failed to maintain the \$2,000 minimum account balance; or (iii) with respect to shares purchased through our distribution reinvestment plan or received from us as a stock dividend. In addition, shares of our common stock acquired through the redemption of OP Units will not be subject to the Early Redemption Deduction. To have your shares redeemed, your redemption request and required documentation must be received in good order by 4:00 p.m. (Eastern time) on the second to last business day of the applicable month. Settlements of share redemptions will be made within three business days of the Redemption

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Date. An investor may withdraw its redemption request by notifying the transfer agent before 4:00 p.m. (Eastern time) on the last business day of the applicable month.

Under our share redemption program, we may redeem during any calendar month shares whose aggregate value (based on the price at which the shares are redeemed) is 2.0% of our aggregate NAV as of the last calendar day of the previous quarter and during any calendar quarter whose aggregate value (based on the price at which the shares are redeemed) is up to 5.0% of our aggregate NAV as of the last calendar day of the prior calendar quarter.

Provided that the share redemption program has been operating and not suspended for the first month of a given quarter and that all properly submitted redemption requests were satisfied, any unused capacity for that month will carry over to the second month. Also, provided that the share redemption program has been operating and not suspended for the first two months of a given quarter and that all properly submitted redemption requests were satisfied, any unused capacity for those two months will carry over to the third month. In no event will such carry-over capacity permit the redemption of shares with aggregate value (based on the redemption price per share for the month the redemption is effected) in excess of 5% of the combined NAV of all classes of shares as of the last calendar day of the previous calendar quarter (provided that for these purposes redemptions may be measured on a net basis as described in the paragraph below).

We currently measure the foregoing redemption allocations and limitations based on net redemptions during a month or quarter, as applicable. The term “net redemptions” means, during the applicable period, the excess of our share redemptions (capital outflows) over the proceeds from the sale of our shares (capital inflows). Thus, for any given calendar quarter, the maximum amount of redemptions during that quarter will be equal to (1) 5% of the combined NAV of all classes of shares as of the last calendar day of the previous calendar quarter, plus (2) proceeds from sales of new shares in this offering (including purchases pursuant to our distribution reinvestment plan) since the beginning of the current calendar quarter. The same would apply for a given month, except that redemptions in a month would be subject to the 2% limit described above (subject to potential carry-over capacity), and netting would be measured on a monthly basis. With respect to future periods, our board of directors may choose whether the allocations and limitations will be applied to “gross redemptions,” i.e., without netting against capital inflows, rather than to net redemptions. If redemptions for a given month or quarter are measured on a gross basis rather than on a net basis, the redemption limitations could limit the amount of shares redeemed in a given month or quarter despite our receiving a net capital inflow for that month or quarter. In order for our board of directors to change the application of the allocations and limitations from net redemptions to gross redemptions or vice versa, we will provide notice to stockholders in a prospectus supplement or special or periodic report filed by us, as well as in a press release or on our website, at least 10 days before the first business day of the quarter for which the new test will apply. The determination to measure redemptions on a gross basis, or vice versa, will only be made for an entire quarter, and not particular months within a quarter.

If the transaction price for the applicable month is not made available by the tenth business day prior to the last business day of the month (or is changed after such date), then no redemption requests will be accepted for such month and stockholders who wish to have their shares redeemed the following month must resubmit their redemption requests.

Although the vast majority of our assets consist of properties that cannot generally be readily liquidated on short notice without impacting our ability to realize full value upon their disposition, we intend to maintain a number of sources of liquidity including (i) cash equivalents (e.g. money market funds), other short-term investments, U.S. government securities, agency securities and liquid real estate-related securities and (ii) one or more borrowing facilities. We may fund redemptions from any available source of funds, including operating cash flows, borrowings, proceeds from our public offerings and/or sales of our assets.

Should redemption requests, in our judgment, place an undue burden on our liquidity, adversely affect our operations or risk having an adverse impact on the Company as a whole, or should we otherwise determine that investing our liquid assets in real properties or other illiquid investments rather than redeeming our shares is in the best interests of the company as a whole, then we may choose to redeem fewer shares than have been requested to be redeemed, or none at all. In the event that we determine to redeem some but not all of the shares submitted for redemption during any month for any of the foregoing reasons, shares submitted for redemption during such month will be redeemed on a pro rata basis. All unsatisfied redemption requests must be resubmitted after the start of the next month or quarter, or upon the recommencement of the share redemption program, as applicable. If the transaction price for the applicable month is not made available by the tenth business day prior to the last business day of the month (or is changed after such date), then no redemption requests will be accepted for such month and stockholders who wish to have their shares redeemed the following month must resubmit their redemption requests.

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Our board of directors may modify or suspend our share redemption program if in its reasonable judgment it deems such actions to be in our best interest and the best interest of our stockholders. Although our board of directors has the discretion to suspend our share redemption program, our board of directors will not terminate our share redemption program other than in connection with a liquidity event which results in our stockholders receiving cash or securities listed on a national securities exchange or where otherwise required by law. Our board of directors may determine that it is in our best interests and the interest of our stockholders to suspend the share redemption program as a result of regulatory changes, changes in law, if our board of directors becomes aware of undisclosed material information that it believes should be publicly disclosed before shares are redeemed, a lack of available funds, a determination that redemption requests are having an adverse effect on our operations or other factors. Once the share redemption program has been suspended, our board of directors must affirmatively authorize the recommencement of the program before stockholder requests will be considered again. Following any suspension, our share redemption program requires our board of directors to consider at least quarterly whether the continued suspension of the program is in our best interest and the best interest of our stockholders; however, we are not required to authorize the re-commencement of the share redemption program within any specified period of time and any suspension may be for an indefinite period, which would be tantamount to a termination.

The preceding summary does not purport to be a complete summary of our share redemption program and is qualified in its entirety by reference to the share redemption program, which is incorporated by reference as Exhibit 4.1 to this Annual Report on Form 10-K.

Refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional details regarding our redemption history.

The table below summarizes the redemption activity for the three months ended December 31, 2021:

For the Month Ended	Total Number of Shares Redeemed	Average Price Paid per Share	Total Number of Shares Redeemed as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Redeemed Under the Plans or Programs (1)
October 31, 2021	227,986	\$ 10.93	227,986	—
November 30, 2021	413,710	11.53	413,710	—
December 31, 2021	170,521	11.78	170,521	—
Total	812,217	\$ 11.42	812,217	—

(1) We limit the number of shares that may be redeemed per calendar quarter under the program as described above.

Distributions

Each year, we make distributions, other than capital gain dividends and deemed distributions of retained capital gain, to our stockholders in an aggregate amount at least equal to the sum of 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain or loss, 90% of our after-tax net income, if any, from foreclosure property, minus the sum of certain items of non-cash income. We will pay federal income tax on taxable income, including net capital gain, which we do not distribute to stockholders. Furthermore, if we fail to distribute with respect to each year, at least the sum of 85% of our REIT ordinary income for such year, 95% of our REIT capital gain income for such year, and any undistributed taxable income from prior periods, we will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts we actually distribute. Distributions will be authorized at the discretion of our board of directors, in accordance with our earnings, cash flow and general financial condition. Our board’s discretion will be directed, in substantial part, by its obligation to cause us to comply with the REIT requirements. Because we may receive income from interest or rents at various times during our fiscal year, and because our board may take various factors into consideration in setting distributions, distributions may not reflect our income earned in that particular distribution period and may be made in advance of actual receipt of funds in an attempt to make distributions relatively uniform. Our organizational documents permit us to pay distributions from any source, including offering proceeds. We are authorized to borrow money, issue new securities or sell assets in order to make distributions. There are no restrictions on the ability of the Operating Partnership to transfer funds to us.

We intend to accrue and continue to make distributions on a regular basis. Distributions are paid on a monthly basis and are calculated as of monthly record dates. Distributions for stockholders who had elected to participate in our distribution reinvestment plan were reinvested into shares of the same class of our common stock as the shares to which the distributions relate. Some or all of the distributions may be paid from sources other than cash flows from operating activities, such as cash flows from financing activities, which could include

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borrowings and net proceeds from primary shares sold in our public offerings, proceeds from the issuance of shares pursuant to our distribution reinvestment plan, cash resulting from the Advisor or its affiliates paying certain of our expenses, proceeds from the sales of assets, and our cash balances. We have not established a cap on the amount of its distributions that may be paid from any of these sources.

There can be no assurances that the current distribution rate will be maintained. In the near-term, we expect that we may need to continue to rely on sources other than cash flows from operations, as determined on a GAAP basis, to pay our distributions, which if insufficient could negatively impact our ability to pay such distributions. For the year ended December 31, 2021, approximately 50.0% of our total gross distributions were paid from cash flows from operating activities, as determined on a GAAP basis, and 50.0% of our total gross distributions were funded from sources other than cash flows from operating activities; specifically, 50.0% were funded with proceeds from the issuance of shares under our distribution reinvestment plan. See “Note 12 to the Consolidated Financial Statements” for further details regarding the Expense Support Agreement among us, the Operating Partnership and the Advisor.

Refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for detail regarding our distribution history, as well as the sources used to pay our distributions.

Holders

As of March 3, 2022, we had 215.5 million shares of our Class T common stock, 15.2 million shares of our Class D common stock and 46.0 million shares of our Class I common stock outstanding, held by a total of 32,403 stockholders, 2,558 stockholders and 3,183 stockholders, respectively, including shares held by our affiliates.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read together with our consolidated financial statements and notes thereto included in this Annual Report on Form 10-K. The following information contains forward-looking statements, which are subject to risks and uncertainties. Should one or more of these risks or uncertainties materialize, actual results may differ materially from those expressed or implied by the forward-looking statements. See “Cautionary Statement Regarding Forward-Looking Statements” above for a description of these risks and uncertainties.

OVERVIEW

General

Ares Industrial Real Estate Income Trust Inc. is a Maryland corporation formed on August 12, 2014 to make investments in income-producing real estate assets consisting primarily of high-quality distribution warehouses and other industrial properties that are leased to creditworthy corporate customers. We currently operate as a REIT for U.S. federal income tax purposes, and elected to be treated as a REIT beginning with our taxable year ended December 31, 2017. We utilize an Umbrella Partnership Real Estate Investment Trust (“UPREIT”) organizational structure to hold all or substantially all of our assets through the Operating Partnership.

We intend to conduct a continuous offering that will not have a predetermined duration, subject to continued compliance with the rules and regulations of the SEC and applicable state laws. In order to execute this strategy in compliance with federal securities laws, we intend to file new registration statements to replace existing registration statements, such that there will not be any lag from one offering to the next. On August 4, 2021, the SEC declared our registration statement on Form S-11 with respect to our third public offering of up to \$5.0 billion of shares of our common stock effective, and the third public offering commenced the same day. Our second public offering of up to \$2.0 billion of shares of common stock was terminated immediately upon the effectiveness of the registration statement for the third public offering. Under the third public offering, we are offering up to \$3.75 billion of shares of our common stock in the primary offering and up to \$1.25 billion of shares of our common stock pursuant to our distribution reinvestment plan, in any combination of Class T shares, Class D shares and Class I shares. We may reallocate amounts between the primary offering and distribution reinvestment plan.

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Pursuant to our public offerings, we offered and continue to offer shares of our common stock at the “transaction price,” plus applicable selling commissions and dealer manager fees. The “transaction price” generally is equal to the NAV per share of our common stock most recently disclosed. Our NAV per share is calculated as of the last calendar day of each month for each of our outstanding classes of common stock, and is available generally within 15 calendar days after the end of the applicable month. Shares issued pursuant to our distribution reinvestment plan are offered at the transaction price, as indicated above, in effect on the distribution date. We may update a previously disclosed transaction price in cases where we believe there has been a material change (positive or negative) to our NAV per share relative to the most recently disclosed monthly NAV per share. See Item 5, “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Net Asset Value” for further detail.

Additionally, we have a program (the “DST Program”) to raise capital through private placement offerings by selling beneficial interests in specific Delaware statutory trusts holding real properties (the “DST Interests”). These private placement offerings are exempt from registration requirements pursuant to Section 4(a)(2) of the Securities Act. We anticipate that these interests may serve as replacement properties for investors seeking to complete like-kind exchange transactions under Section 1031 of the Code. We expect that the DST Program will give us the opportunity to expand and diversify our capital raise strategies by offering what we believe to be an attractive and unique investment product for investors that may be seeking replacement properties to complete like-kind exchange transactions. We also make loans (“DST Program Loans”) to finance no more than 50% of the purchase price of the DST Interests to certain purchasers of the interests in the Delaware statutory trusts. During 2021, we sold \$492.2 million of gross interests related to the DST Program, \$68.8 million of which were financed by DST Program Loans. See “Note 7 to the Consolidated Financial Statements” in Item 8, “Financial Statements and Supplementary Data” for additional detail regarding the DST Program.

As of December 31, 2021, we had raised gross proceeds of approximately \$2.7 billion from the sale of 259.8 million shares of our common stock, including shares issued pursuant to our distribution reinvestment plan. See “Note 9 to the Consolidated Financial Statements” for information concerning our public offerings.

As of December 31, 2021, we directly owned and managed a real estate portfolio that included 193 industrial buildings totaling approximately 37.6 million square feet located in 28 markets throughout the U.S., with 348 customers, and was 96.6% occupied (97.6% leased) with a weighted-average remaining lease term (based on square feet) of approximately 4.4 years. The occupied rate reflects the square footage with a paying customer in place. The leased rate includes the occupied square footage and additional square footage with leases in place that have not yet commenced. Refer to “Note 3 to the Consolidated Financial Statements” for detail regarding our 2021 acquisition activity. As of December 31, 2021, our real estate portfolio included:

- 183 industrial buildings totaling approximately 36.1 million square feet comprised our operating portfolio, which includes stabilized properties, and was 98.3% occupied (98.3% leased) with a weighted-average remaining lease term (based on square feet) of approximately 4.4 years; and
- 10 industrial buildings totaling approximately 1.5 million square feet comprised our value-add portfolio, which includes buildings acquired with the intention to reposition or redevelop, or buildings recently completed which have not yet reached stabilization. We generally consider a building to be stabilized on the earlier to occur of the first anniversary of a building’s shell completion or a building achieving 90% occupancy.

On July 15, 2020, we acquired minority ownership interests in two joint venture partnerships, the BTC I Partnership and the BTC II Partnership, for \$301.0 million in cash paid at closing, exclusive of due diligence expenses and other closing costs. As of the date of acquisition, the joint venture partnerships’ aggregate real estate portfolios consisted of 64 acquired or completed buildings and 18 buildings under construction or in the pre-construction phase.

On June 15, 2021, we, along with our joint venture partners, entered into the BTC I Partnership Transaction to split the BTC I Portfolio, which, prior to the transaction, consisted of 44 buildings totaling approximately 12.1 million square feet. As a result of the BTC I Partnership Transaction (described further in “Note 5 to the Consolidated Financial Statements”), we own a 100% interest in 22 buildings that were previously part of the BTC I Portfolio, totaling approximately 5.4 million square feet with a total cost of \$876.7 million, which includes the cost of our minority joint venture interest in the BTC I Partnership and our incremental additional investment of approximately \$580 million, exclusive of transaction costs, to effect the split of the BTC I Portfolio.

As of December 31, 2021, we owned and managed 29 buildings totaling approximately 6.9 million square feet and six buildings either under construction or in the pre-construction phase totaling approximately 1.8 million square feet, through our 12.0% minority ownership

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interest in the BTC II Partnership (as described in “Note 5 to the Consolidated Financial Statements”). Unless otherwise noted, these buildings are excluded from the presentation of our portfolio data herein. See “Note 17 to the Consolidated Financial Statements” for information regarding transactions effected subsequent to December 31, 2021 with respect to the BTC II Partnership.

We have used, and intend to continue to use, the net proceeds from our offerings primarily to make investments in real estate assets. We may use the net proceeds from our offerings to make other real estate-related investments and debt investments and to pay distributions. The number and type of properties we may acquire and debt and other investments we may make will depend upon real estate market conditions, the amount of proceeds we raise in our offerings, and other circumstances existing at the time we make our investments.

Our primary investment objectives include the following:

- preserving and protecting our stockholders’ capital contributions;
- providing current income to our stockholders in the form of regular distributions; and
- realizing capital appreciation in our NAV from active investment management and asset management.

There is no assurance that we will attain our investment objectives. Our charter places numerous limitations on us with respect to the manner in which we may invest our funds. In most cases these limitations cannot be changed unless our charter is amended, which may require the approval of our stockholders.

We may acquire assets free and clear of mortgage or other indebtedness by paying the entire purchase price in cash or equity securities, or a combination thereof, and we may selectively encumber all or only certain assets with debt. The proceeds from our borrowings may be used to fund investments, make capital expenditures, pay distributions, and for general corporate purposes.

We expect to manage our corporate financing strategy under the current mortgage lending and corporate financing environment by considering various lending sources, which may include long-term fixed-rate mortgage loans, floating-rate mortgage notes, unsecured or secured lines of credit or term loans, private placement or public bond issuances, and the assumption of existing loans in connection with certain property acquisitions, or any combination of the foregoing.

Real Estate Outlook

The U.S. economic environment in 2021 saw meaningful improvements over 2020, but was still impacted by the COVID-19 pandemic. Gross domestic product (“GDP”) continued to recover from the steep decline in 2Q20 while unemployment continues to improve. With continued vaccine success, we expect moderate economic growth in the U.S. next year as recovery continues, leading to further employment growth and business expansion. However, such economic growth may be hindered in the event that additional serious variants emerge. Further, inflation is at a 40-year high. While this is in line with economist estimates, its impact on the U.S. economy and the impact of any measures that may be taken by government officials to curb inflation remain uncertain. The U.S. industrial real estate sector continued its strong performance and remains healthy as we look forward to 2022. E-commerce growth and evolving supply chain dynamics are expected to continue to drive positive demand for warehouse space as companies expand and upgrade their distribution networks and supply chains.

The U.S. industrial real estate sector continues to benefit from positive net absorption (the net change in total occupied industrial space), low vacancy rates, and continued rent growth in our primary target markets. Consistent with recent experience and based on current market conditions, we expect average net effective rental rates on new leases signed during 2022 to be higher than the rates on expiring leases.

Technological advancements, shifting consumer preferences, and the resultant supply chain innovations have supported continued growth of e-commerce, and has only accelerated as a result of COVID-19. E-commerce sales are forecasted to reach 30% of total retail sales by 2030, up from approximately 14% in 2021. As online sales grow and more retailers continue to adapt to changing consumer preferences and technologies, the need for highly functional warehouse space near major cities is expected to increase. Disruptions in global supply chains may also lead to increased demand for warehouse space as users may restock goods at higher inventory levels and look to real estate to improve the efficiency of logistics operations.

Inflation expectations have driven additional demand for real estate, which has historically acted as a hedge against inflation and could further benefit the industrial sector. Heightened policy uncertainty will continue to weigh on global economies and capital flows throughout the coming year. However, capital markets outlook for industrial real estate remains strong as institutional investor demand continues to increase in part driven by both the current industrial real estate fundamentals and the ongoing secular shift to online consumer spending.

RESULTS OF OPERATIONS

Summary of 2021 Activities

During the year ended December 31, 2021, we completed the following activities:

- Our NAV increased to \$12.50 per share as of December 31, 2021 as compared to \$10.14 per share as of December 31, 2020. This increase is primarily due to the performance of our portfolio, driven by strong leasing, above-average market rent growth, and significantly increased demand in the industrial property sector. The performance of our portfolio was also driven by the acquisition of 128 properties during the year ended December 31, 2021, for an aggregate purchase price of \$3.5 billion, which is equal to the total consideration paid.
- We raised \$1.3 billion of gross equity capital from our public offerings. Additionally, we raised \$492.2 million of gross capital through private placement offerings by selling DST Interests, \$68.8 million of which were financed by DST Program Loans.
- We entered into a term loan agreement for an aggregate principal amount of \$600.0 million, with a five-year term. The term loan's effective interest rate is calculated based on LIBOR plus a margin ranging from 1.35% to 2.20%, depending on our consolidated leverage ratio.
- We entered into three interest rate swaps on our \$600.0 million term loan with an aggregate notional amount of \$225.0 million. These interest rate swaps effectively fix LIBOR at a weighted-average of 0.65% and results in an all-in interest rate for \$225.0 million of borrowings on our \$600.0 million term loan ranging from 2.00% to 2.85%, depending on our consolidated leverage ratio.
- We entered into a secured mortgage note in the amount of \$209.3 million with a four-year term, which may be extended pursuant to a one-year extension option. We also entered into an interest rate cap on the \$209.3 million mortgage note with a notional amount of \$170.0 million, which caps our all-in interest rate at 3.50% for this portion of the note.
- We entered into a secured floating-rate mortgage note in the amount of \$461.1 million, with a seven-year term and a fixed interest rate of 2.85%.
- We entered into a secured floating-rate mortgage note for an aggregate principal amount of \$408.0 million with a three year term, which may be extended pursuant to two one-year extension options. We also entered into an interest rate cap on the \$408.0 million term loan with a notional amount of \$408.0 million, which caps our all-in interest rate at 3.50%.
- We leased approximately 2.7 million square feet, which included 1.5 million square feet of new and future leases and 1.2 million square feet of renewals through 39 separate transactions with an average annual base rent of \$7.23 per square foot.
- During 2021, the BTC II Partnership met certain return thresholds, resulting in an incentive fee distribution to partners. We elected to receive our portion of the incentive fee distribution as an increase of our interest in the BTC II Partnership from 8.0% to 12.0%, in lieu of cash. The increase in the Company's ownership was recognized as earnings of \$47.7 million on the consolidated statement of operations in the fourth quarter of 2021.

We are in the acquisition phase of our life cycle, and the results of our operations are primarily impacted by the timing of our acquisitions and the equity raised through our public offerings. Accordingly, our operating results for the years ended December 31, 2021, 2020 and 2019 are not directly comparable, nor are our results of operations for the year ended December 31, 2021 indicative of those expected in future periods. We believe that our revenues, operating expenses and interest expense will continue to increase in future periods as a result

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of continued growth in our portfolio and as a result of the incremental effect of anticipated future acquisitions of industrial real estate properties.

Portfolio Information

Our owned and managed portfolio was as follows:

(square feet in thousands)	As of December 31,	
	2021	2020
Portfolio data:		
Total buildings	193	65
Total rentable square feet	37,583	12,810
Total number of customers	348	117
Percent occupied of operating portfolio (1)	98.3 %	99.1 %
Percent occupied of total portfolio (1)	96.6 %	94.4 %
Percent leased of operating portfolio (1)	98.3 %	99.3 %
Percent leased of total portfolio (1)	97.6 %	94.6 %

(1) See “Overview—General” above for a description of our operating portfolio and our total portfolio (which includes our operating and value-add portfolios) and for a description of the occupied and leased rates.

Results for the Year Ended December 31, 2021 Compared to the Year Ended December 31, 2020

The following table summarizes the changes in our results of operations for the year ended December 31, 2021, as compared to the year ended December 31, 2020. We evaluate the performance of consolidated operating properties we own and manage using a same store analysis because the population of properties in this analysis is consistent from period to period, thereby eliminating the effects of any material changes in the composition of the aggregate portfolio on performance measures. We have defined the same store portfolio to include consolidated operating properties owned for the entirety of both the current and prior reporting periods for which the operations had been stabilized. Unconsolidated properties are excluded from the same store portfolio because we account for our interest in the joint venture partnership using the equity method of accounting; therefore, our proportionate share of income and loss is recognized in income (loss) of unconsolidated joint venture partnership(s) on the consolidated statements of operations. "Other properties" includes buildings not meeting the same store criteria. The same store operating portfolio for the periods presented below include 45 buildings totaling approximately 8.5 million square feet owned as of January 1, 2020, which represented 22.6% of total consolidated rentable square feet, 38.3% of total revenues, and 38.1% of net operating income (loss) for the year ended December 31, 2021.

(in thousands, except per share data)	For the Year Ended December 31,		Change	% Change
	2021	2020		
Rental revenues:				
Same store operating properties	\$ 67,787	\$ 66,836	\$ 951	1.4 %
Other properties	109,282	12,560	96,722	NM %
Total rental revenues	177,069	79,396	97,673	NM %
Rental expenses:				
Same store operating properties	(16,633)	(16,604)	(29)	(0.2)%
Other properties	(26,086)	(2,946)	(23,140)	NM %
Total rental expenses	(42,719)	(19,550)	(23,169)	NM %
Net operating income:				
Same store operating properties	51,154	50,232	922	1.8 %
Other properties	83,196	9,614	73,582	NM %
Total net operating income	134,350	59,846	74,504	NM %
Other income and expenses:				
Real estate-related depreciation and amortization	(112,201)	(46,483)	(65,718)	NM %
General and administrative expenses	(8,886)	(6,973)	(1,913)	(27.4)%
Advisory fees	(28,558)	(9,653)	(18,905)	NM %
Performance participation allocation	(81,185)	(9,640)	(71,545)	NM %
Acquisition costs and reimbursements	(3,735)	(3,166)	(569)	(18.0)%
Equity in income (loss) from unconsolidated joint venture partnership(s)	54,296	(1,790)	56,086	NM %
Interest expense	(30,463)	(13,012)	(17,451)	NM %
Other income	555	696	(141)	(20.3)%
Total other (expenses) income	(210,177)	(90,021)	(120,156)	NM %
Net loss				
Net loss attributable to redeemable noncontrolling interests	(75,827)	(30,175)	(45,652)	NM %
Net loss attributable to noncontrolling interests	498	83	415	NM %
Net loss attributable to common stockholders	(20)	(5)	(15)	NM %
Weighted-average shares outstanding	\$ (75,349)	\$ (30,097)	\$ (45,252)	NM %
Net loss per common share - basic and diluted	201,169	113,145	88,024	
	\$ (0.37)	\$ (0.27)	\$ (0.10)	

Rental Revenues. Rental revenues are comprised of rental income, straight-line rent and amortization of above- and below-market lease assets and liabilities. Total rental revenues increased by approximately \$97.7 million for the year ended December 31, 2021, as compared to the same period in 2020, primarily due to an increase in non-same store revenues, which was attributable to the significant growth in our portfolio over this period. For the year ended December 31, 2021, non-same store rental revenues reflect the addition of 148 buildings we have acquired since January 1, 2020. Same store rental revenues for the year ended December 31, 2021 increased by \$1.0 million, or 1.4%, as compared to the same period in 2020, primarily due to an increase in recoverable expenses that resulted in increases to recovery revenue, as well as bad debt revenue associated with 2020 rental revenues that was recouped during 2021.

Rental Expenses. Rental expenses include certain property operating expenses typically reimbursed by our customers, such as real estate taxes, property insurance, property management fees, repair and maintenance, and utilities. Total rental expenses increased by approximately \$23.2 million for the year ended December 31, 2021, as compared to the same period in 2020, primarily due to an increase in non-same store expenses, which was attributable to the significant growth in our portfolio since January 1, 2020. Same store rental expenses for the year ended December 31, 2021 remained consistent with same store rental expenses for the same period in 2020.

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Other Expenses. Other expenses, in aggregate, increased by approximately \$120.2 million for the year ended December 31, 2021, as compared to the same period in 2020, primarily due to the following:

- an increase in the performance participation allocation of \$71.5 million and the fixed component of the advisory fee of \$18.9 million for the year ended December 31, 2021, as a result of (i) gross proceeds of \$1.3 billion raised from our public offerings for the year ended December 31, 2021, and (ii) the significant increase of total return driven by a substantial increase in the value of our properties and significantly increased total return generated, as compared to the same period in 2020;
- an increase in real estate-related depreciation and amortization expense totaling an aggregate amount of \$65.7 million for the year ended December 31, 2021, as a result of the growth in our portfolio, as compared to the same period in 2020;
- an increase in interest expense of \$17.5 million for the year ended December 31, 2021 primarily related to: (i) \$6.0 million of rent obligations associated with our DST Program that we initiated in the second quarter of 2021, (ii) an increase in mortgage note interest of \$5.1 million, due to the \$1.1 billion of secured mortgage notes that we entered into during the year ended December 31, 2021, (iii) an increase in interest from borrowings under our term loans (including the effects of interest rate swap agreements) of \$5.1 million, primarily due to the \$600.0 million term loan that we entered into in May 2021 (iv) an increase in interest from borrowings under the line of credit of \$0.6 million due to higher average net borrowings of \$54.3 million during the year ended December 31, 2021, as compared to the same period in 2020;

Partially offset by:

- an increase in equity in income (loss) from unconsolidated joint venture partnership(s) of \$56.1 million for the year ended December 31, 2021, primarily related to \$47.7 million of incentive fee income associated with the incentive fee distribution from the BTC II Partnership after certain return thresholds were met during the fourth quarter of 2021.

Results for the Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

See “[Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations](#)” of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 5, 2021, which is incorporated herein by reference, for a comparison of our results of operations for the years ended December 31, 2020 and December 31, 2019.

Generally, we are prohibited by our charter from incurring total operating expenses which, at the end of the four preceding fiscal quarters exceeds the greater of: (i) 2.0% of our average invested assets, or (ii) 25.0% of our net income determined without reduction for any additions to reserves for depreciation, bad debts or other similar non-cash reserves and excluding any gain from the sale of our assets for that period (the “2%/25% Limitation”). For these purposes, total operating expenses exclude rental expenses, real estate-related depreciation and amortization expense, interest expense, acquisition expenses, taxes and impairments. Our charter requires that we calculate the figures used in determining whether operating expenses have exceeded the 2%/25% Limitation in accordance with GAAP applied on a consistent basis. Notwithstanding the above, we may incur total operating expenses in excess of this limitation if a majority of our independent directors determines that such excess expenses are justified based on unusual and non-recurring factors. Our total operating expenses exceeded the 2%/25% Limitation as of the four fiscal quarters ended December 31, 2021. All of our independent directors determined that the excess expenses were justified based upon a review of unusual and non-recurring factors, including but not limited to: the strong performance of our portfolio driven by the continued, unprecedented demand in the industrial property sector and the resulting significant growth in our NAV and total return generated for the period which, in combination with the incentive distributions we received from the BTC I Partnership and the BTC II Partnership in the fourth quarter of 2020 and 2021, respectively, drove a significant increase in the performance participation allocation. Other factors considered include our continued, strong capital raise and the timing of our deployment during the period, including the acquisition of three large portfolios during the year. The calculation of the performance participation allocation is based in part on our calculation of NAV, which takes into account any increases or decreases in the fair market value of our investments in real estate, meaning that generally, as NAV increases and the corresponding total return generated for stockholders increases, the performance participation allocation increases. However, as noted above, unlike our NAV and the performance participation allocation, the 2%/25% Limitation is calculated in accordance with GAAP and the calculation of net income for purposes of the limitation does not take into account the significant fair market value gains generated by our investments in real estate for the period, resulting in an incongruous comparison between total operating expenses and the 2%/25% Limitation.

ADDITIONAL MEASURES OF PERFORMANCE

Net Loss and Net Operating Income (“NOI”)

We define NOI as GAAP rental revenues less GAAP rental expenses. We consider NOI to be an appropriate supplemental performance measure and believe NOI provides useful information to our investors regarding our results of operations because NOI reflects the operating performance of our properties and excludes certain items that are not considered to be controllable in connection with the management of the properties, such as real estate-related depreciation and amortization, acquisition-related expenses, impairment charges, general and administrative expenses, and interest expense. However, NOI should not be viewed as an alternative measure of our financial performance since it excludes such expenses, which expenses could materially impact our results of operations. Further, our NOI may not be comparable to that of other real estate companies as they may use different methodologies for calculating NOI. Therefore, we believe our net income (loss), as defined by GAAP, to be the most appropriate measure to evaluate our overall performance. Refer to “Results of Operations” above for a reconciliation of our GAAP net income (loss) to NOI for the years ended December 31, 2021 and 2020.

Funds from Operations (“FFO”)

We believe that FFO, in addition to net income (loss) and cash flows from operating activities as defined by GAAP, are useful supplemental performance measures that our management uses to evaluate our consolidated operating performance. However, these supplemental, non-GAAP measures should not be considered as an alternative to net income (loss) or to cash flows from operating activities as an indication of our performance and are not intended to be used as a liquidity measure indicative of cash flow available to fund our cash needs, including our ability to make distributions to our stockholders. No single measure can provide users of financial information with sufficient information and only our disclosures read as a whole can be relied upon to adequately portray our financial position, liquidity, and results of operations. Fees deferred or waived by the Advisor and payments received from the Advisor and/or reimbursed to the Advisor pursuant to the expense support agreement are included in determining our net income (loss), which is used to determine FFO. If we had not received support from the Advisor and/or reimbursed the Advisor pursuant to the expense support agreement, our FFO would have been lower or higher. In addition, other REITs may define FFO and similar measures differently and choose to treat acquisition-related costs and potentially other accounting line items in a manner different from us due to specific differences in investment and operating strategy or for other reasons.

FFO. As defined by the National Association of Real Estate Investment Trusts (“NAREIT”), FFO is a non-GAAP measure that excludes certain items such as real estate-related depreciation and amortization. We believe FFO is a meaningful supplemental measure of our operating performance that is useful to investors because depreciation and amortization in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. We use FFO as an indication of our consolidated operating performance and as a guide to making decisions about future investments.

Although some REITs may present similar measures differently from us, we believe FFO generally facilitates a comparison to other REITs that have similar operating characteristics to us. We believe investors are best served if the information that is made available to them allows them to align their analyses and evaluation with the same performance metrics used by management in planning and executing our business strategy. However, this supplemental, non-GAAP measure is not necessarily indicative of future performance and should not be considered as an alternative to net loss or to cash flows from operating activities and is not intended to be used as a liquidity measure indicative of cash flow available to fund our cash needs. Neither the SEC, NAREIT, nor any regulatory body has passed judgment on the acceptability of the adjustments used to calculate FFO. In the future, the SEC, NAREIT, or a regulatory body may decide to standardize the allowable adjustments across the non-traded REIT industry at which point we may adjust our calculation and characterization of FFO.

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The following unaudited table presents a reconciliation of GAAP net income (loss) to NAREIT FFO:

(in thousands, except per share data)	For the Year Ended December 31,		
	2021	2020	2019
GAAP net loss attributable to common stockholders	\$ (75,349)	\$ (30,097)	\$ (22,368)
GAAP net loss per common share	(0.37)	\$ (0.27)	\$ (0.60)
Reconciliation of GAAP net loss to NAREIT FFO:			
GAAP net loss attributable to common stockholders	\$ (75,349)	\$ (30,097)	\$ (22,368)
Add (deduct) NAREIT adjustments:			
Real estate-related depreciation and amortization	112,201	46,483	22,236
Our share of real estate-related depreciation and amortization of unconsolidated joint venture partnerships	8,094	5,048	—
Redeemable noncontrolling interests' share of real estate-related depreciation and amortization and real estate-related depreciation and amortization of unconsolidated joint venture partnerships	(751)	(141)	(42)
Our share of net gain on disposition of real estate properties of unconsolidated joint venture partnership	(7,666)	—	—
Redeemable noncontrolling interests' share of net gain on disposition of real estate properties of unconsolidated joint venture partnership	51	—	—
NAREIT FFO attributable to common stockholders	\$ 36,580	\$ 21,293	\$ (174)
NAREIT FFO per common share	\$ 0.18	\$ 0.19	\$ (0.00)
Weighted-average shares outstanding	201,169	113,145	37,382

We believe that our NAREIT FFO of \$36.6 million, or \$0.18 per share, as compared to the total gross distributions declared (which are paid in cash or reinvested in shares offered through our distribution reinvestment plan) in the amount of \$109.5 million, or \$0.55 per share, for the year ended December 31, 2021 is not indicative of future performance as we are in the acquisition phase of our life cycle. See “Liquidity and Capital Resources—Capital Resources and Uses of Liquidity—Distributions” below for details concerning our distributions, which are paid in cash or reinvested in shares of our common stock by participants in our distribution reinvestment plan.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our primary sources of capital for meeting our cash requirements during our acquisition phase are and will be net proceeds from our public offerings, including proceeds from the sale of shares offered through our distribution reinvestment plan, debt financings, and cash generated from operating activities. We currently intend to maintain an allocation of 10% of our NAV to cash-related liquidity. Our principal uses of funds are, and will be, for the acquisition of properties and other investments, capital expenditures, operating expenses, payments under our debt obligations, and distributions to our stockholders. Over time, we intend to fund a majority of our cash needs for items other than asset acquisitions, including the repayment of debt and capital expenditures, from operating cash flows and refinancings. There may be a delay between the deployment of proceeds raised from our public offerings and our purchase of assets, which could result in a delay in the benefits to our stockholders, if any, of returns generated from our investments.

During 2021, we have raised \$1.3 billion of gross equity capital from our public offerings. As of December 31, 2021, we have cash and cash equivalents of \$216.8 million and leverage of 35.1%, calculated as our total borrowings outstanding less cash and cash equivalents, divided by the fair value of our real property plus our investment in our unconsolidated joint venture partnership. See “—Capital Resources and Uses of Liquidity—Offering Proceeds” for further information concerning capital raised in 2021 and our expectations regarding the pace of capital raising in the near term. As of December 31, 2021, we directly owned and managed a real estate portfolio that included 193 industrial buildings totaling approximately 37.6 million square feet, with a diverse roster of 348 customers, large and small, spanning a multitude of industries and sectors across 28 markets, with a strategic weighting towards top tier markets where we have historically seen the lowest volatility combined with positive returns over time. Our portfolio was 96.6% occupied (97.6% leased) with a weighted-average remaining lease term (based on square feet) of 4.4 years. Contractual rent collections as of December 31, 2021 are consistent with average annual collections prior to the pandemic.

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The Advisor, subject to the oversight of our board of directors and, under certain circumstances, the investment committee or other committees established by our board of directors, will continue to evaluate potential acquisitions and will engage in negotiations with sellers and lenders on our behalf. Pending investment in property, debt, other investments, and our 10% cash allocation mentioned above, we may decide to temporarily invest any unused proceeds from our public offerings in certain investments that are expected to yield lower returns than those earned on real estate assets. During these times of economic uncertainty, we have seen and could once again see a slow down in transaction volume, which would adversely impact our ability to acquire real estate assets, which would cause us to retain more lower yielding investments and hold them for longer periods of time while we seek to acquire additional real estate assets. These lower returns may affect our ability to make distributions to our stockholders. Potential future sources of capital include proceeds from secured or unsecured financings from banks or other lenders, proceeds from the sale of assets, and undistributed funds from operations.

We believe that our cash on-hand, anticipated net offering proceeds, and anticipated financing activities will be sufficient to meet our liquidity needs for the foreseeable future over the next 12 months and beyond.

The Company's material cash requirements include the following contractual and other obligations:

Debt

As of December 31, 2021, the Company had outstanding term loans, floating-rate mortgage notes and fixed-rate mortgage notes with varying maturities for an aggregate principal amount of \$2.3 billion, with no amounts payable within 12 months. Future interest payments associated with the Company's outstanding debt total \$214.9 million, with \$48.7 million payable within 12 months.

Future minimum lease payments related to DST Program

As of December 31, 2021, the Company had \$474.9 million of future minimum lease payments related to the properties in our DST Program, of which \$23.6 million is due in the next 12 months. The underlying interests of properties that are sold to investors pursuant to the DST Program are leased back by an indirect wholly-owned subsidiary of the Operating Partnership on a long-term basis of up to 20 years.

Cash Flows. The following table summarizes our cash flows, as determined on a GAAP basis, for the following periods:

(in thousands)	For the Year Ended December 31,		
	2021	2020	2019
Total cash provided by (used in):			
Operating activities	\$ 62,586	\$ 15,576	\$ 6,453
Investing activities	(3,239,209)	(808,430)	(536,903)
Financing activities	3,161,459	974,575	562,607
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (15,164)	\$ 181,721	\$ 32,157

2021 Cash Flows Compared to 2020 Cash Flows

Cash provided by operating activities during the year ended December 31, 2021 increased by approximately \$47.0 million as compared to the same period in 2020, primarily due to significant growth in our property operations, partially offset by the increase in advisory fees and interest expense for the year ended December 31, 2021 as compared to the same period in 2020. Cash used in investing activities during the year ended December 31, 2021 increased by approximately \$2.4 billion as compared to the same period in 2020, primarily due to a net increase in acquisition and capital expenditure activity of \$2.8 billion, partially offset by a decrease in our investment in unconsolidated joint venture partnerships of \$318.4 million due to the timing of the acquisition of the minority ownership interests in the BTC Partnerships in the third quarter of 2020, as well as the redemption of our interest in the BTC I Partnership in order to acquire the properties in the BTC I Partnership Transaction in June 2021. Cash provided by financing activities during the year ended December 31, 2021 increased by approximately \$2.2 billion as compared to the same period in 2020, primarily driven by (i) an increase in net borrowing activity of \$1.5 billion under our line of credit, term loans and secured mortgage notes, (ii) net proceeds from financing obligations associated with the DST Program of \$415.2 million, and (iii) a \$263.7 million increase in the amount of net capital raised through our public offerings, net of offering costs paid, during the year ended December 31, 2021 as compared to the same period in 2020.

2020 Cash Flows Compared to 2019 Cash Flows

See “[Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations](#)” of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 5, 2021, which is incorporated herein by reference, for a comparison of our cash flows for the years ended December 31, 2020 and December 31, 2019.

Capital Resources and Uses of Liquidity

In addition to our cash and cash equivalents balance available, our capital resources and uses of liquidity are as follows:

Line of Credit and Term Loans. As of December 31, 2021, we had an aggregate of \$1.4 billion of commitments under our credit agreement, including \$430.0 million under our line of credit and \$1.0 billion under our two term loans. As of that date, we had no amounts outstanding under our line of credit and \$1.0 billion outstanding under our term loans with an effective interest rate of 1.89%, which includes the effect of the interest rate swap agreements. The unused and available portions under our line of credit were both \$430.0 million as of December 31, 2021. Our \$430.0 million line of credit matures in November 2023 and may be extended pursuant to a one-year extension option, subject to continuing compliance with certain financial covenants and other customary conditions. Our \$415.0 million term loan matures in February 2024 and our \$600.0 million term loan matures in May 2026. Our line of credit and term loan borrowings are available for general corporate purposes including, but not limited to, the acquisition and operation of permitted investments by us. Refer to “Note 6 to the Consolidated Financial Statements” for additional information regarding our line of credit and term loans.

In July 2017, the Financial Conduct Authority (“FCA”) that regulates LIBOR announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee (“ARRC”), which identified the Secured Overnight Financing Rate (“SOFR”) as its preferred alternative rate for LIBOR in derivatives and other financial contracts. We are not able to predict when LIBOR will cease to be available or when there will be sufficient liquidity in the SOFR markets. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change. In addition, uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in the current form.

LIBOR is expected to be phased out or modified by June 2023, and the writing of contracts using LIBOR is expected to stop by the end of 2021. As of December 31, 2021, our term loans and \$209.3 million mortgage note are our only indebtedness with initial or extended maturity dates beyond 2023 that have exposure to LIBOR. The agreements governing the term loans provide procedures for determining a replacement or alternative base rate in the event that LIBOR is discontinued. However, there can be no assurances as to whether such replacement or alternative base rate will be more or less favorable than LIBOR. As of December 31, 2021, we have interest rate swaps in place to hedge LIBOR on \$350.0 million of commitments under our \$415.0 million term loan and on \$225.0 million of commitments under our \$600.0 million term loan. Additionally, we have one interest rate cap in place on \$170.0 million of borrowings under our \$209.3 million mortgage note, as of December 31, 2021. We intend to monitor the developments with respect to the potential phasing out of LIBOR after 2023 and work with our lenders to seek to ensure any transition away from LIBOR will have minimal impact on our financial condition, but can provide no assurances regarding the impact of the discontinuation of LIBOR.

Mortgage Notes. As of December 31, 2021, we had property-level borrowings of approximately \$1.2 billion of principal outstanding with a weighted-average remaining term of 4.9 years. These borrowings are secured by mortgages or deeds of trust and related assignments and security interests in the collateralized properties, and had a weighted-average interest rate of 2.34%. Refer to “Note 6 to the Consolidated Financial Statements” for additional information regarding the mortgage notes.

Debt Covenants. Our line of credit, term loan and mortgage note agreements contain various property-level covenants, including customary affirmative and negative covenants. In addition, the agreements governing our line of credit and term loans contain certain corporate level financial covenants, including leverage ratio, fixed charge coverage ratio, and tangible net worth thresholds. These covenants may limit our ability to incur additional debt, to make borrowings under our line of credit, or to pay distributions. We were in compliance with all of our debt covenants as of December 31, 2021.

Leverage. We use financial leverage to provide additional funds to support our investment activities. We may finance a portion of the purchase price of any real estate asset that we acquired with borrowings on short or long-term basis from banks, institutional investors and other lenders. We calculate our leverage for reporting purposes as the outstanding principal balance of our borrowings less cash and cash

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equivalents, divided by the fair value of our real property plus our investment in our unconsolidated joint venture partnership. We had leverage of 35.1% as of December 31, 2021. Our management believes our strong equity raise and the timing of our deployment of capital accounts for our lower leverage as of December 31, 2021 and expects that as we deploy capital going forward, our leverage will near approximately 50%.

Offering Proceeds. As of December 31, 2021, aggregate gross proceeds raised since inception from our public offerings, including proceeds raised through our distribution reinvestment plan, were \$2.74 billion (\$2.63 billion net of direct selling costs).

Distributions. We intend to continue to accrue and make distributions on a regular basis. For the year ended December 31, 2021, approximately 50.0% of our total gross distributions were paid from cash flows from operating activities, as determined on a GAAP basis, and 50.0% of our total gross distributions were funded from sources other than cash flows from operating activities, as determined on a GAAP basis; specifically 50.0% of our total gross distributions were funded with proceeds from shares issued pursuant to our distribution reinvestment plan. Some or all of our future distributions may be paid from sources other than cash flows from operating activities, such as cash flows from financing activities, which include borrowings (including borrowings secured by our assets), proceeds from the issuance of shares pursuant to our distribution reinvestment plan, proceeds from sales of assets, interest income from our cash balances, and the net proceeds from primary shares sold in our public offerings. We have not established a cap on the amount of our distributions that may be paid from any of these sources. The amount of any distributions will be determined by our board of directors, and will depend on, among other things, current and projected cash requirements, tax considerations and other factors deemed relevant by our board.

For the first quarter of 2022, our board of directors authorized monthly distributions to all common stockholders of record as of the close of business on the last business day of each month for the first quarter of 2022, or January 31, 2022, February 28, 2022 and March 31, 2022 (each a “Distribution Record Date”). The distributions were authorized at a quarterly rate of (i) \$0.13625 per Class I share of common stock and (ii) \$0.13625 per Class T share and per Class D share of common stock, less the respective annual distribution fees that are payable monthly with respect to such Class T shares and Class D shares. This quarterly rate is equal to a monthly rate of (i) \$0.04542 per Class I share of common stock and (ii) \$0.04542 per Class T share and per Class D share of common stock, less the respective annual distribution fees that are payable with respect to such Class T shares and Class D shares. Distributions for each month of the first quarter of 2022 have been or will be paid in cash or reinvested in shares of our common stock for those electing to participate in our distribution reinvestment plan following the close of business on the respective Distribution Record Date applicable to such monthly distributions.

There can be no assurances that the current distribution rate or amount per share will be maintained. In the near-term, we expect that we may need to continue to rely on sources other than cash flows from operations, as determined on a GAAP basis, to pay distributions, which if insufficient could negatively impact our ability to pay such distributions. See “Note 12 to the Consolidated Financial Statements” for further detail regarding the Expense Support Agreement.

The following table outlines sources used, as determined on a GAAP basis, to pay total gross distributions (which are paid in cash or reinvested in shares of our common stock through our distribution reinvestment plan (“DRIP”)) for the years ended as of the dates indicated below:

(\$ in thousands)	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	Amount	Percentage	Amount	Percentage
Distributions				
Paid in cash (1)	\$ 54,749	50.0 %	\$ 30,927	50.2 %
Reinvested in shares	54,719	50.0	30,655	49.8
Total	\$ 109,468	100.0 %	\$ 61,582	100.0 %
Sources of Distributions				
Expense support (2)	\$ —	— %	\$ 12,438	20.2 %
Cash flows from operating activities	54,749	50.0	891	1.4
Borrowings	—	—	17,598	28.6
DRIP (3)	54,719	50.0	30,655	49.8
Total	\$ 109,468	100.0 %	\$ 61,582	100.0 %

(1) Includes distribution fees relating to Class T shares and Class D shares issued in the primary portion of our public offerings. See “Note 12 to the Consolidated Financial Statements” in Item 8, “Financial Statements and Supplementary Data” for further detail regarding the ongoing distribution fees.

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- (2) The Advisor provided expense support of \$13.5 million and we reimbursed the Advisor \$13.5 million during the year ended December 31, 2020. The expense support agreement was not renewed after the expiration of its effective term on December 31, 2020 and we did not receive additional expense support from the Advisor during the year ended December 31, 2021. Expense support from the Advisor used to pay distributions is presented above without the effect of our reimbursements to the Advisor of previously deferred fees and other expenses. See “Note 12 to the Consolidated Financial Statements” for further detail on the expense support from and reimbursement to the Advisor in prior years.
- (3) Stockholders may elect to have their distributions reinvested in shares of our common stock through our distribution reinvestment plan.

For the year ended December 31, 2021, our cash flows provided by operating activities on a GAAP basis were \$62.6 million as compared to our aggregate total gross distributions declared (which are paid in cash or reinvested in shares issued pursuant to our distribution reinvestment plan) of \$109.5 million. For the year ended December 31, 2020, our cash flows provided by operating activities on a GAAP basis were \$15.6 million as compared to our aggregate total gross distributions declared (which are paid in cash or reinvested in shares issued pursuant to our distribution reinvestment plan) of \$61.6 million.

Refer to “Note 9 to the Consolidated Financial Statements” for further detail on our distributions.

Redemptions. For the year ended December 31, 2021, we received eligible redemption requests for approximately 2.4 million shares of our common stock, all of which we redeemed using cash flows from financing activities, for an aggregate amount of approximately \$25.1 million, or an average price of \$10.68 per share. For the year ended December 31, 2020, we received eligible redemption requests for approximately 0.5 million shares of our common stock, all of which we redeemed using cash flows from financing activities, for an aggregate amount of approximately \$4.9 million, or an average price of \$9.87 per share. Our share redemption program states, for each calendar quarter redemptions will be limited to 5% of the aggregate NAV of all classes of shares as of the last calendar day of the previous calendar quarter. See Part II, Item 5. “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Share Redemption Program,” for a description of our share redemption program.

SUBSEQUENT EVENTS

See “Note 17 to the Consolidated Financial Statements” for information regarding subsequent events.

INFLATION

Increases in the costs of owning and operating our properties due to inflation could reduce our net operating income to the extent such increases are not reimbursed or paid by our customers. Our leases may require our customers to pay certain taxes and operating expenses, either in part or in whole, or may provide for separate real estate tax and operating expense reimbursement escalations over a base amount. In addition, our leases provide for fixed base rent increases or indexed increases. As a result, most inflationary increases in costs may be at least partially offset by the contractual rent increases and operating expense reimbursement provisions or escalations.

In the United States, inflation is at a 40-year high, and its impact on the U.S. economy and the impact of any measures that may be taken by government officials to curb inflation remain uncertain. Periods of excessive or prolonged inflation may negatively impact our customers’ businesses, resulting in increased vacancy, concessions or bad debt expense, which may adversely and materially affect our net operating income.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are those estimates that require management to make challenging, subjective, or complex judgments, often because they must estimate the effects of matters that are inherently uncertain and may change in subsequent periods. Critical accounting estimates involve judgments and uncertainties that are sufficiently sensitive and may result in materially different results under different assumptions and conditions and can have a material impact on the consolidated financial statements.

Investment in Real Estate Properties

When we acquire a property, we first determine whether an acquisition constitutes a business or asset acquisition. Upon acquisition, we allocate the purchase price of the acquisition based upon our assessment of the fair value of various components, including to land,

building, land and building improvements, and intangible lease assets and liabilities. Fair value determinations are based on estimated cash flow projections that utilize discount and/or capitalization rates, as well as certain available market information. The fair value of land, building, and land and building improvements considers the value of the property as if it were vacant. The fair value of intangible lease assets is based on our evaluation of the specific characteristics of each lease. Factors considered include estimates of carrying costs during hypothetical expected lease-up periods, current market conditions and market rates, the customer's credit quality and costs to execute similar leases. The fair value of above- and below-market leases is calculated as the present value of the difference between the contractual amounts to be paid pursuant to each in-place lease and our estimate of fair market lease rates for each corresponding in-place lease, using a discount rate that reflects the risks associates with the leases acquired and measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed-rate renewal options for below-market leases. In estimating carrying costs, we include estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, we consider customer improvements, leasing commissions and legal and other related expenses.

Impairment of Real Estate Properties

We review our investment in real estate properties individually whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recorded for the difference between estimated fair value of the real estate property and the carrying amount when the estimated future cash flows and the estimated liquidation value of the real estate property are less than the real estate property carrying amount. Our estimates of future cash flows and liquidation values require us to make assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for customers, changes in market rental rates, costs to operate each property, and expected ownership periods that can be difficult to predict.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We may be exposed to the impact of interest rate changes. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows, and optimize overall borrowing costs. To achieve these objectives, we plan to borrow on a fixed interest rate basis for longer-term debt and utilize interest rate swap agreements on certain variable interest rate debt in order to limit the effects of changes in interest rates on our results of operations. As of December 31, 2021, our consolidated debt outstanding consisted of borrowings under our term loans and mortgage notes.

Fixed Interest Rate Debt. As of December 31, 2021, our fixed interest rate debt consisted of \$350.0 million under our \$415.0 million term loan and \$225.0 million of commitments under our \$600.0 million term loan, which were effectively fixed through the use of interest swap agreements, and \$628.9 million of principal borrowings under four of our mortgage notes. In total, our fixed rate debt represented approximately 53.2% of our total consolidated debt as of December 31, 2021. The impact of interest rate fluctuations on our consolidated fixed interest rate debt will generally not affect our future earnings or cash flows unless such borrowings mature, are otherwise terminated or payments are made on the principal balance. However, interest rate changes could affect the fair value of our fixed interest rate debt. As of December 31, 2021, the fair value and the carrying value of our consolidated fixed interest rate debt, excluding the values of hedges, were \$1.21 billion and \$1.20 billion, respectively. The fair value estimate of our fixed interest rate debt was estimated using a discounted cash flow analysis utilizing rates we would expect to pay for debt of a similar type and remaining maturity if the loans were originated on December 31, 2021. Based on our debt as of December 31, 2021 we do not expect that market fluctuations in interest rates will have a significant impact on our future earnings or operating cash flows.

Variable Interest Rate Debt. As of December 31, 2021, our consolidated variable interest rate debt consisted of \$440.0 million under our term loans and \$617.3 million under two of our mortgage notes, which represented 46.8% of our total consolidated debt. Interest rate changes on the variable portion of our consolidated variable-rate debt could impact our future earnings and cash flows but would not significantly affect the fair value of such debt. As of December 31, 2021, we were exposed to market risks related to fluctuations in interest rates on \$1.1 billion of consolidated borrowings. A hypothetical 25 basis points increase in the all-in interest rate on the outstanding balance of our consolidated variable interest rate debt as of December 31, 2021, would increase our annual interest expense by approximately \$2.6 million.

Derivative Instruments. As of December 31, 2021, we had 12 outstanding derivative instruments with a total notional amount of \$1.2 billion. These derivative instruments were comprised of interest rate swaps and interest rate caps that were designed to mitigate the risk of future interest rate increases by either providing a fixed interest rate or capping the variable interest rate for a limited, pre-determined

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period of time. See “Note 6 to the Consolidated Financial Statements” for further detail on our derivative instruments. We are exposed to credit risk of the counterparty to our interest rate cap and swap agreements in the event of non-performance under the terms of the agreements. If we were not able to replace these caps or swaps in the event of non-performance by the counterparty, we would be subject to variability of the interest rate on the amount outstanding under our debt that is fixed or capped through the use of the swaps or caps, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Ares Industrial Real Estate Income Trust Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Ares Industrial Real Estate Income Trust Inc. (previously known as Black Creek Industrial REIT IV Inc.) and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes and financial statement schedule III (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the estimated fair value of certain acquired tangible assets

As described in Notes 2 and 3, the Company acquired \$3.5 billion of real estate properties during 2021 that were accounted for as asset acquisitions. Upon an asset acquisition, the purchase price is allocated to land, building, and intangible lease assets and liabilities.

We identified the evaluation of the estimated fair value of certain acquired tangible assets in asset acquisitions, as a critical audit matter. The tangible assets included land, buildings, and building improvements. Specifically, subjective auditor judgment was required to evaluate the assumptions used in the Company's determination of the estimated fair value, which included comparable land sales and the estimated replacement cost of buildings and building improvements.

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The following are the primary procedures we performed to address this critical audit matter. We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the Company's estimated fair value of certain acquired tangible assets by independently developing ranges of comparable land sales and estimated replacement costs of buildings and building improvements, and compared those amounts to the amounts determined by management.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Denver, Colorado
March 9, 2022

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
CONSOLIDATED BALANCE SHEETS**

(in thousands, except per share data)	As of	
	December 31, 2021	December 31, 2020
ASSETS		
Net investment in real estate properties	\$ 4,820,892	\$ 1,322,521
Investment in unconsolidated joint venture partnership(s)	101,769	324,242
Cash and cash equivalents	216,848	232,369
Restricted cash	887	530
DST Program Loans	68,772	—
Other assets	39,941	17,766
Total assets	\$ 5,249,109	\$ 1,897,428
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued liabilities	\$ 42,211	\$ 18,933
Debt, net	2,245,673	579,171
Intangible lease liabilities, net	76,432	11,609
Financing obligations, net	483,964	—
Distribution fees payable to affiliates	85,419	44,962
Other liabilities	116,064	46,290
Total liabilities	3,049,763	700,965
Commitments and contingencies (Note 16)		
Redeemable noncontrolling interests	15,687	3,648
Equity		
Stockholders' equity:		
Preferred stock, \$0.01 par value - 200,000 shares authorized, none issued and outstanding	—	—
Class T common stock, \$0.01 par value per share - 1,200,000 shares authorized, 206,129 and 130,565 shares issued and outstanding, respectively	2,061	1,306
Class D common stock, \$0.01 par value per share - 75,000 shares authorized, 13,649 and 7,866 shares issued and outstanding, respectively	136	79
Class I common stock, \$0.01 par value per share - 225,000 shares authorized, 37,391 and 3,040 shares issued and outstanding, respectively	374	30
Additional paid-in capital	2,475,715	1,329,799
Accumulated deficit and cumulative distributions	(297,570)	(128,775)
Accumulated other comprehensive income (loss)	2,631	(9,750)
Total stockholders' equity	2,183,347	1,192,689
Noncontrolling interests	312	126
Total equity	2,183,659	1,192,815
Total liabilities and equity	\$ 5,249,109	\$ 1,897,428

See accompanying Notes to Consolidated Financial Statements.

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)	For the Year Ended December 31,		
	2021	2020	2019
Revenues:			
Rental revenues	\$ 177,069	\$ 79,396	\$ 40,377
Total revenues	<u>177,069</u>	<u>79,396</u>	<u>40,377</u>
Operating expenses:			
Rental expenses	42,719	19,550	9,779
Real estate-related depreciation and amortization	112,201	46,483	22,236
General and administrative expenses	8,886	6,973	4,448
Advisory fees	28,558	9,653	4,585
Performance participation allocation	81,185	9,640	2,913
Acquisition costs and reimbursements	3,735	3,166	3,068
Total operating expenses	<u>277,284</u>	<u>95,465</u>	<u>47,029</u>
Other (income) expenses:			
Equity in (income) loss from unconsolidated joint venture partnership(s)	(54,296)	1,790	—
Interest expense	30,463	13,012	9,115
Other income	(555)	(696)	(825)
Total expenses before expense support	252,896	109,571	55,319
Total reimbursement to the Advisor, net	—	—	(7,468)
Net expenses after reimbursement	<u>(252,896)</u>	<u>(109,571)</u>	<u>(62,787)</u>
Net loss	<u>(75,827)</u>	<u>(30,175)</u>	<u>(22,410)</u>
Net loss attributable to redeemable noncontrolling interests	498	83	42
Net income attributable to noncontrolling interests	(20)	(5)	—
Net loss attributable to common stockholders	<u>\$ (75,349)</u>	<u>\$ (30,097)</u>	<u>\$ (22,368)</u>
Weighted-average shares outstanding	<u>201,169</u>	<u>113,145</u>	<u>37,382</u>
Net loss per common share - basic and diluted	<u>\$ (0.37)</u>	<u>\$ (0.27)</u>	<u>\$ (0.60)</u>

See accompanying Notes to Consolidated Financial Statements.

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(in thousands)	For the Year Ended December 31,		
	2021	2020	2019
Net loss	\$ (75,827)	\$ (30,175)	\$ (22,410)
Change from cash flow hedging derivatives	12,462	(11,999)	2,190
Comprehensive loss	\$ (63,365)	\$ (42,174)	\$ (20,220)
Comprehensive loss attributable to redeemable noncontrolling interests	417	142	4
Comprehensive loss attributable to common stockholders	<u>\$ (62,948)</u>	<u>\$ (42,032)</u>	<u>\$ (20,216)</u>

See accompanying Notes to Consolidated Financial Statements.

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
CONSOLIDATED STATEMENTS OF EQUITY**

(in thousands)	Stockholders' Equity					Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total			
	Shares	Amount						
Balance as of December 31, 2018	20,265	\$ 203	\$ 180,125	\$ (8,556)	\$ —	\$ 1	\$ 171,773	
Net loss (excludes \$42 attributable to redeemable noncontrolling interests)	—	—	—	(22,368)	—	—	(22,368)	
Change from cash flow hedging activities (excludes \$4 attributable to redeemable noncontrolling interests)	—	—	—	—	2,190	—	2,190	
Issuance of common stock	29,243	292	304,691	—	—	—	304,983	
Share-based compensation	—	—	465	—	—	—	465	
Upfront offering costs, including selling commissions, dealer manager fees, and offering costs	—	—	(18,847)	—	—	—	(18,847)	
Trailing distribution fees	—	—	(12,545)	3,535	—	—	(9,010)	
Redemptions of common stock	(233)	(3)	(2,282)	—	—	—	(2,285)	
Distributions to stockholders (excludes \$39 attributable to redeemable noncontrolling interests)	—	—	—	(20,341)	—	—	(20,341)	
Redemption value allocation adjustment to redeemable noncontrolling interests	—	—	(81)	—	—	—	(81)	
Balance as of December 31, 2019	<u>49,275</u>	<u>\$ 492</u>	<u>\$ 451,526</u>	<u>\$ (47,730)</u>	<u>\$ 2,190</u>	<u>\$ 1</u>	<u>\$ 406,479</u>	
Net (loss) income (excludes \$83 attributable to redeemable noncontrolling interests)	—	—	—	(30,097)	—	5	(30,092)	
Change from cash flow hedging activities (excludes \$59 attributable to redeemable noncontrolling interests)	—	—	—	—	(11,940)	—	(11,940)	
Issuance of common stock	92,689	928	967,663	—	—	—	968,591	
Share-based compensation	—	—	1,544	—	—	—	1,544	
Upfront offering costs, including selling commissions, dealer manager fees, and offering costs	—	—	(46,594)	—	—	—	(46,594)	
Trailing distribution fees	—	—	(39,127)	10,634	—	—	(28,493)	
Redemptions of common stock	(493)	(5)	(4,862)	—	—	—	(4,867)	
Preferred interest in Subsidiary REITs	—	—	—	—	—	125	125	
Distributions to stockholders (excludes \$197 attributable to redeemable noncontrolling interests)	—	—	—	(61,582)	—	(5)	(61,587)	
Redemption value allocation adjustment to redeemable noncontrolling interests	—	—	(351)	—	—	—	(351)	
Balance as of December 31, 2020	<u>141,471</u>	<u>\$ 1,415</u>	<u>\$ 1,329,799</u>	<u>\$ (128,775)</u>	<u>\$ (9,750)</u>	<u>\$ 126</u>	<u>\$ 1,192,815</u>	
Net (loss) income (excludes \$498 attributable to redeemable noncontrolling interests)	—	—	—	(75,349)	—	20	(75,329)	
Change from cash flow hedging activities (excludes \$81 attributable to redeemable noncontrolling interests)	—	—	—	—	12,381	—	12,381	
Issuance of common stock	118,048	1,180	1,251,931	—	—	—	1,253,111	
Share-based compensation	—	—	1,618	—	—	—	1,618	
Upfront offering costs, including selling commissions, dealer manager fees, and offering costs	—	—	(22,537)	—	—	—	(22,537)	
Trailing distribution fees	—	—	(56,480)	16,022	—	—	(40,458)	
Redemptions of common stock	(2,350)	(24)	(25,085)	—	—	—	(25,109)	
Preferred interest in Subsidiary REITs	—	—	—	—	—	186	186	
Distributions to stockholders (excludes \$715 attributable to redeemable noncontrolling interests)	—	—	—	(109,468)	—	(20)	(109,488)	
Redemption value allocation adjustment to redeemable noncontrolling interests	—	—	(3,531)	—	—	—	(3,531)	
Balance as of December 31, 2021	<u>257,169</u>	<u>\$ 2,571</u>	<u>\$ 2,475,715</u>	<u>\$ (297,570)</u>	<u>\$ 2,631</u>	<u>\$ 312</u>	<u>\$ 2,183,659</u>	

See accompanying Notes to Consolidated Financial Statements.

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)	For the Year Ended December 31,		
	2021	2020	2019
Operating activities:			
Net loss	\$ (75,827)	\$ (30,175)	\$ (22,410)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Real estate-related depreciation and amortization	112,201	46,483	22,236
Equity in (income) loss from unconsolidated joint venture partnerships	(54,296)	1,790	—
Straight-line rent and amortization of above- and below-market leases	(14,719)	(7,744)	(4,420)
Other	3,762	2,553	1,416
Changes in operating assets and liabilities:			
Tenant receivables and other assets	(6,456)	(140)	(825)
Accounts payable and accrued liabilities	10,579	1,177	4,417
Due from / to affiliates, net	87,342	1,632	6,039
Net cash provided by operating activities	62,586	15,576	6,453
Investing activities:			
Real estate acquisitions	(2,620,937)	(473,000)	(533,027)
Incremental investment to acquire joint venture partnership portfolio	(584,809)	—	—
Deferred acquisition costs	(750)	(610)	(500)
Capital expenditures	(30,408)	(8,930)	(3,376)
Investment in unconsolidated joint venture partnerships	(7,505)	(325,890)	—
Distributions from joint venture partnerships	5,200	—	—
Net cash used in investing activities	(3,239,209)	(808,430)	(536,903)
Financing activities:			
Proceeds from mortgage note	1,078,390	118,500	—
Proceeds from line of credit	1,124,000	—	377,000
Repayments of line of credit	(1,124,000)	(107,000)	(389,000)
Proceeds from term loan	600,000	107,500	307,500
Repayments of notes to shareholders	—	—	(376)
Debt issuance costs paid	(13,776)	(1,050)	(4,458)
Proceeds from issuance of common stock	1,185,844	900,810	283,803
Proceeds from financing obligations	415,192	—	—
Offering costs paid in connection with issuance of common stock and private placements	(26,205)	(10,333)	—
Distributions paid to common stockholders, redeemable noncontrolling interest holders and preferred shareholders	(37,312)	(19,084)	(6,263)
Distribution fees paid to affiliates	(15,365)	(9,901)	(3,314)
Redemptions of common stock	(25,109)	(4,867)	(2,285)
Other	(200)	—	—
Net cash provided by financing activities	3,161,459	974,575	562,607
Net (decrease) increase in cash, cash equivalents and restricted cash	(15,164)	181,721	32,157
Cash, cash equivalents and restricted cash, at beginning of period	232,899	51,178	19,021
Cash, cash equivalents and restricted cash, at end of period	\$ 217,735	\$ 232,899	\$ 51,178

See accompanying Notes to Consolidated Financial Statements.

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. DESCRIPTION OF BUSINESS

Ares Industrial Real Estate Income Trust Inc. (the “Company”) is a Maryland corporation formed on August 12, 2014. Unless the context otherwise requires, the “Company” and “AIREIT” refers to Ares Industrial Real Estate Income Trust Inc. and its consolidated subsidiaries, which includes AIREIT Operating Partnership LP (the “Operating Partnership”). The Company is externally managed by its advisor. On July 1, 2021, Ares Management Corporation (“Ares”) closed on the acquisition of the U.S. real estate investment advisory and distribution business of Black Creek Group, including the Company’s former advisor, BCI IV Advisors LLC (the “Former Advisor”). As a result of closing of this transaction, Ares Commercial Real Estate Management LLC became the Company’s new advisor (the “New Advisor”). Ares did not acquire the Company’s former sponsor, BCI IV Advisors Group LLC (the “Former Sponsor”), and the Company now considers the Ares real estate group (“AREG”) to be its Sponsor. See “Note 12” for additional information regarding this transaction. References to the “Advisor” throughout this report mean BCI IV Advisors LLC for periods prior to July 1, 2021 and Ares Commercial Real Estate Management LLC for periods thereafter. References to the “Sponsor” throughout this report mean BCI IV Advisors Group LLC for periods prior to July 1, 2021 and Ares real estate group for periods thereafter.

The Company was formed to make equity and debt investments in income-producing real estate assets consisting primarily of high-quality distribution warehouses and other industrial properties that are leased to creditworthy corporate customers throughout the U.S. Creditworthiness does not necessarily mean investment grade and the majority of our customers do not have a public credit rating. Although the Company intends to focus investment activities primarily on distribution warehouses and other industrial properties, its charter and bylaws do not preclude it from investing in other types of commercial property, real estate debt, or real estate-related equity securities. As of December 31, 2021, the Company owned and managed a real estate portfolio that included 193 industrial buildings. The Company operates as one reportable segment comprised of industrial real estate.

The Company currently operates and has been elected to be treated as a real estate investment trust (“REIT”) for U.S. federal income tax purposes beginning with its taxable year ended December 31, 2017, and the Company intends to continue to operate in accordance with the requirements for qualification as a REIT. The Company utilizes an Umbrella Partnership Real Estate Investment Trust (“UPREIT”) organizational structure to hold all or substantially all of its properties and securities through the Operating Partnership, of which the Company is the sole general partner and a limited partner.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of management, the accompanying consolidated financial statements contain all adjustments and eliminations, consisting only of normal recurring adjustments necessary for a fair presentation in conformity with GAAP.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company, the Operating Partnership, and its wholly-owned subsidiaries, as well as amounts related to noncontrolling interests and redeemable noncontrolling interests. See “Noncontrolling Interests” and “Redeemable Noncontrolling Interests” below for further detail concerning the accounting policies regarding noncontrolling interests and redeemable noncontrolling interests. All material intercompany accounts and transactions have been eliminated.

The Operating Partnership meets the criteria of a variable interest entity (“VIE”) as the Operating Partnership’s limited partners do not have the right to remove the general partner and do not have substantive participating rights in the operations of the Operating Partnership. Pursuant to the operating partnership agreement, the Company is the primary beneficiary of the Operating Partnership as it has the obligation to absorb losses and receive benefits, and the power to control substantially all of the activities which most significantly impact the economic performance of the Operating Partnership. As such, the Operating Partnership continues to be consolidated within the Company’s consolidated financial statements.

Use of Estimates

GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from these estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period they are determined to be necessary.

Investment in Real Estate Properties

The Company first determines whether an acquisition constitutes a business or asset acquisition. Upon either a business or asset acquisition, the purchase price of a property is allocated to land, building, and intangible lease assets and liabilities based on their relative fair value. The allocation of the purchase price to building is based on management's estimate of the property's "as-if" vacant fair value. The "as-if" vacant fair value is determined by using all available information such as the replacement cost of such asset, appraisals, property condition reports, market data and other related information. The allocation of the purchase price to intangible lease assets represents the value associated with the in-place leases, which may include lost rent, leasing commissions, tenant improvements, legal and other related costs. The allocation of the purchase price to above-market lease assets and below-market lease liabilities results from in-place leases being above or below management's estimate of fair market rental rates at the acquisition date and are measured over a period equal to the remaining term of the lease for above-market leases and the remaining term of the lease, plus the term of any below-market fixed-rate renewal option periods, if applicable, for below-market leases. Intangible lease assets, above-market lease assets, and below-market lease liabilities are collectively referred to as "intangible lease assets and liabilities."

If any debt is assumed in an acquisition, the difference between the fair value and the face value of debt is recorded as a premium or discount and amortized to interest expense over the life of the debt assumed. No debt was assumed in connection with our 2021 or 2020 acquisitions. Transaction costs associated with the acquisition of a property are capitalized as incurred in an asset acquisition and are allocated to land, building, and intangible lease assets on a relative fair value basis. Properties that are probable to be sold are to be designated as "held for sale" on the balance sheet when certain criteria are met.

The results of operations for acquired properties are included in the consolidated statements of operations from their respective acquisition dates. Intangible lease assets are amortized to real estate-related depreciation and amortization over the remaining lease term. Above-market lease assets are amortized as a reduction in rental revenues over the remaining lease term and below-market lease liabilities are amortized as an increase in rental revenues over the remaining lease term, plus any applicable fixed-rate renewal option periods. The Company expenses any unamortized intangible lease asset or records an adjustment to rental revenue for any unamortized above-market lease asset or below-market lease liability when a customer terminates a lease before the stated lease expiration date.

Land, building, building and land improvements, tenant improvements, lease commissions, and intangible lease assets and liabilities, which are collectively referred to as "real estate assets," are stated at historical cost less accumulated depreciation and amortization. Costs associated with the development and improvement of the Company's real estate assets are capitalized as incurred. These costs include capitalized interest and development fees. Other than the transaction costs associated with the acquisition of a property described above, the Company does not capitalize any other costs, such as taxes, salaries or other general and administrative expenses. See "Capitalized Interest" below for additional detail. Costs incurred in making repairs and maintaining real estate assets are expensed as incurred.

Real estate-related depreciation and amortization are computed on a straight-line basis over the estimated useful lives as described in the following table:

Land	Not depreciated
Building	20 to 40 years
Building and land improvements	5 to 20 years
Tenant improvements	Lesser of useful life or lease term
Lease commissions	Over lease term
Intangible lease assets	Over lease term
Above-market lease assets	Over lease term
Below-market lease liabilities	Over lease term, including below-market fixed-rate renewal options

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Real estate assets that are determined to be held and used will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, and the Company will evaluate the recoverability of such real estate assets based on estimated future cash flows and the estimated liquidation value of such real estate assets, and provide for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the real estate asset. If impaired, the real estate asset will be written down to its estimated fair value.

Investment in Unconsolidated Joint Venture Partnerships

The Company analyzes its investment in an unconsolidated joint venture under GAAP to determine if the joint venture is a variable interest entity (“VIE”) and whether the requisite substantial participating rights described in the GAAP are held by the partners not affiliated with the Company. If the joint venture is not a VIE and the partners not affiliated with the Company hold substantial participating rights, the Company accounts for its investment in the joint venture under the equity method. Under the equity method, the investment is initially recorded at cost (including direct acquisition costs) and subsequently adjusted to reflect the Company’s proportionate share of equity in the joint venture’s net income (loss), distributions received, contributions made and certain other adjustments made, as appropriate, which is included in investment in unconsolidated joint venture partnerships on its consolidated balance sheets. The proportionate share of ongoing income or loss of the unconsolidated joint venture partnerships is recognized in equity in loss of unconsolidated joint venture partnerships on the consolidated statements of operations. The outside basis portion of the Company’s unconsolidated joint venture partnerships is amortized over the anticipated useful lives of the joint ventures’ tangible and intangible assets acquired and liabilities assumed.

When circumstances indicate there may have been a reduction in the value of an equity investment, the Company evaluates whether the loss is other than temporary. If the Company concludes it is other than temporary, an impairment charge is recognized to reflect the equity investment at fair value. No impairment losses were recorded related to the Company’s investment in unconsolidated joint venture partnerships for the year ended December 31, 2021. See “Note 5” for additional information regarding the Company’s investment in unconsolidated joint venture partnerships.

The Company may earn performance-based incentive fees based on a joint venture’s cumulative returns over a certain time period. The returns are determined by both the operating performance and real estate valuation of the venture, including highly variable inputs such as capitalization rates, market rents and interest rates. As these key inputs are highly volatile and out of the Company’s control, and such volatility can materially impact its performance-based incentive fee period over period, recognition of the performance-based incentive fee income is limited to amounts for which it is probable that a significant income reversal will not occur. See “Note 5” for additional information on the BTC II Partnership incentive fee distribution.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less. The Company may have bank balances in excess of federally insured amounts; however, the Company deposits its cash and cash equivalents with high credit-quality institutions to minimize credit risk.

Derivative Instruments

The Company records its derivative instruments at fair value. The accounting for changes in fair value of derivative instruments depends on whether it has been designated and qualifies as a hedge and, if so, the type of hedge. The Company’s interest rate swap derivative instruments are designated as cash flow hedges and are used to hedge exposure to variability in expected future interest payments. The change in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss) on the consolidated balance sheets and is subsequently reclassified into earnings as interest expense for the period that the hedged forecasted transaction affects earnings, which is when the interest expense is recognized on the related debt. The Company’s interest rate cap derivative instruments are not designated as hedges and therefore, changes in fair value must be recognized through income. The Company does not use derivative instruments for trading or speculative purposes.

Debt Issuance Costs

Debt issuance costs include fees and costs incurred to obtain long-term financing. These fees and costs are amortized to interest expense over the terms of the related credit facilities. Unamortized debt issuance costs are written off if debt is retired before its maturity date. Accumulated amortization of debt issuance costs was approximately \$5.3 million and \$2.9 million as of December 31, 2021 and 2020,

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respectively. For the years ended December 31, 2021, 2020 and 2019, the Company's interest expense included approximately \$2.4 million, \$1.2 million and \$1.1 million, respectively, of amortization of financing costs.

Capitalized Interest

The Company capitalizes interest as a cost of development on value-add buildings. Capitalization of interest for a particular asset begins when activities necessary to get the asset ready for its intended use are in progress and when interest costs have been incurred. Capitalization of interest ceases when the project is substantially complete and ready for occupancy. For the years ended December 31, 2021 and 2020, approximately \$1.2 million and \$0.6 million of interest was capitalized, respectively. No interest was capitalized for the years ended December 31, 2019.

Distribution Fees

Distribution fees are paid monthly. Distribution fees are accrued upon the issuance of Class T shares and Class D shares in the primary portion of the Company's public offerings. The Company accrues for: (i) the monthly amount payable as of the balance sheet date, and (ii) the estimated amount of distribution fees to be paid in future periods based on the Class T shares and Class D shares outstanding as of the balance sheet date. The accrued distribution fees are reflected in additional paid-in capital in stockholders' equity. See "Note 12" for additional information regarding when distribution fees become payable.

Noncontrolling Interests

Due to the Company's control of the Operating Partnership through its sole general partner interest and its limited partner interest, the Company consolidates the Operating Partnership. The limited partner interests not owned by the Company are presented as noncontrolling interests in the consolidated financial statements. The noncontrolling interests are reported on the consolidated balance sheets within permanent equity, separate from stockholders' equity. As the limited partner interests do not participate in the profits and losses of the Operating Partnership, there is no net income or loss attributable to this portion of noncontrolling interests on the consolidated statement of operations.

Noncontrolling interests also represent the portion of equity in an acquired subsidiary real estate investment trust ("Subsidiary REIT"), that the Company does not own. Such noncontrolling interests are equity instruments presented in the consolidated balance sheet as noncontrolling interests within permanent equity. See "Note 12 to the Consolidated Financial Statements" for additional information regarding the Subsidiary REIT.

Reclassifications

Certain items in the Company's consolidated balance sheets for 2020 have been reclassified to conform to the 2021 presentation. Intangible lease liabilities, net have been reclassified from other liabilities and are presented separately in the consolidated balance sheets. Straight-line and tenant receivables, deferred acquisition costs and due to affiliates have all been reclassified to other assets in the consolidated balance sheets. Due from affiliates has been reclassified to other liabilities and distributions payable has been reclassified to accounts payable and accrued expenses in the consolidated balance sheets.

Certain items in the Company's consolidated statements of operations for the year ended December 31, 2020 have been reclassified to conform to its 2021 presentation. Other income has been reclassified from interest expense and other and is presented separately in the consolidated statements of operations. Other expense reimbursements, related party has been reclassified to general and administrative expenses in the consolidated statements of operations. Additionally, the performance participation allocation and fixed component of the advisory fee are presented separately on the consolidated statements of operations, while previously presented together on the consolidated statements of operations.

Redeemable Noncontrolling Interests

The Former Sponsor held, either directly or indirectly, partnership units in the Operating Partnership ("OP Units"), which were issued as payment of the performance participation allocation (also referred to as the performance component of the advisory fee) pursuant to the fourth amended and restated advisory agreement (the "Advisory Agreement") by and among the Company, the Operating Partnership and the Advisor. Subsequent to the Transaction (as defined in "Note 12"), the Former Sponsor transferred these OP Units to its members or

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their affiliates. The Company has classified these OP Units as redeemable noncontrolling interests in mezzanine equity on the consolidated balance sheets due to the fact that, as defined in the operating partnership agreement, the limited partners who hold these OP Units have the ability to transfer or redeem its OP units at any time. The redeemable noncontrolling interests are recorded at the greater of the carrying amount, adjusted for the share of the allocation of income or loss and dividends, or the redemption value, which is equivalent to fair value, of such OP units at the end of each measurement period. See “Note 10” for additional information regarding redeemable noncontrolling interests.

Rental Revenue

When a lease is entered into, the Company first determines if the collectability from the tenant is probable. If the collectability is not probable the Company recognizes revenue when the payment has been received. If the collectability is determined to be probable the Company records rental revenue on a straight-line basis over the full lease term. Certain properties have leases that offer the tenant a period of time where no rent is due or where rent payments change during the term of the lease. Accordingly, the Company records receivables from tenants for rent that the Company expects to collect over the remaining lease term rather than currently, which are recorded as a straight-line rent receivable. Management analyzes accounts receivable by considering customer creditworthiness, current economic trends, including the impact of the outbreak of the current novel coronavirus (COVID-19) pandemic on customers’ businesses, and customers’ ability to make payments on time and in full when evaluating the adequacy of the allowance for doubtful accounts receivable. As of December 31, 2021, the impact of COVID-19 on customer collectability has been minimal and has not had a material impact on the consolidated financial statements. The Company evaluates collectability from its tenants on an ongoing basis, if the assessment of collectability changes during the lease term, any difference between the revenue that was recognized under the straight-line method and the lease payments that have been collected will be recognized as a current period adjustment to rental revenues. When the Company acquires a property, the term of each existing lease is considered to commence as of the acquisition date for purposes of this calculation. As of December 31, 2021 and 2020, the Company has no allowance for doubtful accounts.

In connection with property acquisitions, the Company may acquire leases with rental rates above or below estimated market rental rates. Above-market lease assets are amortized as a reduction to rental revenue over the remaining lease term, and below-market lease liabilities are amortized as an increase to rental revenue over the remaining lease term, plus any applicable fixed-rate renewal option periods.

The Company expenses any unamortized intangible lease asset or records an adjustment to rental revenue for any unamortized above-market lease asset or below-market lease liability by reassessing the estimated remaining useful life of such intangible lease asset or liability when it becomes probable a customer will terminate a lease before the stated lease expiration date.

Upon the disposition of an asset, the Company will evaluate the transaction to determine if control of the asset, as well as other specified criteria, has been transferred to the buyer to determine proper timing of recognizing gains or losses.

Organization and Offering Expenses

Organization costs are expensed as incurred and offering expenses associated with the Company’s public offerings are recorded as a reduction of gross offering proceeds in additional paid-in capital. See “Note 12” for additional information regarding organization and offering expenses.

Income Taxes

As a REIT, the Company generally is not subject to federal income taxes on net income it distributes to stockholders. The Company intends to make timely distributions sufficient to satisfy the annual distribution requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax on its taxable income at regular corporate tax rates. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property and federal income and excise taxes on its undistributed income.

Net Income (Loss) Per Common Share

The Company computes net income (loss) per common share by dividing net income (loss) by the weighted-average number of common shares outstanding during the period for each class. There are no class specific expenses and each class of common stock shares equally in the profits and losses of the Company. There were no dilutive shares for the years ended December 31, 2021, 2020 and 2019.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. At times, balances with any one financial institution may exceed the Federal Deposit Insurance Corporation insurance limits. The Company believes it mitigates this risk by investing its cash with high-credit quality financial institutions. As the Company's revenues predominantly consist of rental payments, it is dependent on its customers for its source of revenues. Concentration of credit risk arises when its source of revenue is highly concentrated from certain of its customers. As of December 31, 2021, no customers represented more than 10.0% of total annualized base rent of its properties.

Fair Value Measurements

Fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. Fair value measurements are categorized into one of three levels of the fair value hierarchy based on the lowest level of significant input used. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Considerable judgment and a high degree of subjectivity are involved in developing these estimates. These estimates may differ from the actual amounts that the Company could realize upon settlement.

The fair value hierarchy is as follows:

Level 1—Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2—Other observable inputs, either directly or indirectly, other than quoted prices included in Level 1, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets/liabilities in non-active markets (e.g., few transactions, limited information, non-current prices, high variability over time);
- Inputs other than quoted prices that are observable for the asset/liability (e.g., interest rates, yield curves, volatilities, default rates); and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3—Unobservable inputs that cannot be corroborated by observable market data.

Recently Adopted Accounting Standards

In August 2020, the FASB issued Accounting Standards Updated ("ASU") 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)" ("ASU 2020-06"), which updates various codification topics to simplify the accounting guidance for certain financial instruments with characteristics of liabilities and equity, with a specific focus on convertible instruments and the derivative scope exception for contracts in an entity's own equity. ASU 2020-06 is effective for annual and interim reporting periods beginning after December 15, 2021, with early adoption permitted for annual and interim reporting periods beginning after December 15, 2020. The Company adopted this standard as of the reporting period beginning January 1, 2021. The Company's adoption of this standard did not have a material effect on its consolidated financial statements.

In January 2021, the FASB issued ASU 2021-01 "Reference Rate Reform (Topic 848)" ("ASU 2021-01") to refine the scope of ASU 2020-04 and clarify the guidance as part of FASB's ongoing monitoring of global reference rate reform activities. The ASU extends the guidance to provide optional expedients and exceptions for applying GAAP to derivative contracts if certain criteria are met. The amendments only apply to derivative contracts that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2021-01 is effective for annual and interim reporting periods beginning after March 12, 2020, with early adoption permitted, through December 31, 2022. The expedients and exceptions do not apply to derivative contracts entered into after December 31, 2022. The Company adopted this standard immediately upon its issuance. The adoption did not have a material effect on the Company's consolidated financial statements.

3. REAL ESTATE ACQUISITIONS

During the years ended December 31, 2021 and 2020, the Company acquired 100% of the following properties, which were determined to be asset acquisitions:

(\$ in thousands)	Acquisition Date	Number of Buildings	Total Purchase Price (1)
2021 Acquisitions:			
Gerwig Distribution Center	1/8/2021	1	\$ 19,274
Harvill Business Center	3/10/2021	1	60,588
Princess Logistics Center	4/12/2021	1	74,075
Rancho Cucamonga Business Center	5/28/2021	1	24,624
Norton Distribution Center	6/1/2021	1	32,413
Build-To-Core Logistics Portfolio (2)	6/15/2021	22	876,731
Benchmark Distribution Center	6/18/2021	1	19,651
Key Logistics Portfolio	7/14/2021	48	916,766
Stonewood Logistics Center	7/16/2021	1	19,343
Heron Industrial Center	7/21/2021	1	25,999
Colony Crossing Logistics Portfolio	8/17/2021	2	21,569
Harvill Industrial Center Land	8/23/2021	—	7,532
Commerce Farms Logistics Center	8/25/2021	1	63,821
North County Commerce Center	8/30/2021	5	147,132
Performance Distribution Center	9/7/2021	1	29,532
Madison Distribution Center	9/17/2021	1	13,002
355 Logistics Center	10/1/2021	2	65,422
1 Stanley Drive	10/6/2021	1	22,239
Gilbert Gateway Commerce Park	10/6/2021	3	88,155
California Business Center	10/21/2021	2	31,070
Molto Portfolio	11/17/2021	6	204,964
Walker Mill Industrial Center	11/18/2021	1	17,205
Greater Boston Portfolio	11/22/2021	2	37,358
McDonald Portfolio	12/16/2021	14	395,754
Valwood Industrial Center	12/17/2021	4	43,132
Riggs Hill Industrial Center	12/17/2021	1	5,659
Port Crossing Logistics Center	12/21/2021	1	31,994
Hainesport Commerce Center	12/21/2021	1	132,810
Beltway Logistics Center	12/22/2021	1	28,053
Clackamas Industrial Center	12/23/2021	1	51,174
Total Acquisitions		128	\$ 3,507,041

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(\$ in thousands)	Acquisition Date	Number of Buildings	Total Purchase Price (1)
2020 Acquisitions:			
Norcross Industrial Center	3/23/2020	1	\$ 9,505
Port 146 Distribution Center	4/14/2020	1	9,571
Lima Distribution Center	4/15/2020	1	11,622
Valwood Crossroads	5/11/2020	2	69,999
Eaglepoint Logistics Center	5/26/2020	1	40,216
7A Distribution Center II	5/27/2020	1	23,218
Legacy Logistics Center	6/3/2020	1	39,718
Logistics Center at 33	6/4/2020	1	63,285
Intermodal Logistics Center	6/29/2020	1	28,628
Executive Airport II & III	9/3/2020	2	33,200
Airpark International Logistics Center	10/9/2020	2	30,201
Carlstadt Industrial Center	11/10/2020	2	37,530
Nelson Industrial Center	12/7/2020	1	9,032
Miraloma Industrial Center	12/10/2020	1	9,498
Pennsy Logistics Center	12/18/2020	2	60,097
Total Acquisitions		20	\$ 475,320

- (1) Total purchase price is equal to the total consideration paid plus any debt assumed at fair value. There was no debt assumed in connection with the 2021 and 2020 acquisitions.
- (2) Refer to “Note 5” for further detail regarding the acquisition of the Build-To-Core Logistics Portfolio as a result of the BTC I Partnership Transaction.

During the years ended December 31, 2021 and 2020, the Company allocated the purchase price of its acquisitions to land, building and improvements, and intangible lease assets and liabilities as follows:

(in thousands)	For the Year Ended December 31,	
	2021	2020
Land	\$ 740,909	\$ 124,368
Building and improvements	2,612,901	313,833
Intangible lease assets	210,332	38,954
Above-market lease assets	6,417	2,438
Construction in progress	8,067	—
Below-market lease liabilities	(71,585)	(4,273)
Total purchase price (1)	\$ 3,507,041	\$ 475,320

- (1) Total purchase price is equal to the total consideration paid plus any debt assumed at fair value. There was no debt assumed in connection with the 2021 and 2020 acquisitions.

Intangible and above-market lease assets are amortized over the remaining lease term. Below-market lease liabilities are amortized over the remaining lease term, plus any below-market, fixed-rate renewal option periods. The weighted-average amortization periods for the intangible lease assets and liabilities acquired in connection with the Company’s acquisitions during the years ended December 31, 2021 and 2020, as of the respective date of each acquisition, was 4.9 years and 5.9 years, respectively.

4. INVESTMENT IN REAL ESTATE

As of December 31, 2021 and 2020, the Company's consolidated investment in real estate properties consisted of 193 and 65 industrial buildings, respectively.

(in thousands)	As of December 31,	
	2021	2020
Land	\$ 1,127,147	\$ 385,988
Building and improvements	3,510,401	885,489
Intangible lease assets	342,538	119,765
Construction in progress	27,075	4,203
Investment in real estate properties	5,007,161	1,395,445
Less accumulated depreciation and amortization	(186,269)	(72,924)
Net investment in real estate properties	\$ 4,820,892	\$ 1,322,521

Intangible Lease Assets and Liabilities

Intangible lease assets and liabilities as of December 31, 2021 and 2020 included the following:

(in thousands)	As of December 31, 2021			As of December 31, 2020		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible lease assets (1)	\$ 332,176	\$ (74,001)	\$ 258,175	\$ 115,821	\$ (32,699)	\$ 83,122
Above-market lease assets (1)	10,362	(1,838)	8,524	3,944	(694)	3,250
Below-market lease liabilities	(89,056)	12,624	(76,432)	(17,471)	5,862	(11,609)

(1) Included in net investment in real estate properties on the consolidated balance sheets.

The following table details the estimated net amortization of such intangible lease assets and liabilities, as of December 31, 2021, for the next five years and thereafter:

(in thousands)	Estimated Net Amortization		
	Intangible Lease Assets	Above-Market Lease Assets	Below-Market Lease Liabilities
Year 1	\$ 67,302	\$ 1,594	\$ 15,295
Year 2	53,785	1,490	13,055
Year 3	40,436	1,233	11,041
Year 4	29,296	1,091	9,218
Year 5	19,710	995	6,392
Thereafter	47,646	2,121	21,431
Total	\$ 258,175	\$ 8,524	\$ 76,432

Future Minimum Rent

Future minimum base rental payments, which equal the cash basis of monthly contractual rent, owed to the Company from its customers under the terms of non-cancelable operating leases in effect as of December 31, 2021, excluding rental revenues from the potential renewal or replacement of existing leases, were as follows for the next five years and thereafter:

(in thousands)	As of December 31, 2021
Year 1	\$ 211,739
Year 2	190,224
Year 3	166,692
Year 4	136,186
Year 5	106,054
Thereafter	282,385
Total	\$ 1,093,280

Rental Revenue Adjustments and Depreciation and Amortization Expense

The following table summarizes straight-line rent adjustments, amortization recognized as an increase (decrease) to rental revenues from above- and below-market lease assets and liabilities, and real estate-related depreciation and amortization expense:

(in thousands)	For the Year Ended December 31,		
	2021	2020	2019
Increase (Decrease) to Rental Revenue:			
Straight-line rent adjustments	\$ 9,101	\$ 4,859	\$ 2,703
Above-market lease amortization	(1,144)	(483)	(196)
Below-market lease amortization	6,762	3,368	1,913
Real Estate-Related Depreciation and Amortization:			
Depreciation expense	\$ 70,898	\$ 25,489	\$ 11,952
Intangible lease asset amortization	41,303	20,994	10,284

5. INVESTMENT IN UNCONSOLIDATED JOINT VENTURE PARTNERSHIPS

On July 15, 2020, the Company acquired, from a subsidiary of Industrial Property Trust (“IPT”), interests in two joint venture partnerships, the Build-To-Core Industrial Partnership I LP (the “BTC I Partnership”) and the Build-To-Core Industrial Partnership II LP (the “BTC II Partnership”) and, together with the BTC I Partnership, the “BTC Partnerships”). The BTC Partnerships were formed with third party investors for purposes of investing in industrial properties located in certain major U.S. distribution markets.

On June 15, 2021, the Company, through two of its subsidiaries, entered into a transaction (the “BTC I Partnership Transaction”) with its joint venture partners in the BTC I Partnership, QR Master Holdings USA II LP (the “QR Limited Partner”) and Industrial Property Advisors Sub I LLC (the “BTC I SLP”). The BTC I SLP is indirectly owned by the Chairman of the Company’s board of directors. Pursuant to the BTC I Partnership Transaction, the Company, the QR Limited Partner, and the BTC I SLP agreed to split the real property portfolio of the BTC I Partnership in an equitable manner, such that following the split, the Company and the QR Limited Partner (together with certain of its affiliates), each own a 100% interest in approximately half of the portfolio of the BTC I Partnership (excluding one property that was distributed to the BTC I SLP). As a result of this transaction, the Company has a 100% interest in 22 buildings that were previously part of the BTC I Partnership (the “Build-To-Core Logistics Portfolio”). The Company and the BTC I SLP have no further interest in the BTC I Partnership as a result of the BTC I Partnership Transaction. The total cost of these properties to the Company is \$876.7 million, which includes the cost of the Company’s minority joint venture interest in the BTC I Partnership and the Company’s incremental additional investment of approximately \$580 million, exclusive of transaction costs, to effect the split of the BTC I Portfolio. The Company has elected the cost accumulation and allocation model to account for the BTC I Partnership Transaction, which allocates the cost of the acquisition at the carrying amount of the previously held interest, along with the incremental consideration paid and transaction costs incurred based on relative fair values.

The Agreement of Limited Partnership of the BTC II Partnership, as amended (the “BTC II Partnership Agreement”) contains procedures for making incentive fee distributions to the Company and Industrial Property Advisors Sub IV LLC (“BTC II SLP”), an affiliate of the Advisor, which are subject to the achievement of certain return thresholds. The thresholds to calculate and realize the incentive fee were achieved in the fourth quarter of 2021. Prior to the incentive fee distribution, the Company, through a subsidiary, owned an 8.0% minority interest in the BTC II Partnership, as general partner and as a limited partner. A third-party institutional investor (“QR Limited Partner”), owned a 90.0% limited partner interest and an entity in which three of the Company’s affiliated directors and each of the Company’s executive officers own an interest (“BCG Limited Partner”) owned a 2.0% limited partner interest. In addition, the BTC II SLP owned a special limited partner interest in the BTC II Partnership. The Company elected to receive its portion of the incentive fee distribution as an increase of its interest in the BTC II Partnership from 8.0% to 12.0%, in lieu of cash. The BTC II SLP elected to receive a portion of its share of the incentive fee distribution as a cash payment of \$84.5 million and the remainder was issued as a 7.8% interest in the BTC II Partnership. The increase in the Company’s ownership was recognized within equity in (income) loss from unconsolidated joint venture partnership(s) in the amount of \$47.7 million on the consolidated statement of operations in the fourth quarter of 2021.

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The Company has reported its investments in the BTC Partnerships under the equity method on its consolidated balance sheets, because with respect to the BTC I Partnership, for the period prior to the BTC I Partnership Transaction, the Company had the ability to exercise significant influence but did not have control over the partnership. Similarly, with respect to the BTC II Partnership, the Company has the ability to exercise significant influence but does not have control of the partnership. The following table summarizes the Company's investment in the BTC Partnerships:

(\$ in thousands)	As of				Investment in Unconsolidated Joint Venture Partnership(s) as of	
	December 31, 2021		December 31, 2020		December 31, 2021	December 31, 2020
	Ownership Percentage	Number of Buildings (1)	Ownership Percentage	Number of Buildings (1)		
BTC I Partnership	— %	—	26.8 %	42	\$ —	\$ 279,108
BTC II Partnership	12.0 %	29	8.0 %	25	101,769	45,134
Total BTC Partnerships		29		67	\$ 101,769	\$ 324,242

(1) Represents acquired or completed buildings.

As of December 31, 2021, the book value of the Company's investment in the BTC II Partnership was \$101.8 million, which includes \$39.6 million of outside basis difference. The outside basis difference originated from the difference between the purchase price paid by the Company for the minority ownership interest in the BTC II Partnership, which was based on fair value, and the book value of the Company's share of the underlying net assets and liabilities of the joint venture partnership. The difference between the fair value and book value of the Company's additional share of underlying net assets and liabilities received as payment of the incentive fee distribution resulted in additional outside basis during the year ended December 31, 2021. See "Note 17 to the Consolidated Financial Statements" for information regarding transactions effected subsequent to December 31, 2021 with respect to the BTC II Partnership.

6. DEBT

The Company's consolidated indebtedness is currently comprised of borrowings under its line of credit, term loans and mortgage notes. Borrowings under the non-recourse mortgage notes are secured by mortgages or deeds of trust and related assignments and security interests in collateralized and certain cross-collateralized properties, which are generally owned by single purpose entities. A summary of the Company's debt is as follows:

(\$ in thousands)	Weighted-Average Effective Interest Rate as of			Balance as of	
	December 31, 2021	December 31, 2020	Maturity Date	December 31, 2021	December 31, 2020
Line of credit (1)	1.40 %	1.44 %	November 2023	\$ —	\$ —
Term loan (2)	2.23	2.23	February 2024	415,000	415,000
Term loan (3)	1.66	—	May 2026	600,000	—
Fixed-rate mortgage notes (4)	2.93	3.14	August 2024 - January 2029	628,890	167,750
Floating-rate mortgage notes (5)	1.74	—	January 2025 - July 2025	617,250	—
Total principal amount / weighted-average (6)	2.14 %	2.49 %		\$ 2,261,140	\$ 582,750
Less unamortized debt issuance costs				\$ (16,106)	\$ (4,430)
Add mark-to-market adjustment on assumed debt, net				639	851
Total debt, net				\$ 2,245,673	\$ 579,171
Gross book value of properties encumbered by debt				\$ 1,835,561	\$ 299,318

- The effective interest rate is calculated based on either: (i) the London Interbank Offered Rate ("LIBOR") plus a margin ranging from 1.30% to 2.10%; or (ii) an alternative base rate plus a margin ranging from 0.30% to 1.10%, each depending on the Company's consolidated leverage ratio. Customary fall-back provisions apply if LIBOR is unavailable. The line of credit is available for general corporate purposes including, but not limited to, the acquisition and operation of permitted investments by the Company. As of December 31, 2021, total commitments for the line of credit were \$430.0 million, and the unused and available portions under the line of credit were both \$430.0 million.
- The effective interest rate is calculated based on either (i) LIBOR plus a margin ranging from 1.25% to 2.05%; or (ii) an alternative base rate plus a margin ranging from 0.25% to 1.05%, depending on the Company's consolidated leverage ratio. The weighted-

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- average effective interest rate is the all-in interest rate, including the effects of interest rate swap agreements. This term loan is available for general corporate purposes including, but not limited to, the acquisition and operation of permitted investments by the Company.
- (3) The effective interest rate is calculated based on either (i) LIBOR plus a margin ranging from 1.35% to 2.20%; or (ii) an alternative base rate plus a margin ranging from 0.35% to 1.20%, depending on the Company’s consolidated leverage ratio. The weighted-average effective interest rate is the all-in interest rate, including the effects of interest rate swap agreements. This term loan is available for general corporate purposes including, but not limited to, the acquisition and operation of permitted investments by the Company.
 - (4) Interest rates range from 2.85% to 3.75%. The assets and credit of each of the Company’s consolidated properties pledged as collateral for the Company’s mortgage notes are not available to satisfy the Company’s other debt and obligations, unless the Company first satisfies the mortgage notes payable on the respective underlying properties.
 - (5) The effective interest rate of the \$209.3 million mortgage note is calculated based on LIBOR plus a margin of 1.50%. The effective interest rate of the \$408.0 million mortgage note is calculated based on an Adjusted Secured Overnight Financing Rate (“Adjusted SOFR”) plus a margin of 1.65%.
 - (6) The weighted-average remaining term of the Company’s consolidated debt was approximately 4.2 years as of December 31, 2021, excluding any extension options on the line of credit and the floating-rate mortgage notes.

As of December 31, 2021, the principal payments due on the Company’s consolidated debt during each of the next five years and thereafter were as follows:

(in thousands)	Line of Credit (1)	Term Loans	Mortgage Notes (2)	Total
2022	\$ —	\$ —	\$ —	\$ —
2023	—	—	—	—
2024	—	415,000	38,000	453,000
2025	—	—	617,250	617,250
2026	—	600,000	—	600,000
Thereafter	—	—	590,890	590,890
Total principal payments	\$ —	\$ 1,015,000	\$ 1,246,140	\$ 2,261,140

- (1) The line of credit matures in November 2023 and the term may be extended pursuant to a one-year extension option, subject to certain conditions.
- (2) The \$209.3 million mortgage note matures in July 2025 and the term may be extended pursuant to a one-year extension option, subject to certain conditions. The \$408.0 million mortgage note matures in January 2025 and the term may be extended pursuant to two one-year extension options, subject to certain conditions.

In July 2017, the Financial Conduct Authority (“FCA”) that regulates LIBOR announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee (“ARRC”), which identified the Secured Overnight Financing Rate (“SOFR”) as its preferred alternative rate for LIBOR in derivatives and other financial contracts. The Company is not able to predict when LIBOR will cease to be available or when there will be sufficient liquidity in the SOFR markets. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change. In addition, uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in the current form.

LIBOR is expected to be phased out or modified by June 2023. As of December 31, 2021, the Company’s term loans and \$209.3 million mortgage note are its only indebtedness with initial or extended maturity dates beyond 2023 that have exposure to LIBOR. The agreements governing the term loans provide procedures for determining a replacement or alternative base rate in the event that LIBOR is discontinued. However, there can be no assurances as to whether such replacement or alternative base rate will be more or less favorable than LIBOR. As of December 31, 2021, the Company has interest rate swaps in place to hedge LIBOR on \$350.0 million of commitments under its \$415.0 million term loan and on \$225.0 million of commitments under its \$600.0 million term loan. Additionally, we have one interest rate cap in place on \$170.0 million of borrowings under our \$209.3 million mortgage note, as of December 31, 2021. The Company intends to monitor the developments with respect to the potential phasing out of LIBOR after 2023 and work with its lenders to seek to ensure any transition away from LIBOR will have minimal impact on its financial condition but can provide no assurances regarding the impact of the discontinuation of LIBOR.

Debt Covenants

The Company's line of credit, term loans and mortgage note agreements contain various property-level covenants, including customary affirmative and negative covenants. In addition, the line of credit and term loan agreements contain certain corporate level financial covenants, including leverage ratio, fixed charge coverage ratio, and tangible net worth thresholds. The Company was in compliance with all covenants as of December 31, 2021.

Derivative Instruments

To manage interest rate risk for certain of its variable-rate debt, the Company uses interest rate swaps as part of its risk management strategy. These derivatives are designed to mitigate the risk of future interest rate increases by providing a fixed interest rate for a limited, pre-determined period of time. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the interest rate swap agreements without exchange of the underlying notional amount. Interest rate caps involve the receipt of variable amounts from a counterparty at the end of each period in which the interest rate exceeds the agreed fixed price. Interest rate caps are not designated as hedges. Certain of the Company's variable-rate borrowings are not hedged, and therefore, to an extent, the Company has on-going exposure to interest rate movements.

For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss is recorded as a component of accumulated other comprehensive income (loss) ("AOCI") on the consolidated balance sheets and is reclassified into earnings as interest expense for the same period that the hedged transaction affects earnings, which is when the interest expense is recognized on the related debt. The gain or loss on the derivative instrument is presented in the same line item on the consolidated statement of operations as the earnings effect of the hedged item. The interest rate cap derivative instruments are not designated as hedges and therefore, changes in fair value are recognized through income.

During the next 12 months, the Company estimates that approximately \$2.8 million will be reclassified as an increase to interest expense related to active effective hedges of existing floating-rate debt.

The following table summarizes the location and fair value of the derivative instruments on the Company's consolidated balance sheets as of December 31, 2021 and 2020:

(\$ in thousands)	Number of Contracts	Notional Amount	Balance Sheet Location	Fair Value
As of December 31, 2021				
Interest rate swaps	10	\$ 575,000	Other assets	\$ 2,653
Interest rate caps	2	578,000	Other assets	3,164
Total derivative instruments	12	\$ 1,153,000		\$ 5,817
As of December 31, 2020				
Interest rate swaps	7	\$ 350,000	Other liabilities	\$ (9,809)

The following table presents the effect of the Company's derivative instruments on the Company's consolidated financial statements:

(in thousands)	For the Year Ended December 31,		
	2021	2020	2019
Derivative Instruments Designated as Cash Flow Hedges			
Gain (loss) recognized in AOCI	\$ 8,298	\$ (14,140)	\$ 2,642
Amount reclassified from AOCI into interest expense	4,164	2,141	(452)
Total interest expense presented in the consolidated statements of operations in which the effects of the cash flow hedges are recorded	30,463	13,012	9,115
Derivative Instruments Not Designated as Cash Flow Hedges			
Loss recognized in income	\$ (177)	\$ —	\$ —

7. DST PROGRAM

On May 1, 2021, the Company initiated a program to raise capital through private placement offerings by selling beneficial interests (the “DST Interests”) in specific Delaware statutory trusts holding real properties (the “DST Program”). Under the DST Program, each private placement offers interests in one or more real properties placed into one or more Delaware statutory trust(s) by the Operating Partnership or its affiliates (“DST Properties”). DST Properties may be sourced from properties currently indirectly owned by the Operating Partnership or newly acquired properties. The underlying interests of real properties sold to investors pursuant to such private placements are leased-back by an indirect wholly owned subsidiary of the Operating Partnership on a long-term basis. These master lease agreements are fully guaranteed by the Operating Partnership. Additionally, the Operating Partnership retains a fair market value purchase option giving it the right, but not the obligation, to acquire the interests in the Delaware statutory trusts from the investors at a later time in exchange for OP Units.

Under the master lease, the Company is responsible for subleasing the property to occupying customers and all underlying costs associated with operating the property, and is responsible for paying rent to the Delaware statutory trust that owns such property. As such, for financial reporting purposes (and not for income tax purposes), the DST Properties are included in the Company’s consolidated financial statements, with the master lease rent payment obligations taking the place of the cost of equity and debt capital. Accordingly, for financial reporting purposes, the rental revenues and rental expenses associated with the underlying property of each master lease are included in the respective line item on the consolidated statements of operations. Consistent with the foregoing, rental payments made to the Delaware statutory trusts pursuant to the master lease agreements are accounted for using the interest method whereby a portion is accounted for as interest expense and a portion is accounted for as an accretion or amortization of the outstanding principal balance of the financing obligations. The net amount the Company receives from the underlying properties subject to the master lease may be more or less than the amount it pays to the investors of the DST Program and could fluctuate over time.

Consistent with the financial reporting position described herein, the proceeds from each private placement under the DST Program are accounted for as a financing obligation on the consolidated balance sheets due to the fact that the Company has an option (which may or may not be exercised) to purchase the interests in the Delaware statutory trusts and thereby acquire the real property owned by the Delaware statutory trusts. Consistent with the financial reporting position described herein, upfront costs incurred for services provided by the Advisor and its affiliates related to the DST Program are accounted for as deferred loan costs and are netted against the financing obligation.

In order to facilitate additional capital raise through the DST Program, the Company has made and may continue to offer loans (“DST Program Loans”) to finance a portion of the sale of DST Interests in the trusts holding DST Properties to potential investors. As of December 31, 2021, there were approximately \$68.8 million of outstanding DST Program Loans that the Company has made to partially finance the sale of DST Interests. DST Program Loans are evidenced by promissory notes from the investor, secured by the investor’s DST Interests, and based on commercially reasonable terms. DST Program Loans bear interest at market rates that may be fixed or based on LIBOR, or an alternate rate in the event LIBOR is not available, and are non-recourse to the investor (except for certain non-recourse carve-outs). Accordingly, the Company includes its investments in DST Program Loans separately on its consolidated balance sheets in the “DST Program Loans” line item and includes approximately \$0.9 million of income earned from DST Program Loans in “other income” on its statements of operations. The Company does not have a significant credit concentration with any individual purchaser as a result of DST Program Loans.

During the year ended December 31, 2021, the Company sold approximately \$492.2 million in gross interests related to the DST Program, including interests financed by \$68.8 million of DST Program Loans, and incurred rent obligations of approximately \$6.0 million under its master lease agreements with investors who are participating in the DST Program.

Refer to “Note 12” for detail relating to the fees paid to the Advisor, the Dealer Manager and their affiliates for raising capital through the DST Program.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair Value Measurements on a Recurring Basis

The following table presents the Company’s financial instruments measured at fair value on a recurring basis as of December 31, 2021 and 2020:

(in thousands)	Level 1	Level 2	Level 3	Total Fair Value
As of December 31, 2021				
Assets				
Interest rate swaps	\$ —	\$ 2,653	\$ —	\$ 2,653
Interest rate caps	—	3,164	—	3,164
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 5,817</u>	<u>\$ —</u>	<u>\$ 5,817</u>
As of December 31, 2020				
Liabilities				
Interest rate swaps	\$ —	\$ (9,809)	\$ —	\$ (9,809)
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ (9,809)</u>	<u>\$ —</u>	<u>\$ (9,809)</u>

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Derivative Instruments. The derivative instruments are interest rate swaps and an interest rate cap whose fair value is estimated using market-standard valuation models. Such models involve using market-based observable inputs, including interest rate curves. The Company incorporates credit valuation adjustments to appropriately reflect both its nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements, which the Company has concluded are not material to the valuation. Due to derivative instruments being unique and not actively traded, the fair value is classified as Level 2. See “Note 6” above for further discussion of the Company’s derivative instruments.

Nonrecurring Fair Value of Financial Measurements

As of December 31, 2021 and 2020, the fair values of cash and cash equivalents, restricted cash, tenant receivables, prepaid expenses, other assets, due from/to affiliates, accounts payable and accrued liabilities, and distributions payable approximate their carrying values due to the short-term nature of these instruments. The table below includes fair values for certain of the Company’s financial instruments for which it is practicable to estimate fair value. The carrying values and fair values of these financial instruments were as follows:

(in thousands)	As of December 31, 2021		As of December 31, 2020	
	Carrying Value (1)	Fair Value	Carrying Value (1)	Fair Value
Assets:				
DST Program Loans	\$ 68,772	\$ 68,772	\$ —	\$ —
Liabilities:				
Term loans	1,015,000	1,015,000	415,000	411,787
Mortgage notes	1,246,140	1,247,307	167,750	172,008

(1) The carrying value reflects the principal amount outstanding.

9. STOCKHOLDERS’ EQUITY

Public Offerings

The Company intends to conduct a continuous public offering that will not have a predetermined duration, subject to continued compliance with the rules and regulations of the SEC and applicable state laws. On August 4, 2021, the SEC declared the Company’s registration statement on Form S-11 with respect to its third public offering of up to \$5.0 billion of shares of its common stock effective, and the third public offering commenced the same day. The Company’s second public offering of up to \$2.0 billion of shares of its common stock was terminated immediately upon the effectiveness of the registration statement for the third public offering. Under the third public offering, the Company is offering up to \$3.75 billion of shares of its common stock in the primary offering and up to \$1.25 billion of shares of its common stock pursuant to its distribution reinvestment plan, in any combination of Class T shares, Class D shares (formerly designated as

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Class W shares) and Class I shares. The Company may reallocate amounts between the primary offering and distribution reinvestment plan.

The Class T shares, Class D shares, and Class I shares, all of which are collectively referred to herein as shares of common stock, have identical rights and privileges, including identical voting rights, but have differing fees that are payable on a class-specific basis. The per share amount of distributions paid on Class T shares and Class D shares will be lower than the per share amount of distributions paid on Class I shares because of the distribution fees payable with respect to Class T shares and Class D shares sold in the primary offering.

Pursuant to its public offerings, the Company offered and continues to offer shares of its common stock at the “transaction price,” plus applicable selling commissions and dealer manager fees. The “transaction price” generally is equal to the net asset value (“NAV”) per share of the Company’s common stock most recently disclosed. The Company’s NAV per share is calculated as of the last calendar day of each month for each of its outstanding classes of stock, and will be available generally within 15 calendar days after the end of the applicable month. Shares issued pursuant to the Company’s distribution reinvestment plan are offered at the transaction price, as indicated above, in effect on the distribution date. The Company may update a previously disclosed transaction price in cases where the Company believes there has been a material change (positive or negative) to its NAV per share relative to the most recently disclosed monthly NAV per share.

Summary of the Public Offerings

A summary of the Company’s public offerings, including shares sold through the primary offering and the Company’s distribution reinvestment plan (“DRIP”), as of December 31, 2021, is as follows:

(in thousands)	Class T	Class D	Class I	Total
Amount of gross proceeds raised:				
Primary offering	\$ 2,126,507	\$ 137,799	\$ 382,352	\$ 2,646,658
DRIP	82,216	4,927	5,164	92,307
Total offering	<u>\$ 2,208,723</u>	<u>\$ 142,726</u>	<u>\$ 387,516</u>	<u>\$ 2,738,965</u>
Number of shares issued:				
Primary offering	200,987	13,385	36,495	250,867
DRIP	7,932	474	481	8,887
Total offering	<u>208,919</u>	<u>13,859</u>	<u>36,976</u>	<u>259,754</u>

As of December 31, 2021, approximately \$4.6 billion in shares of common stock remained available for sale pursuant to the Company’s follow-on public offerings in any combination of Class T, Class D and Class I shares, including approximately \$1.2 billion in shares of common stock available for sale through the Company’s distribution reinvestment plan, which may be reallocated for sale in the primary offering.

Common Stock

The following table summarizes the changes in the shares outstanding for each class of common stock for the periods presented below:

(in thousands)	Class T Shares	Class D Shares	Class I Shares (1)	Total Shares
Balance as of December 31, 2018	19,759	161	345	20,265
Issuance of common stock:				
Primary shares	24,705	2,584	935	28,224
DRIP	887	36	20	943
Stock grants	—	—	76	76
Redemptions	(111)	(45)	(77)	(233)
Balance as of December 31, 2019	<u>45,240</u>	<u>2,736</u>	<u>1,299</u>	<u>49,275</u>
Issuance of common stock:				
Primary shares	83,136	5,032	1,451	89,619
DRIP	2,622	155	64	2,841
Stock grants	—	—	229	229
Redemptions	(433)	(57)	(3)	(493)
Balance as of December 31, 2020	<u>130,565</u>	<u>7,866</u>	<u>3,040</u>	<u>141,471</u>
Issuance of common stock:				
Primary shares	73,534	5,614	33,790	112,938
DRIP	4,234	283	387	4,904
Stock grants	—	—	233	233
Redemptions	(2,204)	(114)	(32)	(2,350)
Forfeitures	—	—	(27)	(27)
Balance as of December 31, 2021	<u>206,129</u>	<u>13,649</u>	<u>37,391</u>	<u>257,169</u>

(1) Includes 20,000 Class I shares sold to the Advisor in November 2014. See “Note 12” for additional information.

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Distributions. The following table summarizes the Company’s distribution activity (including distributions reinvested in shares of the Company’s common stock) for each of the quarters ended below:

(in thousands, except per share data)	Amount				
	Declared per Common Share (1)	Paid in Cash	Reinvested in Shares	Distribution Fees (2)	Gross Distributions (3)
2021					
December 31	\$ 0.13625	\$ 12,434	\$ 16,895	\$ 5,146	\$ 34,475
September 30	0.13625	11,020	15,219	4,263	30,502
June 30	0.13625	8,552	12,295	3,373	24,220
March 31	0.13625	6,721	10,310	3,240	20,271
Total	\$ 0.54500	\$ 38,727	\$ 54,719	\$ 16,022	\$ 109,468
2020					
December 31	\$ 0.13625	\$ 6,159	\$ 9,315	\$ 3,230	\$ 18,704
September 30	0.13625	5,601	8,451	2,952	17,004
June 30	0.13625	5,194	7,812	2,710	15,716
March 31	0.13625	3,339	5,077	1,742	10,158
Total	\$ 0.54500	\$ 20,293	\$ 30,655	\$ 10,634	\$ 61,582
2019					
December 31	\$ 0.13625	\$ 2,058	\$ 3,242	\$ 1,105	\$ 6,405
September 30	0.13625	1,841	2,866	992	5,699
June 30	0.13625	1,558	2,319	818	4,695
March 31	0.13625	1,178	1,744	620	3,542
Total	\$ 0.54500	\$ 6,635	\$ 10,171	\$ 3,535	\$ 20,341

- (1) Amounts reflect the quarterly distribution rate authorized by the Company’s board of directors per Class T share, per Class D share, and per Class I share of common stock. Distributions were declared and paid as of monthly record dates. These monthly distributions have been aggregated and presented on a quarterly basis. The distributions on Class T shares and Class D shares of common stock are reduced by the respective distribution fees that are payable with respect to such Class T shares and Class D shares.
- (2) Distribution fees are paid monthly to the Ares Wealth Management Solutions, LLC (formerly known as Black Creek Capital Markets, LLC, the “Dealer Manager”) with respect to Class T shares and Class D shares issued in the primary portion of the Company’s public offerings only. Refer to “Note 12” for further detail regarding distribution fees.
- (3) Gross distributions are total distributions before the deduction of any distribution fees relating to Class T shares and Class D shares issued in the primary portion of the Company’s public offerings.

Redemptions

Subject to certain restrictions and limitations, a stockholder may redeem shares of the Company’s common stock, regardless of share class, for cash at a price equal to the transaction price in effect as of the last calendar day of that month, except that shares of the Company’s common stock that have not been outstanding for at least one year will be redeemed at 95.0% of the transaction price. The “transaction price” generally will be equal to the NAV per share of the Company’s common stock most recently disclosed by the Company. Redemptions are limited by the Company in accordance with a monthly and quarterly cap. While the Company is not obligated to redeem shares of its common stock under its share redemption program, it intends to redeem shares under its share redemption program on a monthly basis. However, the Company’s board of directors may determine from time to time to adjust the timing of redemptions or suspend or otherwise modify the Company’s share redemption program.

The following table summarizes the Company’s redemption activity for the periods presented below:

(in thousands, except per share data)	For the Year Ended December 31,		
	2021	2020	2019
Number of eligible shares redeemed	2,350	493	233
Aggregate dollar amount of shares redeemed	\$ 25,109	\$ 4,867	\$ 2,285
Average redemption price per share	\$ 10.68	\$ 9.87	\$ 9.81

10. REDEEMABLE NONCONTROLLING INTERESTS

The Operating Partnership issued OP Units to the Former Sponsor as payment of the performance participation allocation (also referred to as the performance component of the advisory fee) pursuant to the Advisory Agreement. The Former Sponsor subsequently transferred these OP Units to its members or their affiliates. The Company has classified these OP Units as redeemable noncontrolling interests in mezzanine equity on the consolidated balance sheets because, as provided in the agreement of limited partnership of the Operating Partnership (the “Partnership Agreement”), the limited partners who hold these OP Units have the ability to tender the OP Units at any time, irrespective of the period that they have held such OP Units, and the Operating Partnership is required to satisfy such redemption for cash unless such cash redemption would be prohibited by applicable law or the Partnership Agreement, in which case such OP Units will be redeemed for shares of the Company’s common stock of the class corresponding to the class of such OP Units. The redeemable noncontrolling interests are recorded at the greater of the carrying amount, adjusted for its share of the allocation of income or loss and dividends, or the redemption value, which is equivalent to fair value, of such OP Units at the end of each measurement period.

The following table summarizes the redeemable noncontrolling interests activity for the years ended December 31, 2021 and 2020:

(\$ in thousands)	For the Year Ended December 31,	
	2021	2020
Balance at beginning of year	\$ 3,648	\$ 723
Settlement of prior year performance participation allocation (1)	9,640	2,913
Distributions to redeemable noncontrolling interests	(715)	(197)
Net loss attributable to redeemable noncontrolling interests	(498)	(83)
Change from cash flow hedging activities attributable to redeemable noncontrolling interests	81	(59)
Redemption value allocation adjustment to redeemable noncontrolling interests	3,531	351
Balance at end of year	\$ 15,687	\$ 3,648

- (1) The 2020 performance participation allocation in the amount of \$9.6 million became payable to the Former Sponsor on December 31, 2020. At the Advisor’s election, it was paid in the form of Class I OP Units valued at \$9.6 million (based on the NAV per unit as of December 31, 2020), which were issued to the Former Sponsor in January 2021 and subsequently transferred to its members or their affiliates. The 2019 performance participation allocation in the amount of \$2.9 million became payable to the Former Sponsor on December 31, 2019. At the Advisor’s election, it was paid in the form of Class I OP Units valued at \$2.9 million (based on the NAV per unit as of December 31, 2019), which were issued to the Former Sponsor in January 2020 and subsequently transferred to its members or their affiliates.

11. INCOME TAXES

Distributions

Distributions to stockholders are characterized for U.S. federal income tax purposes as: (i) ordinary income; (ii) non-taxable return of capital; or (iii) long-term capital gain. Distributions that exceed the Company’s current and accumulated tax earnings and profits constitute a return of capital and reduce the stockholders’ basis in the common shares. To the extent that a distribution exceeds both current and accumulated earnings and profits and the stockholders’ basis in the common shares, the distributions will generally be treated as a gain from the sale or exchange of such stockholders’ common shares. For taxable years beginning before January 1, 2026, all distributions (other than distributions designated as capital gain distributions and distributions traceable to distributions from a taxable REIT subsidiary) which are received by a pass-through entity or an individual, are eligible for a 20% deduction from gross income. At the beginning of

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each year, the Company notifies its stockholders of the taxability of the distributions paid during the preceding year. The unaudited preliminary taxability of the Company's 2021, 2020 and 2019 distributions were:

(unaudited)	For the Year Ended December 31,		
	2021	2020	2019
Ordinary income	11.6 %	7.1 %	— %
Non-taxable return of capital	34.8	92.9	100.0
Long-term capital gain	53.6	—	—
Total distribution	100.0 %	100.0 %	100.0 %

Our overall taxability increased in 2021 as compared to 2020 primarily due to increased capital gain taxability, which was driven by the BTC I Transaction and the sale of assets to the taxable REIT subsidiary ("TRS") associated with the initiation of the AIREX DST Program during 2021. Additionally, the increase in ordinary income taxability was primarily driven by the significant growth of the Company during 2021.

12. RELATED PARTY TRANSACTIONS

The Company relies on the Advisor, a related party, to manage the Company's day-to-day operating and acquisition activities and to implement the Company's investment strategy pursuant to the terms of the Advisory Agreement. The current term of the Advisory Agreement ends May 1, 2022, subject to renewals by the Company's board of directors for an unlimited number of successive one-year periods. The Dealer Manager provides dealer manager services in connection with the third public offering pursuant to the terms of the dealer manager agreement, dated as of February 11, 2022 (the "Dealer Manager Agreement"), by and among the Company, the Advisor and the Dealer Manager. On July 1, 2021, Ares closed on the acquisition of Black Creek Group's U.S. real estate investment advisory and distribution business, including the Company's Former Advisor (the "Transaction"). On the same date, the Company's Former Advisor assigned the then-current advisory agreement to the Company's New Advisor. Ares did not acquire the Former Sponsor, and the Company now considers Ares real estate group to be the Company's sponsor. Prior to the Transaction, the Former Sponsor, which owned the Former Advisor, was directly or indirectly majority owned by the estate of John A. Blumberg, James R. Mulvihill and Evan H. Zucker and/or their affiliates and the Former Sponsor and the Former Advisor were jointly controlled by the estate of Mr. Blumberg, Messrs Mulvihill and Zucker and/or their respective affiliates. The Advisor, the Sponsor and the Dealer Manager receive compensation in the form of fees and expense reimbursements for services relating to the public offerings and for the investment and management of the Company's assets. The following is a description of the fees and expense reimbursements payable to the Advisor, the Sponsor, and the Dealer Manager. This summary does not purport to be a complete summary of the Advisory Agreement, the Dealer Manager Agreement, and the tenth amended and restated limited partnership agreement of the Operating Partnership.

Selling Commissions, Dealer Manager Fees and Distribution Fees. The Dealer Manager is entitled to receive upfront selling commissions and dealer manager fees with respect to Class T shares sold in the primary offering. The upfront selling commissions and dealer manager fees are calculated as a percentage of the offering price at the time of purchase of such shares. All or a portion of the upfront selling commissions and dealer manager fees will be retained by, or reallocated to, participating broker dealers. In addition, the Dealer Manager is entitled to receive ongoing distribution fees based on the NAV of Class T shares and Class D shares sold in the primary portion of the offerings. The distribution fees will be payable monthly in arrears and will be paid on a continuous basis from year to year. The Dealer Manager will reallocate the distribution fees to participating broker dealers and broker dealers servicing accounts of investors who own Class T shares and/or Class D shares. The following table details the selling commissions, dealer manager fees and distribution fees applicable for each share class. With respect to Class T shares, the distribution fees were payable at a rate of 1.0% of NAV per annum for periods prior to March 1, 2021. With respect to Class D shares, the distribution fees are payable at a rate of 0.25% of NAV per annum for periods after December 31, 2021.

	Class T	Class D	Class I
Selling commissions (as % of offering price)	up to 2.0 %	— %	— %
Dealer manager fees (as % of offering price)	up to 2.5 %	— %	— %
Distribution fees (as % of NAV per annum)	0.85 %	0.50 %	— %

The Company will cease paying the distribution fees with respect to individual Class T shares and Class D shares when they are no longer outstanding, including as a result of a conversion to Class I shares. Each Class T share or Class D share held within a stockholder's account shall automatically and without any action on the part of the holder thereof convert into a number of Class I shares at the applicable conversion rate on the earliest of: (i) a listing of any shares of the Company's common stock on a national securities exchange;

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(ii) the Company's merger or consolidation with or into another entity, or the sale or other disposition of all or substantially all of the Company's assets; and (iii) the end of the month in which the Dealer Manager, in conjunction with the Company's transfer agent, determines that the total upfront selling commissions, upfront dealer manager fees and ongoing distribution fees paid with respect to all shares of such class held by such stockholder within such account (including shares purchased through the distribution reinvestment plan or received as stock dividends) equals or exceeds 8.5% of the aggregate purchase price of all shares of such class held by such stockholder within such account and purchased in the primary portion of the offerings.

Advisory Fee. The advisory fee consists of a fixed component and a performance participation allocation. The fixed component of the advisory fee includes a fee that will be paid monthly to the Advisor for asset management services provided to the Company in an amount equal to 1/12th of 1.25% of (a) the applicable monthly NAV per Fund Interest times the weighted-average number of Fund Interests for such month and (b) the consideration received by the Company or its affiliates for selling interests in properties under the DST Program. Prior to February 16, 2021, the fixed component of the advisory fee was accrued in the amount of 1/12th of 0.80% of the aggregate cost of each real property asset within the Company's portfolio. "Fund Interests" means the outstanding shares of the Company's common stock and any OP Units held by third parties.

The performance participation allocation, which will be paid to the holder of a separate series of partnership interests in the Operating Partnership with special distribution rights (the "Special Units"), is a performance based amount in the form of an allocation and distribution. This amount will be paid to the holder of the Special Units, so long as the Advisory Agreement has not been terminated, as a performance participation interest with respect to the Special Units or, at the election of the Advisor, all or a portion of this amount will be paid instead to the Special Unit Holder in the form of a cash fee, as described in the Advisory Agreement.

The performance participation allocation is calculated as the lesser of: (1) 12.5% of (a) the annual total return amount less (b) any loss carryforward; and (2) the amount equal to (x) the annual total return amount, less (y) any loss carryforward, less (z) the amount needed to achieve an annual total return amount equal to 5.0% of the NAV per Fund Interest at the beginning of such year (the "Hurdle Amount"). The foregoing calculations are calculated on a per Fund Interest basis and multiplied by the weighted average Fund Interests outstanding during the year. In no event will the performance participation allocation be less than zero. Accordingly, if the annual total return amount exceeds the Hurdle Amount plus the amount of any loss carryforward, then the performance participation allocation will be equal to 100.0% of such excess, but limited to 12.5% of the annual total return amount that is in excess of the loss carryforward.

The "annual total return amount" referred to above means all distributions paid or accrued per Fund Interest plus any change in NAV per Fund Interest since the end of the prior calendar year, adjusted to exclude the negative impact on annual total return resulting from the Company's payment or obligation to pay, or distribute, as applicable, the performance participation allocation as well as ongoing distribution fees (i.e., the Company's ongoing class-specific fees). If the performance participation allocation is being calculated with respect to a year in which the Company completes a liquidity event, for purposes of determining the annual total return amount, the change in NAV per Fund Interest will be deemed to equal the difference between the NAV per Fund Interest as of the end of the prior calendar year and the value per Fund Interest determined in connection with such liquidity event, as described in the Advisory Agreement. The "loss carryforward" referred to above tracks any negative annual total return amounts from prior years and offsets the positive annual total return amount for purposes of the calculation of the performance participation allocation. The loss carryforward was zero as of December 31, 2021.

Organization and Offering Expenses. The Advisor agreed to advance all of the Company's organization and offering expenses on the Company's behalf, excluding upfront selling commissions, dealer manager fees and distribution fees, through December 31, 2019. The Company agreed to reimburse the Advisor for all such advanced expenses ratably over the 60 months following December 31, 2019 and reimbursed in full in January 2021, as described below. Beginning January 1, 2020, the Company either pays organization and offering expenses directly or reimburses the Advisor and the Dealer Manager for any organization and offering expenses that it pays on the Company's behalf as and when incurred. The Company's total cumulative organization and offering expenses may not exceed 15.0% of the gross proceeds from the primary portion of the applicable offering. As such, the Company would not consider organization and offering expenses above that amount to be payable, but such amounts may become payable in the future. As of December 31, 2020, the Company's cumulative organization and offering expenses had not exceeded 15.0% of the gross proceeds from the primary portion of the offerings. There were no organization and offering expenses owed to the Advisor by the Company as of December 31, 2021.

Development Fees. Pursuant to the Advisory Agreement, the Company has agreed to pay the Advisor a development fee in connection with providing services related to the development, construction, improvement or stabilization, including tenant improvements, of development properties or overseeing the provision of these services by third parties on behalf of the Company. The fee will be an amount

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that will be equal to 4.0% of total project cost of the development property (or the Company's proportional interest therein with respect to real property held in joint ventures or other entities that are co-owned). If the Advisor engages a third party to provide development services, the third party will be compensated directly by the Company, and the Advisor will receive the development fee if it provides development oversight services.

Fees from Other Services. The Company may retain certain of the Advisor's affiliates, from time to time, for services relating to the Company's investments or its operations, which may include property management services, leasing services, corporate services, statutory services, transaction support services, construction and development management, and loan management and servicing, and within one or more such categories, providing services in respect of asset and/or investment administration, accounting, technology, tax preparation, finance, treasury, operational coordination, risk management, insurance placement, human resources, legal and compliance, valuation and reporting-related services, as well as services related to mortgage servicing, group purchasing, healthcare, consulting/brokerage, capital markets/credit origination, property, title and/or other types of insurance, management consulting and other similar operational matters. Any fees paid to the Advisor's affiliates for any such services will not reduce the advisory fees. Any such arrangements will be at market rates or reimbursement of costs.

Acquisition Expense Reimbursements. Pursuant to the Advisory Agreement, subject to certain limitations, the Company agreed to reimburse the Advisor for all acquisition expenses incurred on the Company's behalf in connection with the selection, acquisition, development or origination of its investments, whether or not such investments are acquired. As these expense reimbursements were not directly attributable to a specified property, they were expensed as incurred on the consolidated statements of operations.

Property-Level Accounting Services. Pursuant to the Advisory Agreement, the Company has agreed to pay the Advisor a property accounting fee in connection with providing services related to accounting for real property operations, including the maintenance of the real property's books and records in accordance with GAAP and the Company's policies, procedures, and internal controls, in a timely manner, and the processing of real property-related cash receipts and disbursements. The property accounting fee is equal to the difference between: (i) the property management fee charged with respect to each real property, which reflects the market rate for all real property management services, including property-level accounting services, based on rates charged for similar properties within the region or market in which the real property is located, and (ii) the amount paid to third-party property management firms for property management services, which fee is based on an arm's length negotiation with a third party property management service provider (the difference between (i) and (ii), the "property accounting fee").

DST Program

DST Program Dealer Manager Fees. In connection with the DST Program, as described in "Note 7," Ares Industrial Real Estate Exchange LLC ("AIREX," formerly known as Black Creek Industrial Exchange LLC), a wholly-owned subsidiary of our taxable REIT subsidiary that is wholly-owned by the Operating Partnership, entered into a dealer manager agreement with the Dealer Manager, pursuant to which the Dealer Manager agreed to conduct the private placements for interests reflecting an indirect ownership of up to \$1.5 billion of interests. The Advisor, Dealer Manager and certain of their affiliates receive fees and reimbursements in connection with their roles in the DST Program, which costs are substantially funded by the private investors in that program, through one or more purchase price "mark ups" of the initial estimated fair value of the DST Properties to be sold to investors, fees paid by the investors at the time of investment, or deductions from distributions paid to such investors.

AIREX will pay certain up-front fees and reimburse certain related expenses to the Dealer Manager with respect to capital raised through the DST Program. AIREX is obligated to pay the Dealer Manager a dealer manager fee of up to 1.5% of gross equity proceeds raised and a commission of up to 5.0% of gross equity proceeds raised through the private placements. In addition, with respect to certain classes of interests (or the corresponding classes of OP Units or shares for which they may be exchanged in certain circumstances) we, the Operating Partnership or AIREX will pay the Dealer Manager ongoing fees in amounts up to 1.0% of the equity investment or net asset value thereof per year. The Dealer Manager may re-allow such commissions, ongoing fees and a portion of such dealer manager fees to participating broker dealers. In addition, pursuant to the dealer manager agreement for the DST Program, we, or our subsidiaries, are obligated to reimburse the Dealer Manager for (a) customary travel, lodging, meals and reasonable entertainment expenses incurred in connection with the private placements; (b) costs and expenses of conducting educational conferences and seminars, attending broker-dealer sponsored conferences, or educational conferences sponsored by AIREX; (c) customary promotional items; and (d) legal fees of the Dealer Manager.

Pursuant to the Advisory Agreement and Operating Partnership Agreement, DST Properties are included when calculating the fixed advisory fee and the performance participation allocation due to the Advisor. Furthermore, because the Advisor funds certain Dealer

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Manager personnel costs that are not reimbursed under the DST Program dealer manager agreement, we have also agreed to pay the Advisor a fee equal to the fee paid by DST Program investors for these costs, which is up to 1.5% of the total equity amount paid for the interests.

DST Manager Fees. AIREX Manager LLC (formerly known as BC Industrial Exchange Manager LLC, the “DST Manager”), a wholly owned subsidiary of the Operating Partnership, acts, directly or through a wholly-owned subsidiary, as the manager of each Delaware statutory trust holding a DST Property, but has assigned all of its rights and obligations as manager (including fees and reimbursements received) to AIREX Advisor LLC (“DST Advisor”), an affiliate of the Advisor. While the intention is to sell 100% of the interests to third parties, AIREX may hold an interest for a period of time and therefore could be subject to the following description of fees and reimbursements paid to the DST Manager. The DST Manager will have primary responsibility for performing administrative actions in connection with the trust and any DST Property and has the sole power to determine when it is appropriate for a trust to sell a DST Property. For its services, DST Advisor will receive, through the DST Manager, (i) a management fee equal to a stated percentage (e.g., 1.0%) of the gross rents payable to the trust, with such amount to be set on a deal-by-deal basis, (ii) a loan fee of up to 1.0% for any financing provided by us in connection with the DST Program (in which case a subsidiary of ours would provide the debt financing and earn interest thereon, as discussed further below), (iii) reimbursement of certain expenses associated with the establishment, maintenance and operation of the trust and DST Properties and the sale of any DST Property to a third party, and (iv) up to 1.0% of the gross equity proceeds as compensation for the development and design of the DST Program and ongoing oversight of the offering and the DST Program. Furthermore, to the extent that the Operating Partnership exercises its fair market value purchase option to acquire the interests from the investors at a later time in exchange for OP Units, and such investors subsequently submit such OP Units for redemption pursuant to the terms of the Operating Partnership, a redemption fee of up to 1.0% of the amount otherwise payable to a limited partner upon redemption will be paid to DST Manager subject to the terms of the applicable DST Program offering documents.

In connection with the DST Program, AIREX maintains a loan program and may, upon request, provide DST Program Loans to certain purchasers of the interests in the DST Interests to finance a portion of the purchase price payable upon their acquisition of such DST Interests (the “Purchase Price”). The DST Program Loans are made by a subsidiary of ours (the “DST Lender”). The DST Program Loans may differ in original principal amounts. The original principal amount of the DST Program Loans expressed as a percentage of the total Purchase Price for the applicable DST Interests may also vary, but no DST Program Loan to any purchaser will exceed 50% of the Purchase Price paid by such purchaser for its DST Interest in the Trust, excluding the amount of the Origination Fee, as hereinafter defined. Each purchaser that elects to obtain a DST Program Loan, will pay an origination fee to the DST Manager equal to up to 1.0% of the original principal amount of its DST Program Loan (the “Origination Fee”) upon origination of such DST Program Loan, which Origination Fee will be assigned by the DST Manager to an affiliate of the Advisor. The purchaser will be required to represent, among other things, that no portion of the Purchase Price for its DST Interest and no fee paid in connection with the acquisition of its DST Interest (including, without limitation, the Origination Fee) has been or will be funded with any nonrecourse indebtedness other than the DST Program Loan.

The table below summarizes the fees and expenses incurred by the Company for services provided by the Advisor and its affiliates, and by the Dealer Manager related to the services described above, and any related amounts payable:

(in thousands)	For the Year Ended December 31,			Payable as of	
	2021	2020	2019	December 31, 2021	December 31, 2020
Selling commissions and dealer manager fees (1)	\$ 15,046	\$ 39,190	\$ 11,697	\$ —	\$ —
Ongoing distribution fees (1)(2)	16,022	10,634	3,535	1,779	1,122
Advisory fee—fixed component	28,558	9,653	4,585	3,864	1,345
Performance participation allocation	81,185	9,640	2,913	81,185	9,640
Other expense reimbursements (3)(4)	11,434	9,928	8,706	707	2,706
Property accounting fee (5)	1,262	603	313	166	59
DST Program selling commissions, dealer manager fees and distribution fees (1)	3,527	—	—	190	—
Other DST Program related costs (4)	5,925	—	—	61	—
Development fees (6)	937	24	—	78	24
Total	\$ 163,896	\$ 79,672	\$ 31,749	\$ 88,030	\$ 14,896

(1) All or a portion of these amounts will be retained by, or reallocated (paid) to, participating broker-dealers and servicing broker-dealers.

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- (2) The distribution fees are payable monthly in arrears. Additionally, the Company accrues for future estimated amounts payable related to ongoing distribution fees. The future estimated amounts payable were approximately \$85.4 million and \$45.0 million as of December 31, 2021 and 2020, respectively.
- (3) Other expense reimbursements include certain expenses incurred for organization and offering, acquisition and general administrative services provided to us under the advisory agreement, including, but not limited to, certain expenses described below after footnote 6, allocated rent paid to both third parties and affiliates of the Advisor, equipment, utilities, insurance, travel and entertainment.
- (4) Includes costs reimbursed to the Advisor related to the DST Program.
- (5) The cost of the property management fee, including the property accounting fee, is generally borne by the tenant or tenants at each real property, either via a direct reimbursement to the Company or, in the case of tenants subject to a gross lease, as part of the lease cost. In certain limited circumstances, the Company may pay for a portion of the property management fee, including the property accounting fee, without reimbursement from the tenant or tenants at a real property.
- (6) Development fees are included in the total development project costs of the respective properties and are capitalized in construction in progress, which is included in net investment in real estate properties on the Company's consolidated balance sheets. Amounts also include the Company's proportionate share of development acquisition fees relating to the BTC Partnerships, which are included in investment in unconsolidated joint venture partnership(s) on the Company's consolidated balance sheets.

Certain of the expense reimbursements described in the table above include a portion of the compensation expenses of officers, including a portion of the salary, bonus and benefits of certain of the Company's named executive officers, as well as employees of the Advisor or its affiliates related to activities for which the Advisor did not otherwise receive a separate fee. The Company reimbursed the Advisor approximately \$10.1 million, \$8.3 million and \$7.0 million for the years ended December 31, 2021, 2020 and 2019 respectively, for such compensation expenses.

As of December 31, 2020, \$17.1 million of organization and offering costs that the Advisor had incurred on the Company's behalf through December 31, 2019, remained payable to the Advisor. The Company paid this amount to the Advisor in full in January 2021. The Company now pays offering costs directly as and when incurred.

Transactions with Affiliates

The Operating Partnership issued 100 Special Units to the Former Sponsor for consideration of \$1,000. The Special Units are classified as noncontrolling interests. On July 1, 2021, the initial 20,000 shares were assigned to the Advisor. On July 1, 2021, the 100 Special Units were assigned to the Advisor and in December 2021, the Advisor assigned the 100 Special Units to its subsidiary, BCI IV Incentive Fee LP (the "Special Unit Holder").

Performance Participation Allocation

The 2021 performance participation allocation in the amount of \$81.2 million became payable on December 31, 2021, and was issued as 6,494,463 Class I OP units in January 2022 to the Special Unit Holder. At the direction of the Advisor and in light of our former sponsor having been the holder of the Special Units for the first six months of 2021, the Special Unit Holder designated 1,610,730 of these Class I OP Units to an entity owned indirectly by the Company's Chairman, Mr. Zucker, and 1,610,730 of these Class I OP Units to an entity owned indirectly by a member of our former sponsor. The Special Unit Holder transferred 3,273,003 Class I OP Units to the Advisor thereafter and, at the request of the Advisor, the Operating Partnership subsequently redeemed all such Class I OP Units for \$40.9 million. The 2020 performance participation allocation in the amount of \$9.6 million became payable to the Former Sponsor, as the former holder of the Special Units, on December 31, 2020, and was issued as 950,358 Class I OP units in January 2021 and subsequently transferred to its members, which included Mr. Zucker. Such Class I OP Units were issued at the NAV per unit as of December 31st of the respective year for which the performance participation allocation became payable. As a result of these transactions, as of February 1, 2022, Mr. Zucker owns 2,047,831 Class I OP Units.

Joint Venture Partnerships

For the year ended December 31, 2021, the BTC Partnerships (as described in “Note 5”) incurred in aggregate approximately \$10.1 million in acquisition and asset management fees, and fees related to development, which were paid to affiliates of the Advisor pursuant to the respective service agreements, as compared to \$6.2 million for the period from July 16, 2020 (the date the Company acquired an interest in the BTC Partnerships) through December 31, 2020. The BTC I Partnership incurred these amounts for periods in 2021 prior to the BTC I Partnership Transaction only. The Company had amounts due to the BTC II Partnership of approximately \$0.2 million as of December 31, 2021, which were recorded in other liabilities on the consolidated balance sheets, and had amounts due from the BTC Partnerships in aggregate of approximately \$25,000, as of December 31, 2020, which were recorded in other assets on the consolidated balance sheets.

As of December 31, 2020, the BTC I Partnership owed the Company \$3.2 million for the Company’s overpayment of the required contributions associated with the BTC I Partnership incentive distribution, which was recorded in accounts payable and accrued expenses on the consolidated balance sheets. The BTC I Partnership returned the overpayment of the required contributions to the Company in January 2021. In addition, see “Note 5 to the Consolidated Financial Statements” for information about the BTC II Partnership Transaction and see “Note 17 to the Consolidated Financial Statements” for information regarding transactions effected subsequent to December 31, 2021 with respect to the BTC II Partnership.

Expense Support Agreement

On January 1, 2019, the Company, the Advisor and the Operating Partnership entered into the Second Amended and Restated Expense Support Agreement (the “Expense Support Agreement”). The Expense Support Agreement amended and restated the agreement that had been entered into by the Company, the Operating Partnership and the Advisor in October 2016, which was subsequently amended and restated as of July 1, 2017. Pursuant to the Expense Support Agreement, the Advisor agreed to defer certain fees and fund certain of the Company’s expenses, subject to the terms of the agreement. The Expense Support Agreement was not renewed after the expiration of its effective term on December 31, 2020 and the Company does not expect to receive any additional expense support from the Advisor in the future.

The table below provides information regarding the fees deferred and expense support provided by the Advisor, pursuant to the Expense Support Agreement. The Expense Support Agreement was not renewed after the expiration of its effective term on December 31, 2020. The total aggregate amount paid by the Advisor pursuant to the Expense Support Agreement was \$27.1 million, and as of December 31, 2020, all reimbursable amounts had been paid in their entirety, and no amounts remain to be reimbursed to the Advisor.

(in thousands)	For the Year Ended December 31,		
	2021	2020	2019
Fees deferred	\$ —	\$ 3,896	\$ 3,895
Other expenses supported	—	9,609	2,243
Total expense support from Advisor	\$ —	\$ 13,505	\$ 6,138
Reimbursement of previously deferred fees and other expenses supported	—	(13,505)	(13,606)
Total expense support from Advisor, net (1)	\$ —	\$ —	\$ (7,468)

- (1) As of December 31, 2021 and 2020, no amounts related to expense support were payable to or receivable from the Advisor. As of December 31, 2019, approximately \$5.4 million was payable to the Advisor by the Company and was included in other liabilities on the consolidated balance sheets.

13. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information and disclosure of non-cash investing and financing activities is as follows:

(in thousands)	For the Year Ended December 31,		
	2021	2020	2019
Interest paid, net of capitalized interest	\$ 23,529	\$ 12,180	\$ 7,810
Distributions payable	11,747	6,450	2,241
Distributions reinvested in common stock	52,223	28,590	9,482
Increase in DST Program Loans receivable through DST Program capital raising	68,772	—	—
Redeemable noncontrolling interests issued as settlement of performance participation allocation	9,640	2,913	723
Non-cash redemption of minority ownership interest in BTC I Partnership	279,340	—	—
Change in accrued future ongoing distribution fees	40,458	28,493	9,010
Non-cash settlement of incentive fee income included in equity in (income) loss from unconsolidated joint venture partnership(s)	47,678	—	—
Non-cash selling commissions and dealer manager fees	15,046	39,190	11,697

Restricted Cash

Restricted cash consists of lender and property-related escrow accounts, as well as utility deposits. The following table presents the components of the beginning of period and end of period cash, cash equivalents and restricted cash reported within the consolidated statements of cash flows:

(in thousands)	For the Year Ended December 31,		
	2021	2020	2019
Beginning of period:			
Cash and cash equivalents	\$ 232,369	\$ 51,178	\$ 19,016
Restricted cash	530	—	5
Cash, cash equivalents and restricted cash	<u>\$ 232,899</u>	<u>\$ 51,178</u>	<u>\$ 19,021</u>
End of period:			
Cash and cash equivalents	\$ 216,848	\$ 232,369	\$ 51,178
Restricted cash	887	530	—
Cash, cash equivalents and restricted cash	<u>\$ 217,735</u>	<u>\$ 232,899</u>	<u>\$ 51,178</u>

14. NONCONTROLLING INTERESTS

Special Units

In November 2014, the Operating Partnership issued 100 Special Units to the parent of the Former Advisor for consideration of \$1,000. On July 1, 2021, the 100 Special Units were assigned to the Advisor. In December 2021, the Special Units were assigned by the Advisor to the Special Unit Holder. The holder of the Special Units does not participate in the profits and losses of the Operating Partnership. The holder of the Special Units will be paid a performance participation allocation. Refer to “Note 10” for details regarding the performance participation allocation and Class I OP Units issued as payment for the performance participation allocation. This amount will be paid to the Special Unit Holder, so long as the Advisory Agreement has not been terminated, as a performance participation interest with respect to the Special Units or, at the election of the Advisor, will be paid instead to the Advisor in the form of a cash fee, as described in the Advisory Agreement. The limited partner interests not owned by the Company are presented as noncontrolling interests in the consolidated financial statements. The noncontrolling interests are reported on the consolidated balance sheets within permanent equity, separate from stockholders’ equity.

Subsidiary REITs

As of December 31, 2021, the Company indirectly owns and controls the managing member of three subsidiary REITs. Noncontrolling interests represent the portion of equity in the subsidiary REIT that the Company does not own. Such noncontrolling interests are equity instruments presented in the consolidated balance sheet as of December 31, 2021 as noncontrolling interests within permanent equity. The preferred shares are non-voting and have no rights to income or loss. The preferred shares are redeemable by the respective subsidiary REIT at the discretion of the Company, through its ownership and control of the managing member. The following table includes details for each Subsidiary REIT:

Subsidiary REIT Acquisition	Date Acquired	Number of Shares	Par Value	Annual Preferred Dividend	Dividend Payable as of December 31,	
					2021 (1)	2020 (1)
Executive Airport II	9/3/2020	125	\$ 1,000	12.5%	\$ 7,812	\$ 7,812
Build-To-Core Logistics Portfolio	6/15/2021	122	\$ 500	12.0%	\$ —	\$ —
Hainesport Commerce Center	12/21/2021	125	\$ 1,000	12.0%	\$ —	\$ —

(1) Recorded in accounts payable and accrued expenses on the Company's consolidated balance sheets.

15. SIGNIFICANT RISKS AND UNCERTAINTIES

Significant Risks and Uncertainties

One of the most significant risks and uncertainties is the adverse effect of the current novel coronavirus ("COVID-19") pandemic. The extent of the impact from COVID-19 on the commercial real estate sector continues to vary dramatically across real estate property types and markets, with certain property segments such as hospitality, gaming, shopping malls, senior housing, and student living being impacted particularly hard. While not immune to the effects of COVID-19, the industrial property sector in which the Company invests continues to remain relatively resilient; however, during 2020 the Company had customers request rent deferral or rent abatement. These rent deferrals did not have a material effect on the Company's results of operations for the years ended December 31, 2020 and the Company did not receive requests for rent deferral or rent abatement during the year ended December 31, 2021.

The Company is closely monitoring the impact of the COVID-19 pandemic on all aspects of its business, including how it will impact its customers and business partners, however the Company did not incur significant disruptions during the years ended December 31, 2020 and 2021 from the COVID-19 pandemic. While it is unable to predict the impact that the COVID-19 pandemic will have on its future financial condition, results of operations and cash flows due to numerous uncertainties, there have not been any indications of future economic disruptions to the Company related to the COVID-19 pandemic. The extent to which the COVID-19 pandemic impacts the Company's operations and those of the Company's customers will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others.

16. COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, the Company and its subsidiaries may be involved in various claims and legal actions arising in the ordinary course of business. As of December 31, 2021, the Company and its subsidiaries were not involved in any material legal proceedings.

Environmental Matters

A majority of the properties the Company acquires have been or will be subject to environmental reviews either by the Company or the previous owners. In addition, the Company may incur environmental remediation costs associated with certain land parcels it may acquire in connection with the development of land. The Company has or may acquire certain properties in urban and industrial areas that may have been leased to or previously owned by commercial and industrial companies that discharged hazardous material. The Company may purchase various environmental insurance policies to mitigate its exposure to environmental liabilities. The Company is not aware of any environmental liabilities that it believes would have a material adverse effect on its business, financial condition, or results of operations as of December 31, 2021.

17. SUBSEQUENT EVENTS

BTC II Portfolio Split

Immediately prior to February 15, 2022, the Company, through a subsidiary, owned an 12.0% minority interest in the BTC II Partnership, as general partner and as a limited partner. In addition, a third-party institutional investor (“QR Limited Partner”), owned a 78.5% limited partner interest. In addition, the BTC II SLP, an entity in which the Chairman of the board of directors holds an interest, owned a 7.8% special limited partner interest in the BTC II Partnership. An entity in which three of our affiliated directors and each of our executive officers own an interest, or the “BCG Limited Partner,” owned a 1.7% interest in the BTC II Partnership. Similar to the BTC I Partnership Transaction (as described in “Note 5 to the Consolidated Financial Statements”), the BTC II Partnership Agreement provided procedures whereby the partners may split the real property portfolio in an equitable manner, such that certain partners will own a 100% interest in certain of the properties as a result of the split.

On February 15, 2022, in accordance with the terms of the BTC II Partnership Agreement, the Company, along with the other joint venture partners in the BTC II Partnership, entered into a transaction to split the majority of the properties in the BTC II Portfolio amongst the joint venture partners, other than the BCG Limited Partner, whose respective interest in such properties was redeemed for \$24.9 million (the “BTC II Partnership Transaction”). As a result of the BTC II Partnership Transaction, the Company owns a 100% interest in 11 properties, that were previously part of the BTC II Portfolio, the BTC II SLP owns a 100% interest in seven properties that were previously part of the BTC II Portfolio and the QR Limited Partner owns a 100% interest in the remaining 14 properties that were part of the BTC II Partnership Transaction. The properties acquired by the Company consist of a total of approximately 1.7 million square feet and the properties acquired by the BTC II SLP consist of a total of approximately 1.0 million square feet. Concurrently with the BTC II Partnership Transaction, the Company and the joint venture partners formed a new joint venture partnership, through which the Company co-owns five properties that were part of the original BTC II Portfolio and were not part of the BTC II Partnership Transaction. The partners own the same relative interests in the new partnership as they did in the BTC II Partnership prior to the incentive fee distribution that was settled in the fourth quarter of 2021, such that the Company owns an 8.0% interest as general partner and as a limited partner, the BTC II SLP owns a special limited partner interest, the BCG Limited Partner owns a 2.0% limited partner interest and the QR Limited Partner owns a 90.0% limited partner interest. The terms of the new partnership agreement are substantially the same as the terms of the BTC II Partnership Agreement, including, without limitation, the rights of the parties to incentive distributions. As of the date of this 10-K, an affiliate of the Advisor continues to provide the BTC II Advisory Services with respect to the five properties not included in the BTC II Partnership transaction, as well as the 14 remaining properties owned by the QR Limited Partner.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of December 31, 2021. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2021, our disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021, based upon criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting to date as a result of many of the employees of our Advisor and its affiliates working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 pandemic on our internal controls to minimize the impact to their design and operating effectiveness.

ITEM 9B. OTHER INFORMATION

Disclosure Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 and Section 13(r) of the Exchange Act, require an issuer to disclose in its annual and quarterly reports whether it or any of its affiliates have knowingly engaged in specified activities or transactions relating to Iran. We are required to include certain disclosures in our periodic reports if we or any of our “affiliates” (as defined in Rule 12b-2 under the Exchange Act) knowingly engaged in certain specified activities, transactions or dealings relating to Iran or with certain individuals or entities targeted by United States’ economic sanctions during the period covered by the report. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law. Neither we nor any of our controlled affiliates or subsidiaries knowingly engaged in any of the specified activities relating to Iran or otherwise engaged in any activities associated with Iran during the reporting period. However, because the SEC defines the term “affiliate” broadly, it includes any person or entity that is under common control with us as well as any entity that controls us or is controlled by us. The description that follows has been provided to us by Ares.

On January 31, 2019, funds and accounts managed by Ares’ European direct lending strategy (together, the “Ares funds”) collectively acquired a 32% equity stake in Daisy Group Limited (“Daisy”). Daisy is a provider of communication services to businesses based in the United Kingdom. The Ares funds do not hold a majority equity interest in Daisy and do not have the right to appoint a majority of directors to Daisy’s board of directors.

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Subsequent to completion of the Ares funds' investment in Daisy, in connection with Ares' routine quarterly survey of its investment funds' portfolio companies, Daisy informed the Ares funds that it has customer contracts with Melli Bank Plc, Persia International Bank Plc and Bank Saderat PLC. Melli Bank Plc, Persia International Bank Plc and Bank Saderat PLC have been designated by the Office of Foreign Assets Control within the U.S. Department of Treasury pursuant to Executive Order 13324. Daisy generated a total of £84,806 in annual revenues (less than 0.02% of Daisy's annual revenues) from its dealings with Melli Bank Plc, Persia International Bank Plc and Bank Saderat PLC and de minimis net profits. Daisy entered into the customer contracts with Melli Bank Plc, Persia International Bank Plc and Bank Saderat PLC prior to the Ares funds' investment in Daisy.

Daisy has given notice of termination of the contracts to Melli Bank Plc, Persia International Bank Plc and Bank Saderat PLC. Following termination of the contracts, Daisy does not intend to engage in any further dealings or transactions with Melli Bank Plc, Persia International Bank Plc or Bank Saderat PLC.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be included under the headings “Board of Directors,” “Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance,” and “Corporate Governance” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be included under the heading “Compensation of Directors and Executive Officers” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be included under the heading “Security Ownership of Certain Beneficial Owners and Management” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be included under the heading “Certain Relationships and Related Transactions” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item will be included under the heading “Principal Accountant Fees and Services” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. *Financial Statements*—The financial statements are included under Item 8 of this report.

2. *Financial Statement Schedule*—The following financial statement schedule is included in Item 15(c):

Schedule III—Real Estate and Accumulated Depreciation.

All other financial statement schedules are not required under the related instructions or because the required information has been disclosed in the consolidated financial statements and the notes related thereto.

(b) Exhibits

The following exhibits are filed as part of this annual report on Form 10-K:

EXHIBIT NUMBER	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of June 2, 2021, by and among BCI IV Portfolio Real Estate Holdco LLC, Prologis USLV Operating Partnership, L.P., Prologis USLV SubREIT 1, LLC and Prologis Targeted U.S. Logistics Fund, L.P. Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on June 3, 2021.***
3.1	Third Articles of Amendment and Restatement. Incorporated by reference to Exhibit 3.1 to Pre-Effective Amendment No. 1 to Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 (File No. 333-200594) filed with the SEC on June 30, 2017.
3.2	Articles of Amendment. Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on August 4, 2020.
3.3	Articles of Amendment (name change and designation of Class D shares). Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on February 11, 2022.
3.4	Fourth Amended and Restated Bylaws of Ares Industrial Real Estate Income Trust Inc. Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC on February 11, 2022.
4.1*	Second Amended and Restated Share Redemption Program, effective as of February 11, 2022.
4.2*	Fourth Amended and Restated Distribution Reinvestment Plan.
4.3*	Description of Securities Registered Pursuant to Section 12(g) of the Securities Exchange Act of 1934.
10.1*	Second Amended and Restated Dealer Manager Agreement, dated February 11, 2022, by and between Ares Industrial Real Estate Income Trust Inc. and Ares Wealth Management Solutions, LLC.
10.2	Loan Agreement, dated as of December 9, 2021, by and among BCI IV 485 DC LLC, BCI IV Valwood Crossroads DC LP, BCI IV Logistics Center at 33 LLC, BCI IV Harvill Business Center LP, BCI IV Princess Logistics Center LLC, BCI IV 1 Stanley Drive LLC, BCI IV York DC LLC, BCI IV Stockton DC LP, BCI IV Arrow Route DC LLC, BCI IV Lodi DC LLC and Teachers Insurance and Annuity Association of America. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on December 15, 2021.
10.3*	Advisory Agreement (2022) among Ares Industrial Real Estate Income Trust Inc., AIREIT Operating Partnership LP, and Ares Commercial Real Estate Management LLC.

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EXHIBIT NUMBER	DESCRIPTION
10.4*	Tenth Amended and Restated Limited Partnership Agreement of AIREIT Operating Partnership LP, dated as of February 11, 2022.
10.5*	Third Amended and Restated Equity Incentive Plan of Ares Industrial Real Estate Income Trust Inc., effective February 11, 2022.
10.6*	Second Amended and Restated Private Placement Equity Incentive Plan of Ares Industrial Real Estate Income Trust Inc., effective February 11, 2022.
10.7	Master Transaction Agreement, dated as of June 15, 2021, by and between IPT BTC I GP LLC, IPT BTC I LP LLC and QR Master Holdings USA II LP. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 15, 2021.
10.8	Distribution and Redemption Agreement, dated as of June 15, 2021, by and between IPT BTC I GP LLC, IPT BTC I LP LLC and Build-To-Core Industrial Partnership I LP. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on June 15, 2021.
10.9	Membership Interest Purchase Agreement, dated as of June 15, 2021, by and between BTC I REIT B LLC and BTC I REIT A LLC. Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on June 15, 2021.
10.10	Contribution, Distribution and Redemption Agreement, dated as of June 15, 2021, by and between Build-To-Core Industrial Partnership I LP and Industrial Property Advisors Sub I LLC. Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on June 15, 2021.
10.11	Form of Indemnification Agreement entered into between Ares Industrial Real Estate Income Trust Inc. (formerly known as Black Creek Industrial REIT IV Inc.) and each of Evan H. Zucker, Dwight L. Merriman III, Thomas G. McGonagle, Joshua J. Widoff, Marshall M. Burton, Charles B. Duke, Stanley A. Moore and John S. Hagestad as of February 9, 2016, Rajat Dhanda as of May 17, 2017, Scott W. Recknor as of September 1, 2017, Jeffrey W. Taylor as of December 9, 2019 and Scott A. Seager as of August 12, 2020. Incorporated by reference to Exhibit 10.6 to Post-Effective Amendment No. 1 to the Registration Statement on Form S-11 (File No. 333-200594) filed with the Securities and Exchange Commission on July 1, 2016.
10.12	Selected Dealer Agreement, dated as of October 28, 2019, by and among Ares Industrial Real Estate Income Trust Inc. (formerly known as Black Creek Industrial REIT IV Inc.), BCI IV Advisors LLC, Ares Wealth Management Solutions, LLC (formerly known as Black Creek Capital Markets, LLC), BCI IV Advisors Group LLC, and Ameriprise Financial Services, Inc. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 1, 2019.
10.13	Cost Reimbursement Agreement, dated as of October 28, 2019, by and among Ares Industrial Real Estate Income Trust Inc. (formerly known as Black Creek Industrial REIT IV Inc.), BCI IV Advisors LLC, Ares Wealth Management Solutions LLC (formerly Black Creek Capital Markets, LLC), and American Enterprise Investment Services, Inc. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on November 1, 2019.
10.14	Second Amended and Restated Credit Agreement, dated November 19, 2019, by and among AIREIT Operating Partnership LP (formerly known as BCI IV Operating Partnership LP), a Delaware limited partnership, as the Borrower; the lenders from time to time who are parties thereto; Wells Fargo Bank, National Association, as Administrative Agent and as a lender, Bank of America, N.A., as Syndication Agent and as a lender, U.S. Bank National Association, as Revolving Credit Facility Documentation Agent, JPMorgan Chase Bank, N.A., as Existing Term Facility Documentation Agent, Regions Bank, as Incremental Term Facility Documentation Agent. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 22, 2019.
10.15	Form of Director Stock Grant Agreement for Amended and Restated Equity Incentive Plan of Ares Industrial Real Estate Income Trust Inc. (formerly known as Black Creek Industrial REIT IV Inc.). Incorporated by reference to Exhibit 10.20 to the Annual Report on Form 10-K filed with the SEC on March 6, 2019.

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EXHIBIT NUMBER	DESCRIPTION
10.16	Form of Restricted Stock Agreement for Consultants for Amended and Restated Equity Incentive Plan of Ares Industrial Real Estate Income Trust Inc. (formerly known as Black Creek Industrial REIT IV Inc.). Incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K filed with the SEC on March 6, 2019.
10.17	Form of Restricted Stock Agreement for Private Placement Equity Incentive Plan of Ares Industrial Real Estate Income Trust Inc. (formerly known as Black Creek Industrial REIT IV Inc.). Incorporated by reference to Exhibit 10.23 to the Annual Report on Form 10-K filed with the SEC on March 6, 2019.
10.18	Incremental Revolving Commitment Assumption Agreement, dated as of September 20, 2019, among AIREIT Operating Partnership LP (formerly known as BCI IV Operating Partnership LP), Ares Industrial Real Estate Income Trust Inc. (formerly known as Black Creek Industrial REIT IV Inc.) and its subsidiaries, Wells Fargo Bank, National Association and Bank of America, N.A. Incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-K filed with the SEC on March 5, 2020.
10.19	Incremental Term Loan and Revolving Commitment Assumption Agreement, dated as of December 20, 2019, among AIREIT Operating Partnership LP (formerly known as BCI IV Operating Partnership LP), Ares Industrial Real Estate Income Trust Inc. (formerly known as Black Creek Industrial REIT IV Inc.) and its subsidiaries, Wells Fargo Bank, National Association and Zions Bancorporation, N.A. Incorporated by reference to Exhibit 10.16 to the Annual Report on Form 10-K filed with the SEC on March 5, 2020.
10.20	Agreement of Limited Partnership of Build-To-Core Industrial Partnership II LP, dated as of May 19, 2017, by and among IPT BTC II GP LLC, IPT BTC II LP LLC, Industrial Property Advisors Sub IV LLC, BCG BTC II Investors LLC, bcIMC (WCBAF) Realpool Global Investment Corporation, bcIMC (College) US Realty Inc., bcIMC (Municipal) US Realty Inc., bcIMC (Public Service) US Realty Inc., bcIMC (Teachers) US Realty Inc., bcIMC (WCB) US Realty Inc., bcIMC (Hydro) US Realty Inc., and QuadReal US Holdings Inc. Incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed with the SEC on November 10, 2020.
10.21	First Amendment to Agreement of Limited Partnership of Build-To-Core Industrial Partnership II LP, dated January 31, 2018, by and among IPT BTC II GP LLC, IPT BTC II LP LLC, Industrial Property Advisors Sub IV LLC, BCG BTC II Investors LLC, bcIMC (WCBAF) Realpool Global Investment Corporation, bcIMC (College) US Realty Inc., bcIMC (Municipal) US Realty Inc., bcIMC (Public Service) US Realty Inc., bcIMC (Teachers) US Realty Inc., bcIMC (WCB) US Realty Inc., bcIMC (Hydro) US Realty Inc., and QuadReal US Holdings Inc. Incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q filed with the SEC on November 10, 2020.
10.22	Second Amendment to Agreement of Limited Partnership of Build-To-Core Industrial Partnership II LP, dated as of May 10, 2019, by and among IPT BTC II GP LLC, IPT BTC II LP LLC, Industrial Property Advisors Sub IV LLC, BCG BTC II Investors LLC, QR Master Holdings USA II LP and QuadReal US Holdings Inc. Incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q filed with the SEC on November 10, 2020.
10.23	Third Amendment to the Agreement of Limited Partnership of Build-To-Core Industrial Partnership II LP, dated as of July 15, 2020, by IPT BTC II GP LLC. Incorporated by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q filed with the SEC on November 10, 2020.
10.24	Agreement, dated as of May 19, 2017, by and among IPT BTC II GP LLC and Industrial Property Advisors Sub III LLC. Incorporated by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q filed with the SEC on November 10, 2020.
10.25	First Amendment to the Agreement, dated as of July 15, 2020, by and among IPT BTC II GP LLC and Industrial Property Advisors Sub III LLC. Incorporated by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q filed with the SEC on November 10, 2020.
21.1*	List of Subsidiaries of Ares Industrial Real Estate Income Trust Inc.
23.1*	Consent of KPMG LLP (Independent Registered Public Accounting Firm).
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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EXHIBIT NUMBER	DESCRIPTION
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Consent of Altus Group U.S., Inc.
99.2*	Net Asset Value Calculation and Valuation Procedures.
101	The following materials from Ares Industrial Real Estate Income Trust Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021, filed on March 9, 2022, formatted in XBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Equity, (iv) Consolidated Statements of Comprehensive Income (Loss), (vi) Consolidated Statements of Cash Flows, and (vii) Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

*** The Company has omitted certain schedules and exhibits pursuant to Item 601(b)(2) of Regulation S-K and will furnish supplementally to the SEC copies of any of the omitted schedules and exhibits upon request by the SEC.

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(S in thousands)	# of Buildings	Debt	Initial Cost to Company			Costs Capitalized or Adjustments	Gross Amount Carried as of December 31, 2021 (2)			Accumulated Depreciation and Amortization (4)		Depreciable Life (Years)
			Land	Buildings and Improvements (2)	Total Costs		Land	Buildings and Improvements (2)	Total Costs (4)	Amortization Date		
Stonewood Logistics Center in York, PA	1	—	2,653	16,690	19,343	—	2,653	17,103	19,756	—	7/16/2021	1-40
Heron Industrial Center in Swedesboro, NJ	1	—	7,670	18,329	25,999	413	7,670	18,329	25,999	(758)	7/21/2021	1-20
Colony Crossing Logistics Portfolio in Houston, TX	2	—	6,433	15,136	21,569	240	6,433	15,376	21,809	(473)	8/17/2021	1-30
Harvill Industrial Center in Riverside, CA	—	—	7,532	—	7,532	491	7,782	241	8,023	—	8/23/2021	1-40
Commerce Farms Logistics Center in Lebanon, TN	1	—	7,109	56,712	63,821	—	7,109	56,712	63,821	(1,346)	8/25/2021	1-40
North County Commerce Center in Vista, CA	5	(2)	46,958	100,174	147,132	—	46,958	100,174	147,132	(2,313)	8/30/2021	1-20
Performance Distribution Center in Stockton, CA	1	(2)	11,115	18,417	29,532	—	11,115	18,417	29,532	(263)	9/7/2021	1-40
Madison Distribution Center in Tampa, FL	1	—	1,572	11,430	13,002	—	1,572	11,430	13,002	(167)	9/17/2021	1-30
355 Logistics Center in Lockport, IL	2	—	7,157	58,265	65,422	—	7,157	58,265	65,422	(750)	10/1/2021	1-40
1 Stanley Drive in Aston, PA	1	(3)	3,048	19,191	22,239	—	3,048	19,191	22,239	(223)	10/6/2021	1-30
Gilbert Gateway Commerce Park in Gilbert, AZ	3	(2)	13,018	75,137	88,155	2,051	13,018	77,188	90,206	(742)	10/6/2021	1-40
California Business Center in Salt Lake City, UT	2	—	6,072	24,998	31,070	—	6,072	24,998	31,070	(452)	10/21/2021	1-20
Molto Portfolio in Aurora, IL	1	—	6,391	31,210	37,601	786	6,391	31,996	38,387	(187)	11/17/2021	1-40
Molto Portfolio in Hebron, KY	1	—	3,311	19,220	22,531	—	3,311	19,220	22,531	(91)	11/17/2021	1-40
Molto Portfolio in Houston, TX	2	—	14,669	62,797	77,466	289	14,669	63,086	77,755	(333)	11/17/2021	1-40
Molto Portfolio in La Vergne, TN	1	—	5,081	22,335	27,416	—	5,081	22,335	27,416	(121)	11/17/2021	1-40
Molto Portfolio in Louisville, KY	1	—	6,947	33,003	39,950	—	6,947	33,003	39,950	(183)	11/17/2021	1-40
Walker Mill Industrial Center in Capitol Heights, MD	1	—	3,632	13,573	17,205	—	3,632	13,573	17,205	(102)	11/18/2021	1-20
Greater Boston Portfolio in Franklin, MA	1	—	5,903	14,442	20,345	—	5,903	14,442	20,345	(132)	11/22/2021	1-20
Greater Boston Portfolio in Danvers, MA	1	—	3,969	13,044	17,013	—	3,969	13,044	17,013	(120)	11/22/2021	1-20
McDonald Portfolio in Alpharetta, GA	4	—	8,049	45,952	54,001	104	8,049	46,056	54,105	(139)	12/16/2021	1-20
McDonald Portfolio in Atlanta, GA	6	—	21,625	180,883	202,508	242	21,625	181,125	202,750	(471)	12/16/2021	1-40
McDonald Portfolio in Ellenwood, GA	2	—	8,137	68,813	76,950	93	8,137	68,906	77,043	(165)	12/16/2021	1-30
McDonald Portfolio in Savannah, GA	2	—	9,316	52,979	62,295	60	9,316	53,039	62,355	(122)	12/16/2021	1-30
Riggs Hill Industrial Center in Jessup, MD	1	—	1,251	4,408	5,659	—	1,251	4,408	5,659	(16)	12/17/2021	1-20
Valwood Industrial Center in Carrollton, TX	4	—	14,508	28,624	43,132	—	14,508	28,624	43,132	(84)	12/17/2021	1-20
Port Crossing Logistics Center in LaPorte, TX	1	—	3,476	28,518	31,994	—	3,476	28,518	31,994	(35)	12/21/2021	1-30
Hainesport Commerce Center in Hainesport, NJ	1	—	25,311	107,499	132,810	—	25,311	107,499	132,810	(109)	12/21/2021	1-40
Beltway Logistics Center in Charlotte, NC	1	—	5,938	22,115	28,053	—	5,938	22,115	28,053	(20)	12/22/2021	1-40
Clackamas Industrial Center in Clackamas, OR	1	—	11,301	39,873	51,174	—	11,301	39,873	51,174	(87)	12/23/2021	1-20
Total	193	\$ 167,750	\$ 1,126,896	\$ 3,742,526	\$ 4,869,422	\$ 46,633	\$ 1,127,147	\$ 3,788,908	\$ 4,916,055	\$ (186,269)		

- These properties include a \$118.5 million mortgage note as of December 31, 2021. This borrowing is non-recourse and secured by deeds of trust for the eight collateralized buildings. The mortgage note has a maturity date of November 1, 2027 and an interest rate of 2.90%. See “Note 6 to the Consolidated Financial Statements” for more detail.
- These properties include a \$408.0 million mortgage note as of December 31, 2021. This borrowing is non-recourse and secured by deeds of trust for the 15 collateralized buildings. The mortgage note has a maturity date of January 5, 2025 and the interest rate is calculated based on Adjusted SOFR plus a margin of 1.65%. See “Note 6 to the Consolidated Financial Statements” for more detail.
- These properties include a \$461.4 million mortgage note as of December 31, 2021. This borrowing is non-recourse and secured by deeds of trust for the 12 collateralized buildings. The mortgage note has a maturity date of January 1, 2029 and an interest rate of 2.85%. See “Note 6 to the Consolidated Financial Statements” for more detail.
- These properties include a \$209.3 million mortgage note as of December 31, 2021. This borrowing is non-recourse and secured by deeds of trust for the 13 collateralized buildings. The mortgage note has a maturity date of July 16, 2025 and the interest rate is calculated based on LIBOR plus a margin of 1.50%. See “Note 6 to the Consolidated Financial Statements” for more detail.
- Includes gross intangible lease assets of \$342.5 million and gross intangible lease liabilities of (\$89.1) million.
- As of December 31, 2021, the aggregate cost for federal income tax purposes of investments in property was \$3.7 billion (unaudited).
- A summary of activity for investment in real estate properties is as follows:

(in thousands)	2021	2020
Investment in real estate properties:		
Balance at beginning of period	\$ 1,377,912	\$ 891,170
Acquisition of properties	3,507,041	475,320
Improvements	31,102	11,451
Write-off of intangibles and customer leasing costs	—	(29)
Balance at end of period	\$ 4,916,055	\$ 1,377,912
Accumulated depreciation and amortization:		
Balance at beginning of period	\$ (72,924)	\$ (25,988)
Additions charged to costs and expenses	(113,345)	(46,965)
Write-off of intangibles and customer leasing costs	—	29
Balance at end of period	\$ (186,269)	\$ (72,924)

ITEM 16. SUMMARY OF FORM 10-K

See the “Table of Contents” for a summary of information included in this Form 10-K.

ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
SECOND AMENDED AND RESTATED SHARE REDEMPTION PROGRAM

As adopted by the Board of Directors, effective February 11, 2022

Definitions

Advisor — Shall mean Ares Commercial Real Estate Management LLC.

Advisory Agreement — Shall mean the Advisory Agreement (2022), dated as of February 11, 2022, by and among Ares Industrial Real Estate Income Trust Inc., AIREIT Operating Partnership LP and Ares Commercial Real Estate Management LLC, as amended from time to time.

Class I shares — Shall mean the shares of the Company's common stock classified as Class I.

Class T shares — Shall mean the shares of the Company's common stock classified as Class T.

Class D shares — Shall mean the shares of the Company's common stock classified as Class D.

Company — Shall mean Ares Industrial Real Estate Income Trust Inc. References herein to "we," "our," or "us" refer to the Company.

Code — Shall mean the Internal Revenue Code of 1986, as amended.

Early Redemption Deduction — Shall have the meaning given herein.

NAV — Shall mean the net asset value of the Company or one or more classes of its shares, as the context requires, determined in accordance with the Company's valuation policies and procedures.

Offering — Shall mean any ongoing public offering of shares of our common stock, whether in a primary offering or pursuant to the Company's distribution reinvestment plan.

Operating Partnership — Shall mean AIREIT Operating Partnership LP.

Operating Partnership Agreement — Shall mean the Tenth Amended and Restated Limited Partnership Agreement of the Operating Partnership dated as of February 11, 2022, as amended from time to time.

OP Units — Shall mean limited partnership interests in the Operating Partnership.

Redemption Date — Shall have the meaning given herein.

SEC — Shall mean the United States Securities and Exchange Commission.

Securities Act — Shall mean the Securities Act of 1933, as amended.

Sponsor — Shall mean Ares real estate group.

Stockholders or stockholders — Shall mean the holders of Class T, Class D, or Class I shares.

Stockholders may be referred to as "you" or "your" within the context of this document.

Transaction Price — Shall mean the price at which a share will be redeemed, which will generally be equal to the most recently disclosed monthly NAV per share for the applicable class of shares. The Company may use a Transaction Price other than the most recently disclosed monthly NAV in cases where the Company believes there has been a material change (positive

or negative) to the Company's NAV per share relative to the most recently disclosed monthly NAV per share.

Share Redemption Program

We expect that there will be no regular secondary trading market for shares of our common stock. While you should view your investment as long term with limited liquidity, we have adopted this share redemption program, whereby stockholders may receive the benefit of limited liquidity by presenting for redemption to us all or any portion of those shares in accordance with the procedures and subject to certain conditions and limitations described below. This share redemption program applies to all shares of our common stock. All references herein to classes of shares of our common stock do not include the OP Units issued by the Operating Partnership, unless the context otherwise requires.

Due to the illiquid nature of investments in real property, we may not have sufficient liquid resources to fund redemption requests. In addition, we have established limitations on the amount of funds we may use for redemptions and the amount of shares that may be redeemed. See "— Redemption Limitations" below. Further, our board of directors has the right to modify or suspend this share redemption program if in its reasonable judgment, it deems such action to be in our best interest and the best interest of our stockholders.

A stockholder's request for redemption in accordance with any of the special treatment described below in the event of the death or qualifying disability of a stockholder must be submitted within 18 months of the death of the stockholder or the initial determination of the stockholder's disability (which we define as such term is defined in Section 72(m)(7) of the Code), as further described below.

There is no fee in connection with a redemption of shares of our common stock.

You may request that we redeem shares of our common stock through your financial advisor or directly with our transfer agent. We will generally adhere to the following procedures relating to the redemption of shares of our common stock:

- Under this share redemption program, to the extent we choose to redeem shares in any particular month we will only redeem shares as of the last calendar day of that month (a "Redemption Date"). To have your shares redeemed, your redemption request and required documentation must be received in good order by 4:00 p.m. (Eastern time) on the second to last business day of the applicable month. Settlements of share redemptions will be made within three business days of the Redemption Date. Redemption requests received and processed by our transfer agent will be effected at a redemption price equal to the Transaction Price on the applicable Redemption Date, subject to any Early Redemption Deduction. Although the Transaction Price for shares of our common stock will generally be based on the most recently disclosed monthly NAV per share, the NAV per share of such stock as of the Redemption Date may be significantly different. If the Transaction Price for the applicable month is not made available by the tenth business day prior to the last business day of the month (or is changed after such date), then no redemption requests will be accepted for such month and stockholders who wish to have their shares redeemed the following month must resubmit their redemption requests.
 - A stockholder may withdraw his or her redemption request by notifying the transfer
-

agent, directly or through the stockholder's financial intermediary, on our toll-free, automated telephone line, (888) 310-9352. The line is open on each business day between the hours of 9:00 a.m. and 6:00 p.m. (Eastern time). Redemption requests must be cancelled before 4:00 p.m. (Eastern time) on the last business day of the applicable month.

- If a redemption request is received after 4:00 p.m. (Eastern time) on the second to last business day of the applicable month, the purchase order will be executed, if at all, on the next month's Redemption Date at the Transaction Price applicable to that month (subject to any Early Redemption Deduction), unless such request is withdrawn prior to the redemption. Redemption requests received and processed by our transfer agent on a business day, but after the close of business on that day or on a day that is not a business day, will be deemed received on the next business day.
- Redemption requests may be made by mail or by contacting your financial intermediary, both subject to all of the conditions set forth in this share redemption program. If making a redemption request by contacting your financial intermediary, your financial intermediary may require you to provide certain documentation or information. If making a redemption request by mail to the transfer agent, you must complete and sign a redemption authorization form, which is available on our website. Written requests should be sent to the transfer agent at the following address:

For regular mail:

Ares Management Corporation
SS&C Technologies, Inc.
PO Box 219079
Kansas City, Missouri 64121-9079

For overnight deliveries:

Ares Industrial Real Estate Income Trust Inc.
SS&C Technologies, Inc.
430 West 7th Street, Suite 219079
Kansas City, Missouri 64105

Toll Free Number: (888) 310-9352

Corporate investors and other non-individual entities must have an appropriate certification on file authorizing redemptions. A signature guarantee may be required.

- For processed redemptions, stockholders may request that redemption proceeds are to be paid by mailed check provided that the amount is less than \$100,000 and the check is mailed to an address on file with the transfer agent for at least 30 days.
 - Processed redemptions of more than \$100,000 will be paid only via ACH or wire transfer. For this reason, stockholders who own more than \$100,000 of our common stock must provide bank instructions for their brokerage account or designated U.S. bank account. Stockholders who own less than \$100,000 of our common stock may also receive redemption proceeds via ACH or wire transfer, provided the payment amount is at least \$2,500. For all redemptions paid via wire transfer, the funds will be wired to the account on file with the transfer agent or, upon instruction, to another financial institution provided that the stockholder has made the necessary funds
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transfer arrangements. The customer service representative can provide detailed instructions on establishing funding arrangements and designating your bank or brokerage account on file. Funds will be sent only to U.S. financial institutions (ACH network members).

- A medallion signature guarantee may be required in certain circumstances. The medallion signature process protects stockholders by verifying the authenticity of a signature and limiting unauthorized fraudulent transactions. A medallion signature guarantee may be obtained from a domestic bank or trust company, broker dealer, clearing agency, savings association or other financial institution which participates in a medallion program recognized by the Securities Transfer Association. The three recognized medallion programs are the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program and the New York Stock Exchange, Inc. Medallion Signature Program. Signature guarantees from financial institutions which are not participating in any of these medallion programs will not be accepted. A notary public cannot provide signature guarantees. We reserve the right to amend, waive or discontinue this policy at any time and establish other criteria for verifying the authenticity of any redemption or transaction request. We may require a medallion signature guarantee if, among other reasons: (1) the amount of the redemption request is over \$500,000; (2) you wish to have redemption proceeds transferred by wire to an account other than the designated bank or brokerage account on file for at least 30 days or sent to an address other than your address of record for the past 30 days; or (3) our transfer agent cannot confirm your identity or suspects fraudulent activity.
- If a stockholder has made multiple purchases of shares of our common stock, any redemption request will be processed on a first in/first out basis unless otherwise requested in the redemption request.
- If we receive a request from a stockholder for redemption of all of the stockholder's shares of our common stock and the stockholder is a participant in our distribution reinvestment plan, we will terminate the stockholder's participation in the distribution reinvestment plan.

Minimum Account Redemptions

In the event that any stockholder fails to maintain the minimum balance of \$2,000 of shares of our common stock, we may redeem all of the shares held by that stockholder at the redemption price in effect on the date we determine that the stockholder has failed to meet the minimum balance, less any Early Redemption Deduction. Minimum account redemptions will apply even in the event that the failure to meet the minimum balance is caused solely by a decline in our NAV. Minimum account redemptions are subject to an Early Redemption Deduction.

Sources of Funds for Redemptions

We may, in the Advisor's discretion, after taking the interests of our company as a whole and the interests of our remaining stockholders into consideration, use proceeds from any available sources at our disposal to satisfy redemption requests, subject to the limitation on the amount of funds we may use described below under "—Redemption Limitations." Potential sources of funding redemptions include, but are not limited to, cash on hand, cash available from

borrowings, cash from the sale of shares of our common stock and cash from liquidations of investments, to the extent that such funds are not otherwise dedicated to a particular use, such as working capital, distributions to stockholders, purchases of real property, debt-related or other investments or redemption of OP Units.

Although the vast majority of our assets consist of properties that cannot generally be readily liquidated on short notice without impacting our ability to realize full value upon their disposition, we intend to maintain a number of sources of liquidity including (i) cash equivalents (e.g. money market funds), other short-term investments, U.S. government securities, agency securities and liquid real estate-related securities and (ii) one or more borrowing facilities. We may fund redemptions from any available source of funds, including operating cash flows, borrowings, proceeds from the Offering and/or sales of our assets.

This share redemption program may limit our ability to make new investments or increase the current distribution rate if we experience redemption demand in excess of capacity over any two-year period. This share redemption program requires that if during any consecutive 24-month period (the “Pro-Rata Period”), we do not have at least one month in which we fully satisfy 100% of properly submitted redemption requests or accept all properly submitted tenders in a self-tender offer for our shares, we will not make any new investments (excluding short-term cash management investments under 30 days in duration) and we will use all investable assets to satisfy redemption requests (subject to the limitations under this program) until all outstanding requests are satisfied. “Investable assets” includes net proceeds from new subscription agreements, unrestricted cash, proceeds from marketable securities, proceeds from the distribution reinvestment plan, and net cash flows after any payment, accrual, allocation, or liquidity reserve associated with costs in the normal course of owning, operating and selling real estate, debt service, redemption of holders of OP Units, repayment of debt, debt financing costs, current or anticipated debt covenants associated with existing debt, funding commitments related to real estate (provided that, any such funding commitments related to the acquisition of property were made prior to the second half of the Pro-Rata Period), master lease payments pursuant to the DST Program, general and administrative expenses, organizational and offering costs, asset management and advisory fees, performance or actions under existing contracts, obligations under our organizational documents or those of our subsidiaries (provided that any such obligation, other than an immaterial obligation or an obligation or change requested by a federal or state regulatory body, existed prior to such Pro-Rata Period), obligations imposed by law, regulations, courts or arbitration, or distributions (whether for stockholders or other investors in the company or its subsidiaries) or establishment of an adequate liquidity reserve as determined by our board of directors. The Advisor will also defer the performance component of its advisory fee payable to the holder of the Special Partnership Units (as defined in the Operating Partnership Agreement) of the Operating Partnership until all redemption requests are satisfied. Furthermore, our board of directors and management will consider additional ways to improve stockholder liquidity through this share redemption program or otherwise. The purpose of this provision is to use all available investable assets to satisfy redemption requests in such a situation as described above. Exceptions to the limitations of this paragraph may be made to complete like-kind exchanges under Section 1031 of the Code necessary to avoid adverse tax consequences, or to take actions necessary to maintain our qualification as a REIT under the Code.

Redemption Limitations

We may redeem fewer shares than have been requested in any particular month to be redeemed under this share redemption program, or none at all, in our discretion at any time. The total amount of aggregate redemptions of Class T, Class D, and Class I shares (based on the price at which the shares are redeemed) will be limited for each calendar month to 2% of the aggregate NAV of all classes as of the last calendar day of the previous quarter and for each calendar quarter will be limited to 5% of the aggregate NAV of all classes of shares as of the last calendar day of the previous calendar quarter. In the event that we determine to redeem some but not all of the shares submitted for redemption during any month, shares redeemed at the end of the month will be redeemed on a pro rata basis. All unsatisfied redemption requests must be resubmitted after the start of the next month or quarter, or upon the recommencement of this share redemption program, as applicable.

With respect to the limitations described above, (i) provided that this share redemption program has been operating and not suspended for the first month of a given quarter and that all properly submitted redemption requests were satisfied, any unused capacity for that month will carry over to the second month and (ii) provided that this share redemption program has been operating and not suspended for the first two months of a given quarter and that all properly submitted redemption requests were satisfied, any unused capacity for those two months will carry over to the third month. In no event will such carry-over capacity permit the redemption of shares with aggregate value (based on the redemption price per share for the month the redemption is effected) in excess of 5% of the combined NAV of all classes of shares as of the last calendar day of the previous calendar quarter (provided that for these purposes redemptions may be measured on a net basis as described in the paragraph below).

We currently measure the foregoing redemption allocations and limitations based on net redemptions during a month or quarter, as applicable. The term “net redemptions” means, during the applicable period, the excess of our share redemptions (capital outflows) over the proceeds from the sale of our shares (capital inflows). Thus, for any given calendar quarter, the maximum amount of redemptions during that quarter will be equal to (1) 5% of the combined NAV of all classes of shares as of the last calendar day of the previous calendar quarter, plus (2) proceeds from sales of new shares in the Offering (including purchases pursuant to our distribution reinvestment plan) since the beginning of the current calendar quarter. The same would apply for a given month, except that redemptions in a month would be subject to the 2% limit described above (subject to potential carry-over capacity), and netting would be measured on a monthly basis. With respect to future periods, our board of directors may choose whether the allocations and limitations will be applied to “gross redemptions,” i.e., without netting against capital inflows, rather than to net redemptions. If redemptions for a given month or quarter are measured on a gross basis rather than on a net basis, the redemption limitations could limit the amount of shares redeemed in a given month or quarter despite our receiving a net capital inflow for that month or quarter. In order for our board of directors to change the application of the allocations and limitations from net redemptions to gross redemptions or vice versa, we will provide notice to stockholders in a prospectus supplement or current or periodic report filed by us, as well as in a press release or on our website, at least 10 days before the first business day of the quarter for which the new test will apply. The determination to measure redemptions on a gross basis, or vice versa, will only be made for an entire quarter, and not particular months within a quarter.

If the Transaction Price for the applicable month is not made available by the tenth business day prior to the last business day of the month (or is changed after such date), then no redemption requests will be accepted for such month and stockholders who wish to have their shares redeemed the following month must resubmit their redemption requests.

Material Modification, Suspension and Termination

As described above, should redemption requests, in our judgment, place an undue burden on our liquidity, adversely affect our operations or risk having an adverse impact on the Company as a whole, or should we otherwise determine that investing our liquid assets in real properties or other illiquid investments rather than repurchasing our shares is in the best interests of the company as a whole, we may choose to redeem fewer shares in any particular month than have been requested to be redeemed, or none at all. Further, our board of directors may modify or suspend this share redemption program if in its reasonable judgment it deems such actions to be in our best interest and the best interest of our stockholders. Although our board of directors has the discretion to suspend this share redemption program, our board of directors will not terminate this share redemption program other than in connection with a liquidity event which results in our stockholders receiving cash or securities listed on a national securities exchange or where otherwise required by law. Our board of directors may determine that it is in our best interests and the interest of our stockholders to suspend the share redemption program as a result of regulatory changes, changes in law, if our board of directors becomes aware of undisclosed material information that it believes should be publicly disclosed before shares are redeemed, a lack of available funds, a determination that redemption requests are having an adverse effect on our operations or other factors. Once the share redemption program has been suspended, our board of directors must affirmatively authorize the recommencement of the program before stockholder requests will be considered again. Following any suspension, this share redemption program requires our board of directors to consider at least quarterly whether the continued suspension of the program is in our best interest and the best interest of our stockholders; however, we are not required to authorize the re-commencement of the share redemption program within any specified period of time and any suspension may be for an indefinite period, which would be tantamount to a termination. Material modifications to the share redemption program, including, without limitation, any amendment to the limitations on redemptions, as well as the suspension or termination of the share redemption program will be promptly disclosed to stockholders in a prospectus supplement (or post-effective amendment if required by the Securities Act) or current or periodic report filed by us. Material modifications will also be disclosed on our website. Any modification, suspension or termination of this share redemption program will not affect the rights of holders of OP Units to cause us to redeem their OP Units pursuant to the Operating Partnership Agreement.

Early Redemption Deduction

There is no minimum holding period under this share redemption program and stockholders can request that we redeem their shares at any time. However, subject to limited exceptions, shares of our common stock that have not been outstanding for at least one year will be redeemed at 95% of the Transaction Price. This deduction is referred to as the “Early Redemption Deduction.”

Shares of our common stock acquired through the redemption of OP Units will not be subject to the Early Redemption Deduction. The Early Redemption Deduction will inure indirectly to the benefit of our remaining stockholders and is intended to offset the trading costs, market impact and other costs associated with short-term trading in our common stock. We may, from time to time, waive the Early Redemption Deduction in the following circumstances:

- redemptions resulting from death or qualifying disability;
- in the event that a stockholder's shares are redeemed because the stockholder has failed to maintain the \$2,000 minimum account balance; or
- with respect to shares purchased through our distribution reinvestment plan or received from us as a stock dividend.

In addition, the Early Redemption Deduction may not apply to transactions initiated by the trustee or advisor to a donor-advised charitable gift fund, collective trust fund, common trust fund, fund of fund(s) or other institutional accounts, strategy funds or programs if we determine, in our sole discretion, such account, fund or program has an investment strategy or policy that is reasonably likely to control short-term trading. Further, shares of our common stock may be sold to certain employer sponsored plans, bank or trust company accounts and accounts of certain financial institutions or intermediaries for which we may not apply the Early Redemption Deduction to the underlying stockholders, often because of administrative or systems limitations. The Early Redemption Deduction also will not apply to shares taken by the Advisor in lieu of fees or expense reimbursements under the Advisory Agreement or Operating Partnership Agreement, though such shares will not be eligible for redemption under this program until six months after their issue date.

The Early Redemption Deduction will also not apply in certain situations following the departure of certain key persons to our company, unless replaced as described below. The currently designated key persons are Rajat Dhanda, Brian R. Lange, Dwight L. Merriman III, Jeffrey W. Taylor, and Evan H. Zucker and any individual appointed by a majority of our independent directors to replace such key persons as described below. If two or more of such key persons have died, resigned, been removed, become disabled (meaning the earlier of (a) the date on which a key person's healthcare provider states in writing that that such key person will be unable, or can reasonably be expected to be unable, to perform the essential functions of his/her regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness or injury for a period of at least 60 consecutive days, or (b) the 60th consecutive day in which such key person has actually been unable to perform the essential functions of his/her regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness or injury), or are otherwise unable or unwilling to exercise the authority and discharge those day-to-day management responsibilities with respect to our company as are currently exercised and discharged by such key persons, and our independent directors have not, within 60 days of such situations having arisen with respect to two more of such key persons, approved the appointment of one or more replacements who will fulfill substantially all of the duties of at least all but one of such key persons (meaning one key person position may remain unfilled for longer than 60 days) (a "Key Person Triggering Event"), then the Early Redemption Deduction will be waived with respect to all shares purchased prior to the expiration of five business days after the public disclosure of the occurrence of such Key Person Triggering Event ("Exempt Shares") from the

time the Key Person Triggering Event is publicly disclosed until the completion of three full calendar months; provided, that if not all properly submitted redemption requests are satisfied during such three full calendar months, then such Early Redemption Deduction waiver for Exempt Shares will continue until there has been a subsequent calendar month in which all properly submitted redemption requests were satisfied. We will publicly disclose a Key Person Triggering Event and the associated waiver of the Early Redemption Deduction promptly upon its occurrence, and also promptly publicly disclose when the associated waiver of the Early Redemption Deduction has ended. Any such public disclosure will be made to stockholders in a prospectus supplement or special or periodic report filed by us, as well as in a press release or on our website.

From time to time, our board of directors may authorize waivers of the Early Redemption Deduction for specified periods of time with respect to future redemptions for all investors upon the occurrence of specific circumstances other than personal circumstances (e.g. significant corporate changes, natural disasters) that it determines, in its sole discretion, do not raise concerns over short-term trading. Any such waivers will be publicly disclosed promptly following their approval. Any such waivers will apply to all investors and apply on a prospective basis only, and will remain effective for at least three full monthly redemption periods. Any such public disclosure will be made to stockholders in a prospectus supplement or special or periodic report filed by us, as well as in a press release or on our website.

Redemptions In the Event of Death or Disability

As set forth above, we may waive certain of the terms and requirements of this share redemption program in respect of the redemption of shares resulting from the death of a stockholder who is a natural person, subject to the conditions and limitations described above, including shares held by such stockholder through a revocable grantor trust or an IRA or other retirement or profit-sharing plan, after receiving written notice from the estate of the stockholder, the recipient of the shares through bequest or inheritance, or, in the case of a revocable grantor trust, the trustee of such trust, who shall have the sole ability to request redemption on behalf of the trust. We must receive the written redemption request within 18 months after the death of the stockholder in order for the requesting party to rely on any of the special treatment described above that may be afforded in the event of the death of a stockholder. Such a written request must be accompanied by a certified copy of the official death certificate of the stockholder. If spouses are joint registered holders of shares, the request to have the shares redeemed may be made if either of the registered holders dies. If the stockholder is not a natural person, such as certain trusts or a partnership, corporation or other similar entity, the right of redemption upon death does not apply.

Furthermore, as set forth above, we may waive certain of the terms and requirements of this share redemption program in respect of the redemption of shares held by a stockholder who is a natural person who is deemed to have a qualifying disability (as such term is defined in Section 72(m)(7) of the Code), subject to the conditions and limitations described above, including shares held by such stockholder through a revocable grantor trust, or an IRA or other retirement or profit-sharing plan, after receiving written notice from such stockholder, provided that the condition causing the qualifying disability was not pre-existing on the date that the stockholder became a stockholder. We must receive the written redemption request within 18 months of the initial determination of the stockholder's disability in order for the stockholder to rely on any of the waivers described above that may be granted in the event of the disability of a stockholder. If

spouses are joint registered holders of shares, the request to have the shares redeemed may be made if either of the registered holders acquires a qualifying disability. If the stockholder is not a natural person, such as certain trusts or a partnership, corporation or other similar entity, the right of redemption upon disability does not apply.

Items of Note

When you make a request to have shares redeemed, you should note the following:

- if you are requesting that some but not all of your shares be redeemed, keep your balance above \$2,000 to avoid minimum account redemption, if applicable;
- you will not receive interest on amounts represented by uncashed redemption checks;
- under applicable anti-money laundering regulations and other federal regulations, redemption requests may be suspended, restricted or canceled and the proceeds may be withheld; and
- all shares of our common stock requested to be redeemed must be beneficially owned by the stockholder of record making the request or his or her estate, heir or beneficiary, or the party requesting the redemption must be authorized to do so by the stockholder of record of the shares or his or her estate, heir or beneficiary, and such shares of common stock must be fully transferable and not subject to any liens or encumbrances. In certain cases, we may ask the requesting party to provide evidence satisfactory to us that the shares requested for redemption are not subject to any liens or encumbrances. If we determine that a lien exists against the shares, we will not be obligated to redeem any shares subject to the lien.

Internal Revenue Service regulations require us to determine and disclose on Form 1099-B the adjusted cost basis for shares of our stock sold or redeemed. Although there are several available methods for determining the adjusted cost basis, unless you elect otherwise, which you may do by checking the appropriate box on the redemption form or calling our customer service number at (888) 310-9352, we will utilize the first-in-first-out method.

The federal income tax consequences to you of participating in this share redemption program will vary depending upon your particular circumstances, and you are urged to consult your own tax advisor regarding the specific tax consequences to you of participation in this share redemption program.

You will not relinquish your shares until we redeem them. The shares we redeem under this share redemption program will be cancelled and will have the status of authorized but unissued shares. We will not resell such shares to the public unless such sales are first registered with the SEC under the Securities Act and under appropriate state securities laws or are exempt under such laws.

The Transaction Price approved by our board of directors in the future may be higher or lower than the most recently disclosed Transaction Price. The Transaction Price is not a representation, warranty or guarantee that (i) a stockholder would be able to realize such per share amount if such stockholder attempts to sell his or her shares; (ii) a stockholder would ultimately realize distributions per share equal to such per share amount upon our liquidation or sale; (iii) shares of our common stock would trade at such per share amount on a national

securities exchange; or (iv) a third party would offer such per share amount in an arm's-length transaction to purchase all or substantially all of our shares of common stock.

Mail and Telephone Instructions

We and our transfer agent will not be responsible for the authenticity of mail or phone instructions or losses, if any, resulting from unauthorized stockholder transactions if they reasonably believe that such instructions were genuine. We and our transfer agent have established reasonable procedures to confirm that instructions are genuine including requiring the stockholder to provide certain specific identifying information on file and sending written confirmation to stockholders of record no later than five days following execution of the instruction. Stockholders, or their designated custodian or fiduciary, should carefully review such correspondence to ensure that the instructions were properly acted upon. If any discrepancies are noted, the stockholder, or its agent, should contact his, her or its financial advisor as well as our transfer agent in a timely manner, but in no event more than 60 days from receipt of such correspondence. Failure to notify such entities in a timely manner will relieve us, our transfer agent and the financial advisor of any liability with respect to the discrepancy.

FOURTH AMENDED AND RESTATED DISTRIBUTION REINVESTMENT PLAN

This FOURTH AMENDED AND RESTATED DISTRIBUTION REINVESTMENT PLAN (the “Plan”) is adopted by Ares Industrial Real Estate Income Trust Inc., a Maryland corporation (the “Company” or “AIREIT”) pursuant to its charter (the “Charter”). Unless otherwise defined herein, capitalized terms shall have the same meaning as set forth in the Charter.

1. *Distribution Reinvestment.* As agent for the stockholders (the “Stockholders”) of the Company who elect to participate in the Plan, the Company will apply all cash dividends and other cash distributions declared and paid in respect of the shares of the Company’s common stock (the “Shares”) held by each participating Stockholder (the “Dividends”), including Dividends paid with respect to any full or fractional Shares acquired under the Plan, to the purchase of additional Shares of the same class for such participating Stockholder to which such Dividends are attributable.

Additionally, as agent for the holders of partnership units (the “OP Units”) of AIREIT Operating Partnership LP (the “Partnership”) who acquire such OP Units as a result of any transaction of the Partnership, and who elect to participate in the Plan (together with the participating Stockholders, the “Participants”), the Partnership will apply all distributions declared and paid in respect of the OP Units held by each Participant (the “Distributions”), including Distributions paid with respect to any full or fractional OP Units, to the purchase of Shares having the same class designation as the applicable class of OP Units for such Participant to which such Distributions are attributable.

2. *Effective Date.* The effective date of this Plan is September 5, 2019.

3. *Procedure for Participation.* Any Stockholder or holder of OP Units who has received a prospectus and purchases Shares in the Company’s follow-on offering after the effective date of the Plan will become a Participant by noting such election on their subscription agreement. Any stockholder, who has received a prospectus and initially elected not to be a Participant, may elect to become a Participant by completing and executing the subscription agreement, an enrollment form or any other appropriate authorization form as may be available from the Company, the Partnership, the Dealer Manager or a participating broker dealer. Participation in the Plan will begin with the next Dividend or Distribution payable after acceptance of a Participant’s subscription, enrollment or authorization. Shares will be purchased under the Plan on the date that Dividends or Distributions are paid by the Company or the Partnership, as the case may be. The Company may elect to deny participation in the Plan with respect to a Stockholder or holder of OP Units that resides in a jurisdiction or foreign country where, in the Company’s judgment, the burden or expense of compliance with applicable securities laws makes participation impracticable or inadvisable.

4. *Suitability.* Each Participant is requested to promptly notify the Company in writing if the Participant experiences a material change in his or her financial condition, including the failure to meet the income, net worth and investment concentration standards imposed by such Participant’s state of residence and set forth in the Company’s most recent applicable prospectus or if the Participant cannot make the other representations or warranties as set forth in the Company’s most recent applicable prospectus or subscription agreement, enrollment form or other authorization form, such Participant will promptly so notify the Company in writing.

5. *Purchase of Shares.*

(a) Participants will acquire Shares under this Plan (the “Plan Shares”) from the Company at a price equal to the transaction price (the “Transaction Price”) in effect on the distribution date, which will generally be the most recently disclosed monthly net asset value (“NAV”) per Share applicable to the class of Shares purchased by the Participant. Although the Transaction Price for Shares of the Company’s common stock will generally be based on the most recently disclosed monthly NAV per share, the NAV per share of such stock as of the date on which a Participant’s purchase is settled may be significantly different. The Company may offer Shares at a price that it believes reflects the NAV per share of such stock more appropriately than the most recently disclosed monthly NAV per share, including by updating a previously disclosed Transaction Price, in cases where the Company believes there has been a material change (positive or negative) to its NAV per Share relative to the most recently disclosed monthly NAV per Share. No selling commissions will be payable with respect to Shares purchased pursuant to this Plan. Participants in the Plan may also purchase fractional Shares so that 100% of the Dividends or Distributions will be used to acquire Shares. However, a Participant will not be able to acquire Plan Shares to the extent that any such purchase would cause such Participant to exceed the Aggregate Share Ownership Limit or the Common Share Ownership Limit as set forth in the Charter or otherwise would cause

a violation of the Share ownership restrictions set forth in the Charter.

(b) Shares to be distributed by the Company in connection with the Plan will be supplied from: (a) Shares that are or will be registered with the Securities and Exchange Commission (the “*Commission*”) for use in the Plan, or (b) Shares purchased by the Company for the Plan in a secondary market (if available) or on a national stock exchange (if listed) (collectively, the “*Secondary Market*”).

(c) Shares purchased in any Secondary Market will be purchased by the Company at the then-prevailing market price for Shares of the class purchased, which price will be utilized for purposes of issuing Shares in the Plan. Shares acquired by the Company in any Secondary Market or Shares that the Company registers for use in the Plan may be at prices lower or higher than the Share price that will be paid for the Plan Shares of that class pursuant to the Plan.

(d) If the Company acquires Shares in any Secondary Market for use in the Plan, the Company shall use its reasonable efforts to acquire Shares at the lowest price then reasonably available for Shares of the class acquired. However, the Company does not in any respect guarantee or warrant that the Shares so acquired and purchased by the Participant in the Plan will be at the lowest possible price. Further, irrespective of the Company’s ability to acquire Shares in any Secondary Market or to register Shares to be used in the Plan in the future, the Company is in no way obligated to do either, but may do so in its sole discretion.

6. *Distributions in Cash.* Notwithstanding anything herein to the contrary, the Company’s board of directors, in its sole discretion, may elect to have any particular Dividend or Distribution paid in cash, without notice to Participants, without suspending this Plan and without affecting the future operation of the Plan with respect to Participants.

7. *Taxes.* IT IS UNDERSTOOD THAT REINVESTMENT OF DIVIDENDS AND DISTRIBUTIONS DOES NOT RELIEVE A PARTICIPANT OF ANY INCOME TAX LIABILITY WHICH MAY BE PAYABLE ON THE DIVIDENDS AND DISTRIBUTIONS. ADDITIONAL INFORMATION REGARDING POTENTIAL PARTICIPANT INCOME TAX LIABILITY MAY BE FOUND IN THE PUBLIC FILINGS MADE BY THE COMPANY WITH THE COMMISSION.

8. *Share Certificates.* The ownership of the Shares purchased through the Plan will be in book-entry form unless and until the Company issues certificates for its outstanding common stock.

9. *Reports.* Within 90 days after the end of the Company’s fiscal year, the Company shall provide, or cause to be provided, to each Stockholder an individualized report on his or her investment, including the purchase date(s), purchase price and number of Shares owned, as well as the dates of Dividend and/or Distribution payments and amounts of Dividends and/or Distributions paid during the prior fiscal year. In addition, the Company shall provide or cause to be provided to each Participant an individualized quarterly report at the time of each Dividend and/or Distribution payment showing the number of Shares owned prior to the current Dividend and/or Distribution, the amount of the current Dividend and/or Distribution and the number of Shares owned after the current Dividend and/or Distribution.

10. *Termination by Participant.* A Participant may terminate participation in the Plan at any time, without penalty, by delivering to the Company a written notice. Such notice must be received by the Company at least one business day prior to a distribution date in order for a Participant’s termination to be effective for such distribution date (i.e., a termination notice will be effective the day after it is received and will not affect participation in the Plan for any prior date). Any transfer of Shares by a Participant to a non-Participant will terminate participation in the Plan with respect to the transferred Shares. In addition, the receipt by the Company of a request from a Participant for redemption of all of the Participant’s Shares will terminate the Participant’s participation in the Plan. A Participant who chooses to terminate participation in the Plan must terminate his or her entire participation in the Plan and will not be allowed to terminate in part. There are no fees associated with a Participant’s termination of his or her participation in the Plan. A Participant in the Plan who terminates his or her participation in the Plan will be allowed to participate in the Plan again by notifying the Company and completing any required forms, including an acknowledgment that the then-current version of the prospectus or a separate current prospectus relating solely to the Plan has been delivered or made available to the Participant. If the Company intends to list the Shares on a national stock exchange the Plan may be terminated and any balance in a terminating Participant’s account that does not reflect a whole number of Shares will be distributed to the terminating Participant in cash. From and after termination of Plan

participation for any reason, Dividends and/or Distributions will be distributed to the Stockholder or holder of OP Units in cash.

11. *Amendment or Termination of Plan by the Company.* The Board of Directors may amend the Plan; provided that notice of any material amendment must be provided to participants at least 10 days prior to the effective date of that amendment. The Board of Directors may suspend or terminate the Plan for any reason upon 10 days' notice to the Participants. The Company may provide notice under this Section 11 by including such information (a) in a Current Report on Form 8-K or in its annual or quarterly reports, all publicly filed with the Commission or (b) in a separate mailing to the Participants.

12. *Liability of the Company.* The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death; or (b) with respect to the time and the prices at which Shares are purchased or sold for a Participant's account. To the extent that indemnification may apply to liabilities arising under the Securities Act, or the securities laws of a particular state, the Company has been advised that, in the opinion of the Commission and certain state securities commissioners, such indemnification is contrary to public policy and, therefore, unenforceable.

13. *Governing Law.* The terms and conditions of the Plan and its operation are governed by the laws of the State of Maryland.

**DESCRIPTION OF ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
SECURITIES REGISTERED PURSUANT TO SECTION 12(g)
OF THE SECURITIES EXCHANGE ACT OF 1934**

The following is a summary of the material terms of shares of common stock of Ares Industrial Real Estate Income Trust Inc. registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as set forth in our charter and bylaws, as amended and supplemented from time to time. This summary is qualified in its entirety by reference to our charter and bylaws. References herein to “us,” “we,” “our,” or the “Company” refer to Ares Industrial Real Estate Income Trust Inc. Under our charter, we have authority to issue a total of 1,700,000,000 shares of capital stock. Of the total number of shares of capital stock authorized, 1,500,000,000 shares are classified as common stock with a par value of \$0.01 per share, including 225,000,000 shares classified as Class I shares, 1,200,000,000 shares classified as Class T shares and 75,000,000 shares classified as Class D shares, and 200,000,000 shares are classified as preferred stock with a par value of \$0.01 per share. Our board of directors, with the approval of a majority of the entire board and without any action by our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares of capital stock or the number of shares of capital stock of any class or series that we have authority to issue. Our board of directors, with the approval of a majority of the full board and without any action by our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares of capital stock or the number of shares of capital stock of any class or series that we have authority to issue.

Common Stock

The holders of shares of our common stock are entitled to one vote per share on all matters voted on by stockholders, including election of our directors. Our charter does not provide for cumulative voting in the election of directors. Therefore, the holders of a majority of the outstanding shares of our common stock can elect our entire board of directors. Subject to any preferential rights of any outstanding class or series of preferred stock, the holders of shares of our common stock are entitled to such distributions as may be authorized from time to time by our board of directors out of legally available funds and declared by us and, upon liquidation, are entitled to receive all assets available for distribution to stockholders. All shares of our common stock issued in the offering will be fully paid and non assessable shares of common stock. Holders of shares of our common stock will not have preemptive rights, which means that stockholders will not have an automatic option to purchase any new shares of common stock that we issue, and generally will not have appraisal rights unless our board of directors determines that appraisal rights apply, with respect to all or any classes or series of shares, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise appraisal rights. Stockholders are not liable for the acts or obligations of the Company.

We will not issue certificates for shares of our common stock. Shares of our common stock will be held in “uncertificated” form which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable share certificates and eliminate the need to return a duly executed share certificate to effect a transfer. SS&C Technologies, Inc. acts as our registrar and as the transfer agent for shares of our common stock. Transfers can be effected simply by mailing a transfer and assignment form, which we will provide at no charge, to:

For regular mail:

Ares Management Corporation
c/o SS&C Technologies, Inc.
P.O. Box 219079
Kansas City, MO 64121-9079

For overnight deliveries:

Ares Industrial Real Estate Income Trust
c/o SS&C Technologies, Inc.
430 W. 7th Street, Suite 219079
Kansas City, MO 64105

Our common stock includes Class I shares, Class T shares and Class D shares. Holders of each class of our common stock have the same rights. The only difference between the three classes of common stock is the amount of upfront and ongoing commissions and fees that are paid to broker dealers in connection with the sale of the shares. If there are ongoing distribution fees paid, as is the case with the Class T shares and the Class D shares, the distribution fees reduce the amount of the distribution paid to the holders as described further below.

Class I Shares

No upfront selling commissions, dealer manager fees or distribution fees will be paid for sales of any Class I shares.

Class T Shares

Each Class T share issued in our primary offering will be subject to an upfront selling commission of up to 2.0% per share, and a dealer manager fee of up to 2.5% per share, of the offering price of each Class T share sold in our primary offering on the date of the purchase, however such amounts may vary at certain participating broker dealers provided that the sum will not exceed 4.5% of the offering price. All or a portion of the upfront selling commissions and dealer manager fees will be retained by, or reallocated (paid) to, participating broker dealers.

In addition, we will pay an ongoing distribution fee, which accrues monthly and is calculated on outstanding Class T shares sold in the primary offering in an amount equal to 0.85% per annum of the net asset value ("NAV") per Class T share. In calculating our distribution fees, we will use our most recently disclosed monthly NAV before giving effect to the monthly distribution fee or distributions on our shares. The ongoing distribution fees with respect to Class T shares are deferred and paid on a monthly basis continuously from year to year. We will not pay any selling commissions, dealer manager fees or distribution fees on shares sold pursuant to our distribution reinvestment plan. The distributions paid with respect to all outstanding Class T shares will be reduced by the distribution fees calculated with respect to Class T shares issued in the primary offering.

We will cease paying the distribution fees with respect to individual Class T shares when they are no longer outstanding, including as a result of conversion to Class I shares. Each Class T share held within a stockholder's account shall automatically and without any action on the part of the holder thereof convert into a number of Class I shares at the Applicable Conversion Rate (as defined below under "-Conversion") on the earliest of (i) a listing of any shares of our common stock on a national securities exchange, (ii) our merger or consolidation with or into another entity, or the sale or other disposition of all or substantially all of our assets and (iii) the end of the month in which our dealer manager, in conjunction with our transfer agent, determines that the total upfront selling commissions, upfront dealer manager fees and ongoing distribution fees paid with respect to all Class T shares held by such stockholder within such account (including shares purchased through a distribution reinvestment plan or received as stock dividends) equals or exceeds 8.5% of the aggregate purchase price of all Class T shares held by such stockholder within such account and purchased in a primary offering (i.e., an offering other than a distribution reinvestment plan). We cannot predict if or when this will occur.

If, in accordance with the terms of our share redemption program, we redeem a portion, but not all of the Class T shares held in a stockholder's account, the total underwriting compensation limit and amount of underwriting compensation previously paid will be prorated between the Class T shares that were redeemed and those Class T shares that were retained in the account. Likewise, if a portion of the Class T shares in a stockholder's account is sold or otherwise transferred in a secondary transaction, the total underwriting compensation limit and amount of underwriting compensation previously paid will be prorated between the Class T shares that were transferred and the Class T shares that were retained in the account.

Class D Shares

No upfront selling commissions or dealer manager fees will be paid for sales of any Class D shares.

We will pay an ongoing distribution fee, which accrues monthly and is calculated on outstanding Class D shares sold in the primary offering in an amount equal to 0.25% per annum of the NAV per Class D share. In calculating our distribution fees, we will use our most recently disclosed monthly NAV before giving effect to the monthly distribution fee or distributions on our shares.

We will cease paying the distribution fees with respect to individual Class D shares when they are no longer outstanding, including as a result of conversion to Class I shares. Each Class D share held within a stockholder's account shall automatically and without any action on the part of the holder thereof convert into a number of Class I shares at the Applicable Conversion Rate (as defined below under “-Conversion”) on the earliest of (i) a listing of any shares of our common stock on a national securities exchange, (ii) our merger or consolidation with or into another entity, or the sale or other disposition of all or substantially all of our assets and (iii) the end of the month in which our dealer manager, in conjunction with our transfer agent, determines that the total upfront selling commissions, upfront dealer manager fees and ongoing distribution fees paid with respect to all Class D shares held by such stockholder within such account (including shares purchased through a distribution reinvestment plan or received as stock dividends) equals or exceeds 8.5% of the aggregate purchase price of all Class D shares held by such stockholder within such account and purchased in a primary offering (i.e., an offering other than a distribution reinvestment plan). We cannot predict if or when this will occur.

If, in accordance with the terms of our share redemption program, we redeem a portion, but not all of the Class D shares held in a stockholder's account, the total underwriting compensation limit and amount of underwriting compensation previously paid will be prorated between the Class D shares that were redeemed and those Class D shares that were retained in the account. Likewise, if a portion of the Class D shares in a stockholder's account is sold or otherwise transferred in a secondary transaction, the total underwriting compensation limit and amount of underwriting compensation previously paid will be prorated between the Class D shares that were transferred and the Class D shares that were retained in the account.

Conversion

In addition to the events described above, after termination of a primary offering registered under the Securities Act, each Class T or Class D share (i) sold in that primary offering, (ii) sold under a distribution reinvestment plan, and (iii) received as a stock dividend with respect to such shares sold in such primary offering or distribution reinvestment plan, shall automatically and without any action on the part of the holder thereof convert into a number of Class I shares at the Applicable Conversion Rate, at the end of the month in which we, with the assistance of our dealer manager, determine that all underwriting compensation paid or incurred with respect to the primary offering covered by that registration statement from all sources, determined pursuant to the rules and guidance of FINRA, would be in excess of 10% of the aggregate purchase price of all shares sold for our account through that primary offering.

As used above, the “Applicable Conversion Rate” means (a) with respect to Class T shares, a ratio whereby the numerator is the most recently disclosed monthly Class T NAV per share and the denominator is the most recently disclosed monthly Class I NAV per share and (b) with respect to Class D shares, a ratio whereby the numerator is the most recently disclosed monthly Class D NAV per share and the denominator is the most recently disclosed monthly Class I NAV per share. For each class of shares, the NAV per share shall be calculated as described in the most recent valuation procedures approved by our board of directors. Because we currently expect to allocate ongoing distribution fees to our Class T and Class D shares through their distributions, and not through their NAV per share, we currently expect the Applicable Conversion Rate to remain 1:1 for our Class T and Class D shares. Stockholders will receive a transaction confirmation from the transfer agent or their broker dealer, on behalf of the Company, that their Class T and/or Class D shares have been converted into Class I shares.

Rights Upon Liquidation

In the event of any voluntary or involuntary liquidation, merger, dissolution or winding up of us, or any liquidating distribution of our assets, then such assets, or the proceeds therefrom, will be distributed between the holders of Class T shares, Class D shares and Class I shares in proportion to the respective NAV per share for each class until the NAV per share for each class has been paid. We will calculate the NAV per share as a whole for all Class T shares, Class D shares and Class I shares and then will determine any differences attributable to each class. As noted above, we expect the NAV per share of each Class T share, Class D share and Class I share to be the same. Each holder of shares of a particular class of common stock will be entitled to receive, proportionately with each other holder of shares of such class, that portion of the aggregate assets available for distribution to such class as the number of outstanding shares of the class held by such holder bears to the total number of outstanding shares of such class then outstanding.

Preferred Stock

The issuance of preferred stock must be approved by a majority of our independent directors who do not have an interest in the transaction and who have access, at our expense, to our legal counsel or to independent legal counsel. Our charter authorizes our board of directors to classify and reclassify any unissued shares of our common stock and preferred stock into other classes or series of stock. Prior to issuance of shares of each class or series, our board of directors is required by the Maryland General Corporation Law and by our charter to set, subject to our charter restrictions on transfer of our stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series. Thus, our board of directors could authorize the issuance of shares of common stock or preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or change in control that might involve a premium price for holders of our common stock and therefore may adversely affect their economic interest. Our board of directors has no present plans to issue preferred stock, but may do so at any time in the future without stockholder approval. Our board of directors, without stockholder approval, can issue preferred stock with voting and conversion rights which could adversely affect the voting power of the common stockholders.

Meetings, Special Voting Requirements and Access To Records

An annual meeting of our stockholders will be held not less than 30 days after delivery of our annual report. Our board of directors, including the independent directors, will take reasonable steps to insure that this requirement is met. Special meetings of stockholders may be called only upon the request of a majority of the directors, a majority of the independent directors, the chairman of the board, the chief executive officer or the president and must be called by the secretary to act on any matter that may be properly considered at a meeting of stockholders upon the written request of stockholders entitled to cast at least 10% of all the votes entitled to be cast on such matter at such meeting. The presence of at least 50% of the outstanding shares of our common stock entitled to vote

either in person or by proxy shall constitute a quorum. Generally, the affirmative vote of a majority of the votes cast on a matter is necessary to take stockholder action, except that a majority of the outstanding shares entitled to vote represented in person or by proxy at a meeting at which a quorum is present is required to elect a director and except for the matters described in the next paragraph, which must be approved by the affirmative vote of a majority of the shares entitled to vote on the matter.

Under the Maryland General Corporation Law and our charter, stockholders are generally entitled to vote at a duly held meeting at which a quorum is present on (i) the amendment of our charter, (ii) our dissolution, (iii) our merger into another entity, our consolidation, our conversion, a statutory share exchange or the sale or other disposition of all or substantially all of our assets, and (iv) the removal of our directors.

The advisory agreement among us, AIREIT Operating Partnership LP (the “Operating Partnership”), and our external advisor (the “Advisor”), including the selection of the Advisor, is approved annually by our directors, including a majority of the independent directors. While the stockholders do not have the ability to vote to replace the Advisor or to select a new advisor, stockholders do have the ability, by the affirmative vote of a majority of the outstanding shares entitled to vote generally in the election of directors, to remove a director from our board of directors. An alphabetical list of the names, addresses and telephone numbers of our stockholders, along with the number of shares of our common stock held by each of them, shall be maintained as part of our books and records and shall be available for inspection by any stockholder or the stockholder's designated agent at our office. The stockholder list shall be updated at least quarterly to reflect changes in the information contained therein. A copy of the list shall be mailed to any stockholder who requests the list within 10 days of our receipt of the request. A stockholder may request a copy of the stockholder list in connection with matters relating to, without limitation, voting rights and the exercise of stockholder rights under federal proxy laws. A stockholder requesting a list will be required to pay the reasonable costs of postage and duplication. In addition to the foregoing, stockholders have rights under Rule 14a-7 under the Exchange Act, which provides that, upon the request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to stockholders in the context of the solicitation of proxies for voting on matters presented to stockholders or, at our option, provide requesting stockholders with a copy of the list of stockholders so that the requesting stockholders may make the distribution of proxies themselves. If a proper request for the stockholder list is not honored, then the requesting stockholder shall be entitled to recover certain costs incurred in compelling the production of the list as well as actual damages suffered by reason of the refusal or failure to produce the list. However, a stockholder shall not have the right to, and we may require a requesting stockholder to represent that it will not, secure the stockholder list or other information for the purpose of sales or using the list for a commercial purpose or any other purpose not related to the requesting stockholder's interest in the affairs of the Company.

In addition, pursuant to our charter, any stockholder and any designated representative thereof shall be permitted access to our corporate records to which such stockholder is entitled under applicable law at all reasonable times, and may inspect and copy any of them for a reasonable charge. Under Maryland law, stockholders are therefore entitled to inspect and copy only our bylaws, minutes of stockholder proceedings, annual statements of affairs, voting trust agreements and statements of the amount of stock and securities issued by us during the period specified by the requesting stockholder, which period may not be longer than 12 months prior to the date of the stockholder's request. Statements of stock and securities will only include the number of shares issued during the period and the consideration received per share, in conformity with Maryland law, and will not include any personal identifying information concerning the holders of the shares. Requests to inspect and/or copy our corporate records must be made in writing to: Ares Industrial Real Estate Income Trust Inc., 518 Seventeenth Street, 17th Floor, Denver, CO 80202. It is the policy of our board of directors to comply with all proper requests for access to our corporate records in conformity with our charter and Maryland law.

Tender Offers

Our charter provides that any tender offer made by any person, including any “mini-tender” offer, must comply with most of the provisions of Regulation 14D of the Exchange Act, including the notice and disclosure requirements. Among other things, the offeror must provide us notice of such tender offer at least 10 business days before initiating the tender offer. Our charter also prohibits any stockholder from transferring shares of our stock to a person who makes a tender offer which does not comply with the provisions set forth above unless such stockholder has first offered such shares of our stock to us at the tender offer price offered in the non-compliant tender offer. In addition, the non-complying offeror will be responsible for all of our expenses in connection with enforcing our charter provisions concerning that offeror's noncompliance.

Restriction on Ownership of Shares of Capital Stock

In order for us to qualify as a real estate investment trust (“REIT”), no more than 50% in value of the outstanding shares of our common stock may be owned, directly or indirectly through the application of certain attribution rules under the Internal Revenue Code of 1986, as amended (the “Code”) by any five or fewer individuals, as defined in the Code to include specified entities, during the last half of any taxable year. In addition, the outstanding shares of our common stock must be owned by 100 or more persons independent of us and each other during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year, excluding our first taxable year in which we qualify as a REIT. In addition, we must meet requirements regarding the nature of our gross income, composition of our assets, amount of distributions and various other tests in order to qualify as a REIT. One of these requirements is that at least 75% of our gross income for each calendar year must consist of rents from real property and income from other real property investments (and a similar test requires that at least 95% of our gross income for each calendar year must consist of rents from real property and income from other real property investments together with certain other passive items such as dividend and interest). The rents received by the Operating Partnership from any tenant will not qualify as rents from real property, which could result in our loss of REIT status, if we own, actually or constructively within the meaning of certain provisions of the Code, 10% or more of the ownership interests in that tenant. In order to assist us in preserving our status as a REIT, among other purposes, our charter provides generally that (i) no person may beneficially or constructively own shares of common stock in excess of 9.8% (in value or number of shares, whichever is more restrictive) of the outstanding shares of common stock; (ii) no person may beneficially or constructively own shares in excess of 9.8% of the value of the total outstanding shares; (iii) no person may beneficially or constructively own shares that would result in the Company being “closely held” within the meaning of Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT (including, but not limited to, beneficial or constructive ownership that would result in the Company owning (actually or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Company from such tenant would cause us to fail to satisfy any of the gross income requirements of Section 856(c) of the Code); and (iv) no person may transfer or attempt to transfer shares if such transfer would result in shares being owned beneficially by fewer than 100 persons.

Our charter provides that any purported transfer of shares that, if effective, would result in shares being beneficially owned by fewer than 100 persons will be null and void, with the intended transferee acquiring no rights in such shares, and that if any of the other restrictions on transfer or ownership described above are violated, the shares that, if transferred, would cause the violation will be automatically transferred to a charitable trust for the benefit of one or more charitable beneficiaries effective on the day before the purported transfer of such shares. We will designate a trustee of the charitable trust that will not be affiliated with us or the purported transferee or record holder. We will also name a charitable organization as beneficiary of the charitable trust. The trustee will receive all distributions on the shares of our capital stock in the same trust and will hold such distributions in trust for the benefit of the beneficiary. The trustee also will vote the shares of capital stock in the same trust. Subject to Maryland law, the trustee will also have the authority (i) to rescind as void any vote cast by the purported transferee prior to

our discovery that the shares have been transferred to the trust and (ii) to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote. The purported transferee will acquire no rights in such shares of capital stock, unless, (x) in the case of a transfer that would cause a violation of the 9.8% ownership limit, the transfer is exempted (prospectively or retroactively) by our board of directors from the ownership limit based upon receipt of information (including certain representations and undertakings from the purported transferee) that such transfer would not violate the provisions of the Code for our qualification as a REIT or (y) the transfer is exempted in certain other limited situations during the first 29 or 180 days after the end of the first taxable year for which we intend to elect to qualify for federal income tax treatment as a REIT. In addition, our charter provides that we may redeem shares upon the terms and conditions specified by our board of directors in its sole discretion if our board of directors determines that ownership or a transfer or other event may violate the restrictions described above. Furthermore, if the transfer to the charitable trust would not be effective for any reason to prevent a violation, attempted transfers in violation of the restrictions described above will be void ab initio.

The trustee will sell the shares of our capital stock to a person whose ownership of shares of our capital stock will not violate the ownership limits. The sale shall be made within 20 days of receiving notice from us that shares of our capital stock have been transferred to the trust. Upon any such sale, the purported transferee or holder shall receive a per share price equal to the lesser of (a) the price paid by the purported transferee for the shares or, if the purported transferee did not give value for the shares in connection with the event causing the shares to be held in the charitable trust (e.g., in the case of a gift, devise or other such transaction), the market price of the shares on the day of the event causing the shares to be held in the charitable trust and (b) the price per share received by the charitable trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the charitable trust. The charitable trustee may reduce the amount payable to the purported transferee by the amount of dividends and other distributions which have been paid to the purported transferee and are owed by the purported transferee to the charitable trustee pursuant to our charter. Any net sales proceeds in excess of the amount payable to the purported transferee shall be immediately paid to the charitable beneficiary. If, prior to the discovery by us that shares have been transferred to the charitable trustee, such shares are sold by a purported transferee, then (i) such shares shall be deemed to have been sold on behalf of the charitable trust and (ii) to the extent that the purported transferee received an amount for such shares that exceeds the amount that such purported transferee was entitled to receive pursuant to our charter, such excess shall be paid to the charitable trustee upon demand.

Shares of our capital stock transferred to the charitable trustee will be deemed to have been offered for sale to us or our designee at a price per share equal to the lesser of (a) the price per share in the transaction that resulted in the transfer to the charitable trust (or, in the case of a devise or gift, the market price at the time of such devise or gift) and (b) the market price on the date we or our designee accept such offer. We will have the right to accept such offer until the charitable trustee has sold the shares held in the charitable trust. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the charitable trustee will distribute the net proceeds of the sale to the purported transferee. The charitable trustee may reduce the amount payable to the purported transferee by the amount of dividends and other distributions which have been paid to the purported transferee and are owed by the purported transferee to the charitable trustee pursuant to our charter. The charitable trustee may pay the amount of such reduction to the charitable beneficiary.

Any person who acquires or attempts or intends to acquire beneficial ownership or constructive ownership of shares that will or may violate the foregoing restrictions, or any person who would have owned shares that resulted in a transfer to the charitable trust pursuant to our charter, is required to immediately give written notice to us of such event, or in the case of such a proposed or attempted transaction, give at least 10 business days prior written notice, and shall provide to us such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT.

The ownership limits do not apply to a person or persons which our board of directors has, in its sole discretion, determined to exempt (prospectively or retroactively) from the ownership limit upon appropriate assurances that our qualification as a REIT is not jeopardized. Any person who owns more than 5% (or such lower percentage applicable under the Code or Treasury regulations) of the outstanding shares of our capital stock during any taxable year will be asked to deliver a statement or affidavit setting forth the number of shares of our capital stock beneficially owned and other information related to such ownership.

Distributions

We intend to make distributions on a monthly basis following the end of each calendar month. We intend to use monthly record dates and, thus, monthly distribution accruals. However, we reserve the right to adjust the periods during which distributions accrue and are paid. Until the net proceeds from our public offerings are fully invested and from time to time thereafter, we may not generate sufficient cash flow from operations or funds from operations to fully fund distributions. Therefore, some or all of our cash distributions are expected to be paid from sources other than cash flows from operating activities, such as cash flows from financing activities, which may include borrowings and net proceeds from primary shares sold in this offering, proceeds from the issuance of shares pursuant to our distribution reinvestment plan, cash resulting from a waiver or deferral of fees or expense reimbursements otherwise payable to the Advisor or its affiliates, cash resulting from the Advisor or its affiliates paying certain of our expenses, proceeds from the sales of assets, and from our cash balances. There is no limit on distributions that may be paid from any of these sources, however, our Advisor and its affiliates are under no obligation to defer or waive fees in order to support our distributions. Our charter does not prohibit our use of such sources to fund distributions.

Each year, we must make distributions, other than capital gain dividends and deemed distributions of retained capital gain, to our stockholders in an aggregate amount at least equal to the sum of 90% of our "REIT taxable income," computed without regard to the dividends paid deduction and our net capital gain or loss, 90% of our after-tax net income, if any, from foreclosure property, minus the sum of certain items of non-cash income.

We will pay federal income tax on taxable income, including net capital gain, that we do not distribute to stockholders. Furthermore, if we fail to distribute with respect to each year, at least the sum of 85% of our REIT ordinary income for such year, 95% of our REIT capital gain income for such year, and any undistributed taxable income from prior periods, we will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts we actually distribute. Distributions will be authorized at the discretion of our board of directors, and will depend on, among other things, current and projected cash requirements, tax considerations and other factors deemed relevant by our board. Our board's discretion will be directed, in substantial part, by its obligation to cause us to comply with the REIT requirements. Because we may receive income from interest or rents at various times during our fiscal year, and because our board may take various factors into consideration in setting distributions, distributions may not reflect our income earned in any particular distribution period and may be made in advance of actual receipt of funds in an attempt to make distributions relatively uniform. We are authorized to borrow money, issue new securities or sell assets in order to make distributions. There are no restrictions on the ability of our Operating Partnership to transfer funds to us. The use of sources other than cash flows from operating activities to fund distributions and the ultimate repayment of any liabilities incurred, as well as the payment of distributions in excess of our funds from operations ("FFO") could adversely impact our ability to pay distributions in future periods, decrease the amount of cash we have available for operations and new investments and potentially reduce the overall return and adversely impact and dilute the value of an investment in shares of our common stock, which would be reflected when we establish an estimated per share value of each class of our common stock. The availability and timing of cash distributions to our stockholders is uncertain, and we may have difficulty funding our distributions with funds provided by cash flows from operating activities; therefore, we may use cash flows from

financing activities, which may include borrowings and net proceeds from primary shares sold in our public offerings, proceeds from the issuance of shares under our distribution reinvestment plan, cash resulting from a waiver or deferral of fees by the Advisor, or other sources to fund distributions to our stockholders. The use of these sources to pay distributions and the ultimate repayment of any liabilities incurred could adversely impact our ability to pay distributions in future periods, decrease the amount of cash we have available for operations and new investments and/or potentially impact the value or result in dilution of our stockholders' investment in us by creating future liabilities, reducing the return on our stockholders' investment in us or otherwise.

Amounts available for distributions will be affected by our expenses, including any fees paid and distributions made to the Advisor and any of its affiliates. The amounts available for distributions will also be affected by any redemption payments made pursuant to our share redemption program or any distributions made to the holders of the partnership units in the Operating Partnership ("OP Units") or partnership units the Sponsor has been issued in the Operating Partnership constituting a separate series of partnership interests with special distribution rights ("Special Units").

We are not prohibited from distributing securities in lieu of making cash distributions to stockholders, provided that the securities distributed to stockholders are readily marketable. The receipt of marketable securities in lieu of cash distributions may cause stockholders to incur transaction expenses in liquidating the securities. It is not currently intended that the shares of our common stock will be listed on a national securities exchange, nor is it expected that a public market for the shares of common stock will develop. Shares of our common stock are not readily marketable.

In connection with a distribution to our stockholders, our board intends to authorize a monthly distribution of a certain dollar amount per share of our common stock before or on the first day of each calendar quarter for the months in such quarter. We will then calculate each stockholder's specific distribution amount for the month using monthly record dates and the distributions will accrue on the first record date after a stockholder becomes a record owner of our common stock, subject to our board of directors declaring a distribution for record owners as of such date. We accrue the amount of declared distributions as a liability on the record date, and such liability will be accounted for when we determine the NAV.

The ongoing distribution fees payable with respect to Class T shares and Class D shares sold in the primary offering are allocated on a class-specific basis and borne by all holders of the applicable class. The allocation of ongoing distribution fees on a class-specific basis results in different amounts of distributions being paid with respect to each class of shares. However, if no distributions are authorized for a certain period, or if they are authorized in an amount less than the allocation of class-specific fees with respect to such period, then pursuant to our valuation procedures, the class-specific fee allocations may lower the NAV of a share class. Therefore, as a result of the different ongoing fees allocable to each share class, each share class could have a different NAV per share. If the NAV of each of our share classes is different, then changes to our assets and liabilities that are allocable based on NAV may also be different for each class.

We intend to continue to accrue and make distributions on a regular basis. There can be no assurances that the current distribution rate or amount per share will be maintained. In the near-term, we expect that we may need to continue to rely on expense support from the Advisor and sources other than cash flows from operations, as determined on a basis consistent with U.S. generally accepted accounting principles ("GAAP"), to pay cash distributions, which if insufficient could negatively impact our ability to pay cash distributions.

Distribution Reinvestment Plan

We have adopted a distribution reinvestment plan that allows stockholders to have their cash distributions attributable to the class of shares owned reinvested in additional shares of the same class. A stockholder may choose to enroll as a participant in our distribution reinvestment plan by completing the subscription agreement, the

enrollment form or by other written notice to the plan administrator. Participation in the plan will begin with the next distribution made after acceptance of a stockholder's written notice. Our distribution reinvestment plan is made available solely at the discretion of our board of directors and our stockholders will not have an automatic option to have their distributions reinvested in additional shares of our common stock.

The per share purchase price for shares purchased pursuant to the distribution reinvestment plan will be equal to the transaction price in effect on the distribution date. The "transaction price" generally will be equal to the NAV per share of our common stock most recently disclosed by us, however, we may adjust the transaction price to a price that we believe reflects the NAV per share of such stock more appropriately than the most recently disclosed NAV per share, by updating a previously disclosed transaction price, in cases where we believe there has been a material change (positive or negative) to our NAV per share relative to the most recently disclosed NAV per share. However, our board of directors may determine, in its sole discretion, to have any distributions paid in cash without notice to participants, without suspending the plan and without affecting the future operation of the plan with respect to participants. Stockholders do not pay selling commissions, dealer manager fees or distribution fees on shares purchased pursuant to the distribution reinvestment plan. Because the distribution fees are allocated on a class-specific basis and are borne by all holders of the applicable class, they reduce distributions with respect to our Class T and Class D shares, including shares issued under the distribution reinvestment plan with respect to such share classes. Shares acquired under the distribution reinvestment plan entitle the participant to the same rights and will be treated in the same manner as shares of that class purchased in this offering.

We reserve the right to amend any aspect of our distribution reinvestment plan without the consent of our stockholders, provided that notice of any material amendment is sent to participants at least 10 days prior to the effective date of that amendment. Our board of directors may amend, suspend or terminate the distribution reinvestment plan for any reason at any time upon 10 days' prior notice to participants. We may provide notice by including such information (a) in a Current Report on Form 8-K or in our annual or quarterly reports, all publicly filed with the Securities and Exchange Commission ("SEC") or (b) in a separate mailing to the participants.

Participation in the plan may also be terminated with respect to any person to the extent that a reinvestment of distributions in shares of our common stock would cause the share ownership limitations contained in our charter to be violated. Following any termination of the distribution reinvestment plan, all subsequent distributions to stockholders would be made in cash.

If a stockholder elects to participate in the distribution reinvestment plan, the stockholder will be treated as receiving, in lieu of the reinvested cash distribution, a distribution of additional shares of the same class of common stock on which the distribution is made. If the stockholder is subject to federal income taxation, the stockholder will be treated for federal income tax purposes as if he or she has received a dividend, to the extent of our current and accumulated earnings and profits, in an amount equal to the fair value on the relevant distribution date of the shares of the class of common stock purchased with the reinvested distributions, and will be taxed on the amount of such distribution as ordinary income to the extent such distribution is from current or accumulated earnings and profits, unless we have designated all or a portion of the distribution as a capital gain dividend in which event the appropriate portion of the distribution will be treated as long-term capital gain to the extent the distribution does not exceed our current and accumulated earnings and profits. However, the tax consequences of participating in our distribution reinvestment plan will vary depending upon each participant's particular circumstances and stockholders are urged to consult their own tax advisor regarding the specific tax consequences of participation in the distribution reinvestment plan.

All material information regarding the distributions to stockholders and the effect of reinvesting the distributions, including tax information with respect to income earned on shares under the plan for the calendar year, will be provided to the stockholders at least annually. Each stockholder participating in the distribution reinvestment plan will have an opportunity to withdraw from the plan at any time after receiving this information.

Holders of OP Units may also participate in the distribution reinvestment plan and have cash otherwise distributable to them by the Operating Partnership invested in shares having the same class designation as the class of OP Units to which the distribution is attributable at a price equal to the transaction price in effect on the distribution date.

Our charter requires that all material information regarding the distributions to stockholders and the effect of reinvesting the distributions, including tax consequences, will be provided to the stockholders at least annually. Our charter requires that each stockholder participating in the distribution reinvestment plan will have an opportunity to withdraw from the plan at least annually after receiving this information. These charter provisions may not be amended without the affirmative vote of stockholders entitled to cast a majority of all votes entitled to be cast on the matter.

We include a link to the most recent version of our distribution reinvestment plan in the exhibit index of each of our periodic reports filed with the SEC. In addition, stockholders can find the latest version of our distribution reinvestment plan on our website: www.blackcreekgroup.com/investment-solutions/AIREIT or can contact us at Ares Industrial Real Estate Income Trust Inc., 518 Seventeenth Street, 17th Floor, Denver, CO 80202, for the latest version of our distribution reinvestment plan, including terms and limitations.

Share Redemption Program

We expect that there will be no regular secondary trading market for shares of our common stock. While stockholders should view their investment as long term with limited liquidity, we have adopted a share redemption program applicable to all shares of our common stock, whereby stockholders may receive the benefit of limited liquidity by presenting for redemption to us all or any portion of those shares in accordance with the procedures and subject to certain conditions and limitations described in our share redemption program. Our share redemption program is made available solely at the discretion of our board of directors and stockholders will not have an automatic option to have their shares redeemed by us. We will notify stockholders promptly of any amendment, suspension or termination of our share redemption program.

Due to the illiquid nature of investments in real property, we may not have sufficient liquid resources to fund redemption requests. In addition, we have established limitations on the amount of funds we may use for redemptions and the amount of shares that may be redeemed during any calendar month and quarter as described in our share redemption program. Further, our board of directors has the right to modify or suspend our share redemption program without stockholder approval if in its reasonable judgment it deems such action to be in the best interest of our stockholders.

A stockholder's request for redemption in the event of the death or qualifying disability of a stockholder must be submitted within 18 months of the death of the stockholder or the initial determination of the stockholder's disability (which we define as such term is defined in Section 72(m)(7) of the Code), as further described in our share redemption program.

The per share redemption price for shares redeemed pursuant to our share redemption program will be equal to the transaction price in effect on the redemption date. There is no minimum holding period under our share redemption program and stockholders can request that we redeem their shares at any time. However, subject to limited exceptions, shares of our common stock that have not been outstanding for at least one year will be redeemed at 95% of the transaction price. This deduction is referred to as the Early Redemption Deduction. There is no fee in connection with a redemption of shares of our common stock.

A stockholder may request that we redeem shares of our common stock through the stockholder's financial professional or directly with our transfer agent. We include a link to the most recent version of our share redemption program in the exhibit index of each of our periodic reports filed with the SEC. In addition, stockholders can find the latest version of our share redemption program on our website: www.blackcreekgroup.com/investment-solutions/AIREIT or can contact us at Ares Industrial Real Estate Income Trust Inc., 518 Seventeenth Street, 17th Floor, Denver, CO 80202, for the latest version of our share redemption program, including terms and limitations.

Liquidity Events

The purchase of shares of our common stock is intended to be a long term investment and we do not anticipate that a secondary trading market will develop. Therefore, it will be very difficult for our stockholders to sell their shares of common stock promptly or at all, and any such sales may be made at a loss. On a limited basis, stockholders may be able to have their shares redeemed through our share redemption program. Although we presently intend to operate on a perpetual basis, in the future we may also consider various liquidity events and, given that our investment strategy is focused on a single asset class, it is possible that an opportunity to execute a liquidity event could arise. While we may consider one or more liquidity events at any time in the future, we currently do not have a fixed time frame in which we intend to undertake such consideration and we are not obligated by our charter or otherwise to effect a liquidity event at any time. There can be no assurance that we will ever pursue a liquidity event. We believe that our structure as a non-exchange traded REIT with no targeted liquidity window will allow us to acquire and manage our investment portfolio in a more active and flexible manner. We expect the structure to be beneficial to our stockholders' investment, as we will not be limited by a pre-determined operational period and the need to provide a liquidity event at the end of that period. For purposes hereof, a liquidity event includes, but is not limited to:

- listing our common stock on a national securities exchange;
- our sale, merger or other transaction in which our stockholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company; and
- a sale of all or substantially all of our assets where our stockholders either receive, or have the option to receive, cash or other consideration.

Business Combinations

Under the Maryland General Corporation Law, certain business combinations between a Maryland corporation and an interested stockholder or the interested stockholder's affiliate are prohibited for five years after the most recent date on which the stockholder becomes an interested stockholder. For this purpose, the term "business combinations" includes mergers, consolidations, share exchanges, or, in circumstances specified in the statute, asset transfers and issuances or reclassifications of equity securities. An "interested stockholder" is defined for this purpose as: (i) any person who beneficially owns, directly or indirectly, 10 percent or more of the voting power of the corporation's outstanding voting stock; or (ii) an affiliate or associate of the corporation who, at any time within the two year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10 percent or more of the voting power of the then outstanding stock of the corporation. A person is not an interested stockholder under the Maryland General Corporation Law if the board of directors approved in advance the transaction by which the person otherwise would become an interested stockholder. However, in approving the transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of the approval, with any terms and conditions determined by the board.

After the five year prohibition, any such business combination between the corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least: (i) 80% of the votes entitled to be cast by holders of outstanding voting stock of the corporation and (ii) two thirds of the votes entitled to be cast by holders of voting stock of the corporation other than

voting stock held by the interested stockholder or its affiliate with whom the business combination is to be effected, or held by an affiliate or associate of the interested stockholder, voting together as a single voting group.

These super majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under the Maryland General Corporation Law, for their shares of common stock in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares of common stock.

None of these provisions of the Maryland General Corporation Law will apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the interested stockholder becomes an interested stockholder. Pursuant to the business combination statute, our board of directors has exempted any business combination involving us and any person. Consequently, the five year prohibition and the super majority vote requirements will not apply to business combinations between us and any person. As a result, any person may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super majority vote requirements and other provisions of the statute.

Should our board of directors opt in to the business combination statute, it may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Control Share Acquisitions

The Maryland General Corporation Law provides that a holder of Control Shares of a Maryland corporation acquired in a Control Share acquisition have no voting rights with respect to such shares except to the extent approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. Shares of common stock owned by the acquirer, by officers or by employees who are directors of the corporation are not entitled to vote on the matter. "Control Shares" are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or with respect to which the acquirer has the right to vote or to direct the voting of, other than solely by virtue of a revocable proxy, would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting powers:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control Shares do not include shares of stock the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. Except as otherwise specified in the statute, a "Control Share acquisition" means the acquisition of issued and outstanding Control Shares. Once a person who has made or proposes to make a Control Share acquisition has undertaken to pay expenses and has satisfied other required conditions, the person may compel our board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares of stock. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting. If voting rights are not approved for the Control Shares at the meeting or if the acquiring person does not deliver an "Acquiring Person Statement" for the Control Shares as required by the statute, the corporation may redeem any or all of the Control Shares for their fair value, except for Control Shares for which voting rights have previously been approved. Fair value is to be determined for this purpose without regard to the absence of voting rights for the Control Shares, and is to be determined as of the date of any meeting of stockholders at which the voting rights for Control Shares are considered and not approved, or, if no such meeting is held, as of the date of the last Control Share acquisition by the acquirer.

If voting rights for Control Shares are approved at a stockholders' meeting and the acquirer becomes entitled to vote a majority of the shares of stock entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares of stock as determined for purposes of these appraisal rights may not be less than the highest price per share paid in the Control Share acquisition. Some of the limitations and restrictions otherwise applicable to the exercise of dissenters' rights do not apply in the context of a Control Share acquisition.

The Control Share acquisition statute does not apply to shares of stock acquired in a merger, consolidation or statutory share exchange if the corporation is a party to the transaction or to acquisitions approved or exempted by the charter or bylaws of the corporation. As permitted by the Maryland General Corporation Law, we have provided in our bylaws that the Control Share provisions of the Maryland General Corporation Law will not apply to any acquisition by any person of shares of our stock, but our board of directors retains the discretion to change this provision in the future.

Subtitle 8

Subtitle 8 of Title 3 of the Maryland General Corporation Law, which we refer to as "Subtitle 8," permits the board of directors of a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in its charter or bylaws, to any or all of five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and, if the board is classified, for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling of a stockholder-requested special meeting of stockholders.

Pursuant to Subtitle 8, we have elected to provide that vacancies on our board of directors be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we vest in our board of directors the exclusive power to fix the number of directorships provided that the number is not less than three. We have not elected to be subject to the other provisions of Subtitle 8.

Restrictions on Roll-Up Transactions

In connection with a proposed "roll-up transaction," which, in general terms, is any transaction involving the acquisition, merger, conversion or consolidation, directly or indirectly, of our company and the issuance of securities of an entity that would be created or would survive after the successful completion of the roll-up transaction, we will obtain an appraisal of all of our assets from an independent expert. In order to qualify as an independent expert for this purpose, the person or entity must have no material current or prior business or personal relationship with the Advisor or directors and must be engaged to a substantial extent in the business of rendering opinions regarding the value of real property and/or other assets of the type held by us. If the appraisal will be included in a prospectus used to offer the securities of the entity that would be created or would survive after the successful completion of the roll-up transaction, the appraisal will be filed with the SEC and the states in which the securities are being registered as an exhibit to the registration statement for the offering. Our assets will be appraised on a consistent basis, and the appraisal will be based on the evaluation of all relevant information and will indicate the value of our assets as of a date immediately prior to the announcement of the proposed roll-up transaction. The appraisal will assume an orderly liquidation of assets over a 12-month period. The terms of the engagement of such

independent expert will clearly state that the engagement is for our benefit and the benefit of our stockholders. We will include a summary of the independent appraisal, indicating all material assumptions underlying the appraisal, in a report to the stockholders in connection with a proposed roll-up transaction.

In connection with a proposed roll-up transaction, the person sponsoring the roll-up transaction must offer to common stockholders who vote against the proposal a choice of:

- accepting the securities of the entity that would be created or would survive after the successful completion of the roll-up transaction offered in the proposed roll-up transaction; or
- one of the following:
- remaining stockholders and preserving their interests in us on the same terms and conditions as existed previously; or
- receiving cash in an amount equal to their pro rata share of the appraised value of our net assets.

We are prohibited from participating in any proposed roll-up transaction:

- which would result in common stockholders having democracy voting rights in the entity that would be created or would survive after the successful completion of the roll-up transaction that are less than those provided in our charter, including rights with respect to the election and removal of directors, annual and special meetings, amendment of the charter and our dissolution;
- which includes provisions that would operate as a material impediment to, or frustration of, the accumulation of shares by any purchaser of the securities of the entity that would be created or would survive after the successful completion of the roll-up transaction, except to the minimum extent necessary to preserve the tax status of such entity, or which would limit the ability of an investor to exercise the voting rights of its securities of the entity that would be created or would survive after the successful completion of the roll-up transaction on the basis of the number of shares held by that investor;
- in which our common stockholders' rights to access of records of the entity that would be created or would survive after the successful completion of the roll-up transaction will be less than those provided in our charter and described in “-Meetings, Special Voting Requirements and Access To Records” above; or
- in which we would bear any of the costs of the roll-up transaction if our common stockholders reject the roll-up transaction.

Advance Notice of Director Nominations and New Business

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to our board of directors and the proposal of business to be considered by stockholder may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of our board of directors or (iii) by a stockholder who is a stockholder of record both at the time of giving the advance notice required by the bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other matter and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to our board of directors at a special meeting may be made only (i) by or at the direction of our board of directors or (ii) provided that the special meeting has been called in accordance with the bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time of giving the advance notice required by the bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions of the bylaws.

Forum for Certain Litigation

Our bylaws provide that the Circuit Court for Baltimore City, Maryland, shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of any duty owed by any director or officer or employee of the Company to us or to our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Maryland General Corporation Law or our charter or bylaws, or (iv) any action asserting a claim that is governed by the internal affairs doctrine, and any record or beneficial stockholder of the Company who commences such an action shall cooperate in a request that the action be assigned to the court's Business and Technology Case Management Program. This choice of forum provision will not apply to claims arising under the Securities Act or the Exchange Act. Similarly, this choice of forum provision will not apply to actions arising out of, or in connection with, the sale of securities in, or the violation of the laws of, the states and U.S. territories and districts in which our shares are sold pursuant to our public offerings; provided that the inapplicability of this choice of forum provision to such actions will not cause this provision to be inapplicable to other types of claims, whether they are brought concurrently with or before or after actions arising out of, or in connection with, the sale of securities in, or the violation of the laws of, the states and U.S. territories and districts in which the Issuer's shares are sold pursuant to the offering.

Reports to Stockholders

Our charter requires that we prepare an annual report and deliver it to our stockholders within 120 days after the end of each fiscal year. Among the matters that must be included in the annual report are:

- financial statements which are prepared in accordance with GAAP (or the then required accounting principles) and are audited by our independent registered public accounting firm;
 - the ratio of the costs of raising capital during the year to the capital raised;
 - the aggregate amount of advisory fees and the aggregate amount of other fees paid to the Advisor and any affiliate of the Advisor by us or third parties doing business with us during the year;
 - our total operating expenses for the year, stated as a percentage of our average invested assets and as a percentage of our net income;
 - a report from the independent directors that our policies are in the best interests of our stockholders and the basis for such determination; and
 - separately stated, full disclosure of all material terms, factors and circumstances surrounding any and all transactions involving us and the Advisor, a director or any affiliate thereof during the year; and the independent directors are specifically charged with a duty to examine and comment in the report on the fairness of the transactions.
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ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
SECOND AMENDED AND RESTATED
DEALER MANAGER AGREEMENT

This Second Amended and Restated Dealer Manager Agreement (the “Agreement”), dated February 11, 2022, is entered into by and between **Ares Industrial Real Estate Income Trust Inc.**, a Maryland corporation (the “Company”), and **Ares Wealth Management Solutions, LLC**, a Colorado limited liability company (the “Dealer Manager”).

Whereas, the Company has filed a registration statement with the U.S. Securities and Exchange Commission (the “SEC”) that is listed on Schedule 1 to this Agreement (each, a “Registration Statement”), which Schedule 1 may be amended from time to time with the written consent of the Company and the Dealer Manager. In this Agreement, unless explicitly stated otherwise, “the Registration Statement” means, at any given time, each of the registration statement(s) listed on Schedule 1, as such Schedule 1 may be amended from time to time, as each such registration statement is finally amended and revised at the effective date of the registration statement (including at the effective date of any post-effective amendment thereto).

Whereas, each Registration Statement shall register an ongoing offering (each, an “Offering”) of shares of the Company’s common stock, \$0.01 par value per share (“Common Stock”), which may consist of Class T shares (“Class T shares”), Class D shares (“Class D shares”), Class I shares (“Class I Shares”) or such other classes of shares that may be registered from time to time on a Registration Statement. In this Agreement, unless explicitly stated otherwise, “the Offering” means each Offering covered by a Registration Statement and “Shares” means the Shares being offered in the Offering.

Whereas, the Offering is and shall be comprised of a maximum amount of Shares set forth in the Prospectus (as defined in Section 1.a. below) that will be issued and sold to the public at the public offering prices per Share set forth in the Prospectus pursuant to a primary offering (the “Primary Offering”) and the Company's distribution reinvestment plan. In connection with the Offering, the minimum purchase by any one person shall be as set forth in the Prospectus (except as otherwise indicated in any letter or memorandum from the Company to the Dealer Manager).

Whereas, in this Agreement, unless explicitly stated otherwise, any references to the Registration Statement, the Offering, the Shares or the Prospectus with respect to each other shall mean only those that are all related to the same Registration Statement.

Whereas, the differences between the classes of Shares being offered by the Company and the eligibility requirements for each class are described in detail in the Prospectus. The Shares are to be offered and sold to the public as described under the caption “Plan of Distribution” in the Prospectus. Shares sold through the Dealer Manager are to be sold through the Dealer Manager, as the dealer manager, and the broker-dealers (the “Dealers”) with whom the Dealer Manager has entered into or will enter into a Selected Dealer Agreement.

Whereas, in connection with the Offering, the minimum initial purchase requirement for any one person shall be \$2,000 for Class T Shares and Class D Shares or \$1,000,000 for Class I Shares (unless waived by the Company and except as otherwise indicated in the Prospectus).

Whereas, the parties entered into that certain Amended and Restated Dealer Manager Agreement dated as of December 14, 2021 (the “Dealer Manager Agreement”).

Whereas, the parties desire to amend the Dealer Manager Agreement by executing this Agreement.

Now, therefore, in consideration of the terms and conditions hereinafter set forth and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed between the Company and the Dealer Manager that the Dealer Manager Agreement shall be and hereby is amended and restated in its entirety as follows:

1. Representations and Warranties of the Company:

The Company represents and warrants to the Dealer Manager that:

a. Registration Statement and Prospectus. The Company has filed the Registration Statement with the SEC in accordance with applicable requirements of the Securities Act and the applicable rules and regulations (the “Rules and Regulations”) of the SEC promulgated thereunder, covering the Shares. Copies of such Registration Statement and each amendment thereto have been or will be delivered to the Dealer Manager. The prospectus contained therein, as it may be amended or supplemented from time to time, is hereinafter referred to as the “Prospectus”. Every contract or document required by the Securities Act or Rules and Regulations to be filed as an exhibit to the Registration Statement has been and will be so filed with the SEC.

b. The Company. The Company is and will be at all times during the Offering duly and validly organized and formed as a corporation under the laws of the state of Maryland, with the power and authority to conduct its business as described in the Prospectus.

c. Compliance with the Securities Act. At the time the Registration Statement becomes effective and at the time that any post-effective amendment thereto becomes effective, the Registration Statement and Prospectus will comply with the Securities Act and the Rules and Regulations and at the time the Registration Statement becomes effective and at the time that any post-effective amendment thereto becomes effective and during the Offering the Registration Statement and Prospectus will not contain any untrue statements of material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; provided, however, that the foregoing provisions of this Section 1(c) will not apply to statements contained in or omitted from the Registration Statement or Prospectus that are made in reliance upon and in conformity with information furnished to the Company in writing by the Dealer Manager or any of the Dealers specifically for inclusion in the Registration Statement or Prospectus.

d. Use of Proceeds. The Company intends to use the funds received from the sale of the Shares as set forth in the Prospectus.

e. Absence of Further Consents and Approvals. No consent, approval, authorization or other order of any governmental authority is required in connection with the execution or delivery by the Company of this Agreement or the issuance and sale by the Company of the Shares, except such as may be required under the Securities Act or applicable state securities laws.

f. No Order of Suspension. No order preventing or suspending the use of a Prospectus has been issued and no proceedings for that purpose are pending, threatened or, to the knowledge of the Company, contemplated by the SEC; and to the knowledge of the Company, no order suspending the offering of the Shares in any jurisdiction has been issued and no proceedings for that purpose have been instituted or threatened or are contemplated.

g. No Pending Actions. There are no actions, suits or proceedings pending or to the knowledge of the Company, threatened against the Company at law or in equity or before or by any federal or state commission,

regulatory body or administrative agency or other governmental body, domestic or foreign, which will have a material adverse effect on the business or property of the Company.

h. Absence of Conflict or Default. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and compliance with the terms of this Agreement by the Company will not conflict with or constitute a default under (i) any of its organizational documents, (ii) any, indenture, mortgage, deed of trust, or lease to which the Company is a party or by which it may be bound, or to which any of the property or assets of the Company is subject, or (iii) any rule, regulation, writ, injunction or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its assets, properties or operations, except in the case of clause (ii) and (iii) for such conflicts or defaults that would not individually or in the aggregate have a material adverse effect on the condition (financial or otherwise), business, properties or results of operations of the Partnership.

i. Requisite Authority. The Company has all necessary power and authority to enter into this Agreement and to perform the transactions contemplated hereby, except to the extent that the enforceability of the indemnity and/or contribution provisions contained in Section 6 of this Agreement may be limited under applicable securities laws and to the extent that the enforceability of this Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws that affect creditors' rights generally or by equitable principles relating to the availability of remedies.

j. Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company, and assuming due authorization, execution and delivery of this Agreement by the Dealer Manager, will constitute a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms, except to the extent that the enforceability of the indemnity and/or contribution provisions contained in Section 6 of this Agreement may be limited under applicable securities laws and to the extent that the enforceability of this Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws that affect creditors' rights generally or by equitable principles relating to the availability of remedies.

k. Authorization of Shares. At the time of the issuance of the Shares, the Shares will have been duly authorized and validly issued, and upon payment therefor, will be fully paid and nonassessable and will conform to the description thereof contained in the Prospectus; no holder thereof will be subject to personal liability for the obligations of the Company solely by reason of being such a holder; such Shares are not subject to the preemptive rights of any shareholder of the Company; and all action required to be taken for the authorization, issue and sale of such Shares has been validly and sufficiently taken.

l. Taxes. The Company has filed all federal, state and foreign income tax returns, which have been required to be filed, on or before the due date (taking into account all extensions of time to file) and has paid or provided for the payment of all taxes indicated by said returns and all assessments received by the Company to the extent that such taxes or assessments have become due.

m. Financial Statements. The financial statements of the Company included in the Prospectus present fairly in all material respects the financial position of the Company as of the date indicated and the results of its operations for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis.

n. Investment Company Act. The Company does not intend to conduct its business so as to be an "investment company" as that term is defined in the Investment Company Act of 1940, as amended, and the rules and regulations thereunder, and it will exercise reasonable diligence to ensure that it does not become an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

o. Qualification as a Real Estate Investment Trust. The Company has been organized and has operated in a manner so as to qualify as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the taxable year ended December 31, 2016, and, to the knowledge of the Company, there currently exists no circumstance that will prevent the Company from complying with such requirements as contemplated in the Prospectus. The Company intends to operate the business of the Company so as to continue to comply with such requirements.

p. Sales Material. To the knowledge of the Company, all materials provided by the Company or any of its affiliates to the Dealer, including materials provided to the Dealer in connection with its due diligence investigation relating to the Offering, were materially accurate as of the date provided.

q. Supplemental Sales Materials. Any and all supplemental sales materials prepared by the Company and any of its affiliates (excluding the Dealer Manager) specifically for use with potential investors in connection with the Offering, when used in conjunction with the Prospectus, did not at the time provided for use, and, as to later provided materials, will not at the time provided for use, include any untrue statement of a material fact nor did they at the time provided for use, or, as to later provided materials, will they, omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made and when read in conjunction with the Prospectus, not misleading. If at any time any event occurs which is known to the Company as a result of which such supplemental sales materials when used in conjunction with the Prospectus would include an untrue statement of a material fact or, in view of the circumstances under which they were made, omit to state any material fact necessary to make the statements therein not misleading, the Company will promptly notify the Dealer Manager thereof.

2. Covenants of the Company.

The Company covenants and agrees with the Dealer Manager during the full term of this Agreement that:

a. Furnishing Materials. It will, at no expense to the Dealer Manager, furnish the Dealer Manager with such number of printed copies of the Registration Statement, including all amendments and exhibits thereto, as the Dealer Manager may reasonably request. It will similarly furnish to the Dealer Manager and others designated by the Dealer Manager as many copies of the following documents as the Dealer Manager may reasonably request: (i) the Prospectus in final form and every form of supplemental or amended prospectus; (ii) this Agreement; and (iii) any other printed advertising, sales literature, supplemental sales materials or other materials (provided that the use of said advertising, sales literature, supplemental sales materials and other materials has been first approved for use by the Company and filed with all appropriate regulatory agencies).

b. Qualification of Shares. It will furnish such proper information and execute and file such documents as may be necessary for the Company to qualify the Shares for offer and sale under the securities laws of such jurisdictions as the Dealer Manager may reasonably designate and will file and make in each year such statements and reports as may be required. The Company will furnish to the Dealer Manager a copy of such papers filed by the Company in connection with any such qualification.

c. Effectiveness of Registration; Stop Orders. It will: (i) use its best efforts to cause any post-effective amendment to the Registration Statement to become effective; (ii) furnish copies of any proposed amendment or supplement of the Registration Statement or Prospectus to the Dealer Manager; (iii) file every amendment or supplement to the Registration Statement or the Prospectus that may be required by the SEC; (iv) use its best efforts to prevent the issuance of any order by the SEC, any state regulatory authority or any other regulatory authority which suspends the effectiveness of the Registration Statement, prevents the use of the Prospectus, or otherwise prevents or suspends the Offering; and (v) if at any time the SEC, any state regulatory authority or any other regulatory authority shall issue any stop order suspending the effectiveness of the Registration Statement, it will use its best efforts to obtain the lifting of such order at the earliest possible time.

d. Amendments and Supplements. If at any time when a prospectus is required to be delivered under the Securities Act any event occurs as a result of which, in the opinion of either the Company or the Dealer Manager, the Prospectus or any other prospectus then in effect would include an untrue statement of a material fact or, in view of the circumstances under which they were made, omit to state any material fact necessary to make the statements therein not misleading, the Company will promptly notify the Dealer Manager thereof (unless the information shall have been received from the Dealer Manager) and will effect the preparation of an amended or supplemental prospectus which will correct such statement or omission. The Company will then promptly prepare such amended or supplemental prospectus or prospectuses as may be necessary to comply with the requirements of Section 10 of the Securities Act.

3. Representations and Warranties of the Dealer Manager.

The Dealer Manager represents and warrants to the Company that:

- a. The Company. The Dealer Manager is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Colorado, with all requisite power and authority to enter into this Agreement and to carry out its obligations hereunder.
- b. Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Dealer Manager, and assuming due authorization, execution and delivery of this Agreement by the Company, will constitute a valid and legally binding agreement of the Dealer Manager enforceable against the Dealer Manager in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability and except that rights to indemnity and contribution hereunder may be limited by applicable law and public policy.
- c. Absence of Conflict or Default. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and compliance with the terms of this Agreement by the Dealer Manager will not conflict with or constitute a default under (i) its organizational documents, (ii) any indenture, mortgage, deed of trust or lease to which the Dealer Manager is a party or by which it may be bound, or to which any of the property or assets of the Dealer Manager is subject, or (iii) any rule, regulation, writ, injunction or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Dealer Manager or its assets, properties or operations, except in the case of clause (ii) or (iii) for such conflicts or defaults that would not individually or in the aggregate have a material adverse effect on the condition (financial or otherwise), business, properties or results of operations of the Dealer Manager.
- d. Broker Dealer Registration; FINRA Membership. The Dealer Manager is, and during the term of this Agreement will be, duly registered as a broker dealer pursuant to the provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), a member in good standing of the Financial Industry Regulatory Authority, Inc. ("FINRA"), and a broker or dealer duly registered as such in those states where the Dealer Manager is required to be registered in order to carry out the Offering. Moreover, the Dealer Manager's employees and representatives have all required licenses and registrations to act under this Agreement.
- e. Anti-Money Laundering. The Dealer Manager has, to the extent required, established and implemented anti-money laundering compliance programs in accordance with applicable law, including applicable FINRA rules, SEC rules and the USA PATRIOT Act of 2001 and will require that its Dealers establish such programs, reasonably expected to detect and cause the reporting of suspicious transactions in connection with the sale of Shares of the Company.
- f. Disclosure. The information under the caption "Plan of Distribution" in the Prospectus and all other information furnished to the Company by the Dealer Manager in writing expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus, or any amendment or supplement thereto does not 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.

4. Appointment, Obligations and Compensation of Dealer Manager.

- a. Appointment of Dealer Manager; Best Efforts. The Company hereby appoints the Dealer Manager as its agent and principal distributor for the purpose of selling for cash to the public up to the maximum amount of Shares set forth in the Prospectus (subject to the Company's right of reallocation, as described in the Prospectus) through Dealers, all of whom shall be members of FINRA, or registered investment advisors or bank trust departments who are paid no commission or as otherwise described in the Prospectus. The Dealer Manager hereby accepts such agency and distributorship and agrees to use its best efforts to sell the Shares on said terms and conditions. The Dealer Manager represents to the Company that it is a member in good standing of FINRA and that it and its employees and representatives have all required licenses and registrations to act under this Agreement. With respect to the Dealer Manager's participation in the distribution of the Shares in this Offering, the Dealer Manager agrees to comply in all material respects with the applicable requirements of the Securities Act, the Rules and Regulations, the Exchange Act and the rules and regulations promulgated thereunder, and all other state or federal laws, rules and regulations applicable to the Offering and the sale of Shares, all applicable state securities or blue sky laws and
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regulations, and the rules of FINRA applicable to the Offering, from time to time in effect, including, without limitation, FINRA Rules 2040, 2090, 2111, 2121, 2310, 5110 and 5141.

b. Commencement of Sales; Termination. On the effective date of this Agreement, the Dealer Manager and the Dealers shall commence the offering of the Shares for cash to the public in jurisdictions in which the Shares are registered or qualified for sale or in which such offering is otherwise permitted. The Dealer Manager and the Dealers will suspend or terminate offering the Shares upon request of the Company at any time and will resume offering the Shares upon subsequent request of the Company.

c. Suitability. The Dealer Manager, in its agreements with Dealers, shall require that each Dealer offer Shares only to persons who meet the financial qualifications set forth in the Prospectus or in any suitability letter or memorandum sent to it by the Company and only make offers to persons in the states in which it is advised in writing that the Shares are qualified for sale or that such qualification is not required. In offering Shares, the Dealer Manager, in its agreements with Dealers, will require that each Dealer comply with the provisions of all applicable rules and regulations relating to suitability of investors, including, without limitation, applicable FINRA rules and the provisions of Article III.C. of the Statement of Policy Regarding Real Estate Investment Trusts of the North American Securities Administrators Association, Inc., effective May 7, 2007, as amended (the "NASAA REIT Guidelines"). The Dealer Manager, in its agreements with Dealers, shall require that the Dealers shall sell Class D Shares and Class I Shares only to those persons who are eligible to purchase such Shares as described in the Prospectus and only through those Dealers who are authorized to sell such Shares.

d. Offering Price. The Dealer Manager and all Dealers will offer and sell the Shares for cash at the offering price set forth in the Prospectus, subject to discounts for Class T Shares described in the "Plan of Distribution" section of the Prospectus and except as otherwise provided in the DRIP. The offering price for each class of Shares generally will be the then-current transaction price, which will generally be the most recently disclosed monthly net asset value ("NAV") per Share for such class, plus applicable upfront selling commissions and dealer manager fees. Although the transaction price will generally be based on the most recently disclosed monthly NAV per Share, the NAV per Share of such stock as of the date on which a purchase is settled may be significantly different. The Company may offer Shares at a price that the Company believes reflects the NAV per Share of such stock more appropriately than the most recently disclosed monthly NAV per Share, including by updating a previously disclosed transaction price, in cases where the Company believes there has been a material change (positive or negative) to its NAV per Share relative to the most recently disclosed monthly NAV per Share. Each class of Shares may have a different NAV per Share because distribution fees differ with respect to each class.

e. Commissions, Fees, and Expense Reimbursements. Subject to discounts for Class T Shares and special circumstances described in the "Plan of Distribution" section of the Prospectus, as compensation for the services rendered by the Dealer Manager, the Company agrees that it will pay to the Dealer Manager with respect to the Class T Shares, a selling commission in the amount of up to two percent (2.0%) of the public offering price of the Class T Shares sold in the Primary Offering, plus a dealer manager fee in the amount of up to two and a half percent (2.5%) of the public offering price of the Class T Shares sold in the Primary Offering, however such amounts may vary at certain Dealers provided that the sum will not exceed four and a half percent (4.5%) of the public offering price. The Company shall not pay any selling commissions or dealer manager fees with respect to Class D Shares and Class I Shares. In addition, subject to FINRA limitations on underwriting compensation, with respect to each Class T Share and Class D Share, the Company agrees that it will pay to the Dealer Manager a distribution fee (the "Distribution Fee"), which accrues monthly and is calculated on outstanding Class T Shares and Class D Shares issued in the Primary Offering in an amount equal to eighty-five hundredths of one percent (0.85%) per annum of the NAV per Class T Share and one-quarter-of-one-percent (0.25%) per annum of the NAV per Class D Share. In calculating the distribution fees, the Company will use the most recently disclosed monthly NAV per Share before giving effect to the monthly distribution fee or distributions on its Shares. The Company will pay the Distribution Fee to the Dealer Manager monthly in arrears and will be paid on a continuous basis from year to year. The Dealer Manager may reallocate all or a portion of the selling commissions, the dealer manager fees and the Distribution Fees to the Dealers who sold the Shares giving rise to such commissions and fees to the extent the Selected Dealer Agreement with such Dealer provides for such a reallocation; provided, however, that upon the date when the Dealer Manager is notified that the Dealer who sold the Class T Shares and/or Class D Shares giving rise to the Distribution Fees is no longer the broker dealer of record with respect to such Class T Shares and/or Class D Shares, then such Dealer's entitlement to the respective Distribution Fees related to such Class T Shares and/or Class D

Shares shall cease, and the Dealer shall not receive the respective Distribution Fees for any portion of the month in which the Dealer is not the broker dealer of record on the last day of the month. Thereafter, such Distribution Fees may be reallocated by the Dealer Manager to the then-current broker dealer of record of the Class T Shares and/or Class D Shares if any such broker dealer of record has been designated (the "Servicing Broker Dealer"); provided, that, such reallocation shall only be paid to the extent such Servicing Broker Dealer has entered into a Selected Dealer Agreement or similar agreement with the Dealer Manager (the "Servicing Agreement") and such Selected Dealer Agreement or Servicing Agreement with the Servicing Broker Dealer provides for such reallocation. The Dealer Manager may pay to such Dealers and Servicing Broker Dealers up to 100% of the aggregate Distribution Fees payable by the Company to the Dealer Manager. The Company shall not pay the Dealer Manager a Distribution Fee with respect to Class I Shares. In addition, to the extent the Dealer Manager determines to pay a supplemental fee or commission to a Dealer or a Servicing Broker Dealer with respect to the sale of Class I Shares in the Primary Offering as described in the Prospectus, the Company shall not reimburse the Dealer Manager for any such payment.

The Company shall cease paying Distribution Fees to the Dealer Manager with respect to each Class T Share or Class D Share when it is no longer outstanding, including as a result of conversion to Class I Shares. In addition, the Company shall cease paying distribution fees with respect to each Class T Share or Class D Share held within a stockholder's account and such Share shall automatically and without any action on the part of the holder thereof convert into a number of Class I Shares at the Applicable Conversion Rate (as defined in the Prospectus) on the earliest of: (i) a listing of any Shares of the Company's common stock on a national securities exchange, (ii) the Company's merger or consolidation with or into another entity, or the sale or other disposition of all or substantially all of its assets and (iii) the end of the month in which the Company, with the assistance of the Dealer Manager, determines that the total upfront selling commissions, upfront dealer manager fees and ongoing distribution fees paid with respect to all Shares of such class held by such stockholder within such account (including Shares purchased through the DRIP or received as stock dividends) equals or exceeds 8.5% of the aggregate purchase price of all Shares of such class held by such stockholder within such account and purchased in the Primary Offering.

In addition, after termination of the Primary Offering, each Class T Share or Class D Share (i) sold in the Primary Offering, (ii) sold under the DRIP, and (iii) received as a stock dividend with respect to such Shares sold in the Primary Offering or DRIP, shall automatically and without any action on the part of the holder thereof convert into a number of Class I Shares at the Applicable Conversion Rate (as defined in the Prospectus), at the end of the month in which the Company, with the assistance of the Dealer Manager, determines that all underwriting compensation paid or incurred with respect to the Primary Offering from all sources, determined pursuant to the rules and guidance of FINRA, would be in excess of 10% of the aggregate purchase price of all Shares sold for the Company's account through the Primary Offering.

The Company has agreed to reimburse the Advisor for any organization and offering expenses that the Advisor incurs on the Company's behalf as and when incurred, including expenses that are deemed issuer costs and certain expenses that are deemed underwriting compensation, such as legal, accounting, printing, mailing and filing fees and expenses, bona fide due diligence expenses of Dealers and investment advisers supported by detailed and itemized invoices, costs in connection with preparing sales materials, design and website expenses, fees and expenses of the escrow agent and transfer agent, fees to attend retail seminars sponsored by Dealers, compensation of certain registered employees of the Dealer Manager, reimbursements for customary travel, lodging, meals and reasonable entertainment expenses and other actual costs of registered persons associated with the Dealer Manager incurred in the performance of wholesaling activities, but excluding upfront selling commissions, dealer manager fees and distribution fees. After the termination of the Primary Offering and again after termination of the offering under the DRIP, the Advisor has agreed to reimburse the Company to the extent that the organization and offering expenses that the Company incurs exceed 15% of the gross proceeds from the applicable offering. Any organization and offering expenses reimbursed by the Company which are deemed underwriting compensation will be subject to the 10% limit on total underwriting compensation imposed by FINRA Rule 2310.

Subject to FINRA limitations on underwriting compensation, in addition to the organization and offering expenses for which the Company will reimburse the Advisor, the Advisor may, in its sole discretion, pay additional expenses that are considered underwriting compensation to the Dealer Manager (which may be reallocated or paid by the Dealer Manager to Dealers) without reimbursement from the Company. These additional amounts may be paid by the Advisor in order to fund certain of the Dealer Manager's costs and expenses related to the distribution of the Offering, including

compensation of certain registered employees of the Dealer Manager, reimbursements for customary travel, lodging, meals and reasonable entertainment expenses and other actual costs of registered persons associated with the Dealer Manager incurred in the performance of wholesaling activities, as well as supplemental fees and commissions paid by the Dealer Manager to Dealers or Servicing Broker Dealers with respect to the sale of Class I Shares in the Primary Offering as described in the Prospectus. These expenses also may include reimbursements for legal fees of the Dealer Manager, cost reimbursements for registered representatives of Dealers to attend educational conferences sponsored by the Company or the Dealer Manager, attendance fees for registered persons associated with the Dealer Manager to attend seminars conducted by Dealers, and promotional items.

The terms of any payment or reallocation of selling commissions, dealer manager fees, and Distribution Fees shall be set forth in the agreements entered into between the Dealer Manager and the Dealers or Servicing Broker Dealers, as applicable. Notwithstanding the foregoing, no selling commissions, Distribution Fees, dealer manager fees, or other amounts will be paid to the Dealer Manager under this provision unless or until subscriptions for the purchase of Shares have been accepted by the Company. The Company and the Advisor will not be liable or responsible to any Dealer or Servicing Broker Dealer for direct payment of selling commissions, any reallocation of dealer manager fees or Distribution Fees, any payment of supplemental fees and commissions with respect to Class I Shares or any other underwriting compensation or expense reimbursement to such Dealer or Servicing Broker Dealer, it being the sole and exclusive responsibility of the Dealer Manager for payment of such amounts to Dealers and Servicing Broker Dealers.

f. Sales With Reduced Selling Commissions and Dealer Manager Fees. Notwithstanding the foregoing, Class T Shares may be sold net of selling commissions and dealer manager fees through either of the following distribution channels: (i) through fee-based programs, also known as wrap accounts or (ii) through investment advisers registered under the Investment Advisers Act of 1940 or applicable state law. In addition, subject to the agreement of the Dealer Manager, selling commissions and/or dealer manager fees may be reduced or eliminated with respect to the sale of Class T Shares to certain investors who have agreed with a Dealer to reduce or eliminate the selling commissions and/or the dealer manager fees.

g. Permissible Materials. The Dealer Manager shall use and distribute in conjunction with the offer and sale of any Shares only the Prospectus (as it may be supplemented or amended from time-to-time) and such sales literature and advertising as shall have been previously been approved in writing by the Company.

h. Offering Jurisdictions. The Dealer Manager and the Dealers shall cause Shares to be offered and sold only in such jurisdictions where the Dealer Manager and the respective Dealer are licensed to do so. In addition, the Dealer Manager shall cause Shares to be offered and sold only in those jurisdictions specified in writing by the Company where the offering and sale of its Shares have been authorized by appropriate regulatory authorities and such list of jurisdictions shall be updated by the Company as additional states are added.

i. Submission of Orders. The Dealer Manager, in its agreements with Dealers, shall require each Dealer to:

(i) return any check not conforming to the foregoing instructions directly to such subscriber not later than the end of the next business day following its receipt; provided that checks received by the Dealer which conform to the foregoing instructions shall be transmitted for deposit in accordance with the procedures in paragraphs (ii) through (iv) below;

(ii) where, pursuant to a Dealer's internal supervisory procedures, internal supervisory review is conducted at the same location at which subscription documents and checks are initially received from subscribers, transmit checks by the end of the next business day following receipt of the subscription documents and the check by the Dealer to the Company or to such other account or agent as directed by the Company;

(iii) where, pursuant to a Dealer's internal supervisory procedures, final internal supervisory review is conducted at a different location (the "Final Review Office"), transmit subscription documents and checks to the Final Review Office by the end of the next business day following receipt of the subscription documents and check by the Dealer. The Final Review Office will transmit such subscription documents and checks by the end of the next business day following receipt by the Final Review Office to the Company or to such other account or agent as directed by the Company; and

(iv) deliver checks and completed subscription documents required to be sent to the Company via overnight courier to Ares Industrial Real Estate Income Trust Inc., c/o DST Systems, Inc., 430 W. 7th Street, Suite 219079, Kansas City, Missouri, 64105.

5. Issuance of Confirmations to Purchasers.

The Company hereby agrees and assumes the duty to confirm on its behalf and on behalf of Dealers who sell the Shares all orders for purchase of Shares accepted by the Company. Such confirmations will comply with the rules of the SEC and FINRA, and will comply with applicable laws of such other jurisdictions to the extent the Company is advised of such laws in writing by the Dealer Manager.

6. Indemnification.

a. The Company will indemnify and hold harmless the Dealers and the Dealer Manager, their officers and directors and each person, if any, who controls such Dealer or the Dealer Manager within the meaning of Section 15 of the Securities Act from and against any losses, claims, damages or liabilities, joint or several, to which such Dealers or the Dealer Manager, their officers and directors, or such controlling person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (a) any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereto, (ii) the Prospectus or any amendment or supplement to the Prospectus or (iii) any blue sky application or other document executed by the Company or on its behalf specifically for the purpose of qualifying any or all of the Shares for sale under the securities laws of any jurisdiction or based upon written information furnished by the Company under the securities laws thereof (any such application, document or information being hereinafter called a "Blue Sky Application"), or (b) the omission or alleged omission to state in (i) the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereto, (ii) the Prospectus or any amendment or supplement to the Prospectus or (iii) any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and will reimburse each Dealer or the Dealer Manager, its officers and directors and each such controlling person for any legal or other expenses reasonably incurred by such Dealer or the Dealer Manager, its officers and directors, or such controlling person in connection with investigating or defending such loss, claim, damage, liability or action; provided that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of, or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company or the Dealer Manager by or on behalf of any Dealer or the Dealer Manager specifically for use with reference to such Dealer or the Dealer Manager in the preparation of the Registration Statement or any such post-effective amendment thereof, any such Blue Sky Application or the Prospectus or any such amendment thereof or supplement thereto; and further provided that the Company will not be liable in any such case if it is determined that such Dealer or the Dealer Manager was at fault in connection with the loss, claim, damage, liability or action. This indemnity agreement will be in addition to any liability which the Company may otherwise have. Notwithstanding the foregoing, the Company may not indemnify or hold harmless the Dealer Manager, any Dealer or any of their affiliates in any manner that would be inconsistent with the provisions to Article II.G of the NASAA REIT Guidelines. In particular, but without limitation, the Company may not indemnify or hold harmless the Dealer Manager, any Dealer or any of their affiliates for liabilities arising from or out of a violation of state or federal securities laws, unless one or more of the following conditions are met:

- (i) There has been a successful adjudication on the merits of each count involving alleged securities law violations;
 - (ii) Such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or
 - (iii) A court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and of the published position of any state securities regulatory authority in which the securities were offered as to indemnification for violations of securities laws.
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b. The Dealer Manager will indemnify and hold harmless the Company, each officer and director of the Company, and each person or firm which has signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, from and against any losses, claims, damages or liabilities to which any of the aforesaid parties may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (a) any untrue statement of a material fact contained in (i) the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereto, (ii) the Prospectus or any amendment or supplement to the Prospectus or (iii) any Blue Sky Application, or (b) the omission to state in (i) the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereto, (ii) the Prospectus or any amendment or supplement to the Prospectus or (iii) any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made not misleading, in each such case to the extent, but only to the extent, that such untrue statement or omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Dealer Manager specifically for use with reference to the Dealer Manager in the preparation of the Registration Statement or any such post-effective amendments thereof, any such Blue Sky Application or the Prospectus or any such amendment thereof or supplement thereto, or (c) any unauthorized use of sales materials or use of unauthorized verbal representations concerning the Shares by the Dealer Manager and will reimburse the aforesaid parties, in connection with investigation or defending such loss, claim, damage, liability or action. This indemnity agreement will be in addition to any liability which the Dealer Manager may otherwise have.

c. Each Dealer severally will indemnify and hold harmless the Company, the Dealer Manager, and each of their directors (including any persons named in the Registration Statement with his consent, as about to become a director), each of their officers who has signed the Registration Statement and each person, if any, who controls the Company or the Dealer Manager within the meaning of Section 15 of the Securities Act from and against any losses, claims, damages or liabilities to which the Company, the Dealer Manager, any such director or officer, or controlling person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (a) any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereto, (ii) the Prospectus or any amendment or supplement to the Prospectus or (iii) any Blue Sky Application, or (b) the omission or alleged omission to state in (i) the Registration Statement (including the Prospectus as a part thereof) or any post-effective amendment thereto, (ii) the Prospectus or any amendment or supplement to the Prospectus or (iii) any Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case under (a) and (b) hereof to the extent, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or the Dealer Manager by or on behalf of such Dealer specifically for use with reference to such Dealer in the preparation of the Registration Statement or any such post-effective amendments thereof, any such Blue Sky Application or the Prospectus or any such amendment thereof or supplement thereto, or (c) any failure to deliver to any investor the Prospectus and all supplements thereto and any amended prospectus, or (d) any unauthorized use of sales materials, or use of unauthorized verbal representations concerning the Shares by such Dealer or Dealer's representatives or agents in violation of Section VII of the Selected Dealer Agreement or otherwise, or (e) any sale in violation of or failure by Dealer to perform its obligations as set forth in Section IX of the Selected Dealer Agreement, or (f) any failure to comply with applicable rules of FINRA, federal or state securities laws or the rules and regulations promulgated thereunder, the NASAA REIT Guidelines, or any other state or federal laws and regulations applicable to the Offering or the activities of the Dealer in connection with the Offering, and will reimburse the Company, the Dealer Manager and any such directors or officers, or controlling person, in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity agreement will be in addition to any liability which such Dealer may otherwise have.

d. Promptly after receipt by an indemnified party under this Section 6 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 6, notify in writing the indemnifying party of the commencement thereof; the omission so to notify the indemnifying party will relieve it from liability under this Section 6 only in the event and to the extent the failure to provide such notice adversely affects the ability to defend such action. In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party

will be entitled, to the extent it may wish, jointly with any other indemnifying party similarly notified, to participate in the defense thereof, with separate counsel. Such participation shall not relieve such indemnifying party of the obligation to reimburse the indemnified party for reasonable legal and other expenses (subject to paragraph (e) of this Section 6) incurred by such indemnified party in defending itself, except for such expenses incurred after the indemnifying party has deposited funds sufficient to effect the settlement, with prejudice, of the claim in respect of which indemnity is sought. Any such indemnifying party shall not be liable to any such indemnified party on account of any settlement of any claim or action effected without the consent of such indemnifying party.

e. The indemnifying party shall pay all legal fees and expenses of the indemnified party in the defense of such claims or actions; provided, however, that the indemnifying party shall not be obliged to pay legal expenses and fees to more than one law firm in connection with the defense of similar claims arising out of the same alleged acts or omissions giving rise to such claims notwithstanding that such actions or claims are alleged or brought by one or more parties against more than one indemnified party. If such claims or actions are alleged or brought against more than one indemnified party, then the indemnifying party shall only be obliged to reimburse the expenses and fees of the one law firm that has been selected by a majority of the indemnified parties against which such action is finally brought; and in the event a majority of such indemnified parties is unable to agree on which law firm for which expenses or fees will be reimbursable by the indemnifying party, then payment shall be made to the first law firm of record representing an indemnified party against the action or claim. Such law firm shall be paid only to the extent of services performed by such law firm and no reimbursement shall be payable to such law firm on account of legal services performed by another law firm.

f. The indemnity agreements contained in this Section 6 shall remain operative and in full force and effect regardless of (a) any investigation made by or on behalf of any Dealer, or any person controlling any Dealer or by or on behalf of the Company, the Dealer Manager or any officer or director thereof, or by or on behalf of any person controlling the Company or the Dealer Manager, (b) delivery of any Shares and payment therefor, and (c) any termination of this Agreement. A successor of any Dealer or of any of the parties to this Agreement, as the case may be, shall be entitled to the benefits of the indemnity agreements contained in this Section 6.

7. Arbitration.

Any dispute, controversy or claim arising between the parties relating to this Agreement (whether such dispute arises under any federal, state or local statute or regulation, or at common law), shall be resolved by final and binding arbitration administered in accordance with the then current rules of the American Arbitration Association (“AAA”). Any matter to be settled by arbitration shall be submitted to the AAA in Denver, Colorado and the parties agree to abide by all awards rendered in such proceedings. The parties shall attempt to designate one arbitrator from the AAA, but if they are unable to do so, then the AAA shall designate an arbitrator. Any arbitrator selected by the parties or the AAA shall be a qualified Person who has experience with complex real estate disputes. The arbitration shall be final and binding, and enforceable in any court of competent jurisdiction. All awards may be filed with the clerk of one or more courts, state or federal having jurisdiction over the party against whom such award is rendered or his or her property, as a basis of judgment and of the issuance of execution for its collection.

8. Survival of Provisions.

The respective agreements, representations and warranties of the Company and the Dealer Manager set forth in this Agreement shall remain operative and in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of the Dealer Manager or any Dealer or any person controlling the Dealer Manager or any Dealer or by or on behalf of the Company or any person controlling the Company, and (c) the acceptance of any payment for the Shares.

9. Applicable Law; Venue.

This Agreement was executed and delivered in, and its validity, interpretation and construction shall be governed by, the laws of the State of Colorado; provided, however, that causes of action for violations of federal or state securities laws shall not be governed by this Section. Venue for any action brought hereunder shall lie exclusively in Denver, Colorado.

10. Severability.

If any portion of this Agreement shall be held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be considered valid and operative and effect shall be given to the intent manifested by the portion held invalid or inoperative.

11. Delay Not a Waiver.

Neither the failure nor any delay on the part of any party to this Agreement to exercise any right, remedy, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall a waiver of any right, remedy, power, or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power, or privilege with respect to any subsequent occurrence.

12. Counterparts.

This Agreement may be executed in any number of counterparts. Each counterpart, when executed and delivered, shall be an original contract, but all counterparts, when taken together, shall constitute one and the same Agreement.

13. Third-Party Beneficiaries; Successors; and Amendment.

a. This Agreement shall inure to the benefit of and be binding upon the Dealer Manager and the Company and their respective successors. Nothing in this Agreement is intended or shall be construed to give to any other person any right, remedy or claim, except as otherwise specifically provided herein. This Agreement shall inure to the benefit of the Dealers to the extent set forth in Section 6 hereof.

b. This Agreement may be amended by the written agreement of the Dealer Manager and the Company.

c. Schedule 1 may be amended from time to time with the written consent of the Dealer Manager and the Company. However, the addition or removal of Registration Statements from Schedule 1 shall only apply prospectively and shall not affect the respective agreements, representations and warranties of the Dealer Manager and the Company prior to such amendments to Schedule 1. For the avoidance of doubt, the parties acknowledge and agree that, upon the removal of a Registration Statement from Schedule 1, the representations, warranties and covenants in Sections 1, 2 and 3 shall no longer continue to be made with respect to the Offering, the Shares or the Prospectus relating to such Registration Statement.

14. Term and Termination.

In any case, if not sooner terminated, this Agreement shall expire at the close of business on the effective date that the Offering is terminated. This Agreement may be terminated by either party (a) immediately upon notice to the other party in the event that the other party shall have materially failed to comply with any material provision of this Agreement or if any of the representations, warranties, covenants or agreements of such party contained herein shall not have been materially complied with or (b) on 60 days' written notice.

In addition, the Dealer Manager, upon the expiration or termination of this Agreement, shall (a) promptly deposit any and all funds in its possession which were received from investors for the sale of Shares into such account as the Company may designate; and (b) promptly deliver to the Company all records and documents in its possession which relate to the Offering which are not designated as dealer copies. The Dealer Manager, at its sole expense, may make and retain copies of all such records and documents required to be retained by the Dealer Manager pursuant to (i) federal and state securities laws and the rules and regulations thereunder, (ii) the applicable rules of FINRA and (iii) the NASAA REIT Guidelines, but shall keep all such information confidential. The Dealer Manager shall use its best efforts to cooperate with the Company to accomplish any orderly transfer of management of the Offering to a party designated by the Company. Upon expiration or termination of this Agreement, the Company shall pay to the Dealer Manager all earned but unpaid compensation and reimbursement for all incurred, accountable compensation to which the Dealer Manager is or becomes entitled under Section 4 of this Agreement, including but not limited to any Distribution Fees, pursuant to the requirements of that Section 4 at such times as such amounts become payable pursuant to the terms of such Section 4 without acceleration, offset by any losses

suffered by the Company, any officer or director of the Company, any person or firm which has signed the Registration Statement or any person who controls the Company within the meaning of Section 15 of the Securities Act arising from the Dealer Manager's breach of this Agreement or any other action by the Dealer Manager that would otherwise give rise to an indemnification claim against the Dealer Manager under Section 6.b. of this Agreement.

15. Definitions.

Any terms used but not defined herein shall have the meanings given to them in the Prospectus.

16. Notices.

All notices, approvals, requests, and authorizations that are required hereunder to be in writing shall be duly given and deemed to be delivered when delivered in person, by courier, or by over-night delivery service, or deposited in the United States mail, properly addressed and stamped with the required postage, to the intended recipient, as set forth below.

To the Dealer Manager:	Ares Wealth Management Solutions, LLC 518 17th Street, 12th Floor Denver, Colorado 80202 Attn: Casey D. Galligan
To the Company:	Ares Industrial Real Estate Income Trust Inc. 518 17th Street, 17th Floor Denver, Colorado 80202 Attn: Joshua J. Widoff
	With a copy to: Alice L. Connaughton Morrison & Foerster LLP 2100 L Street, NW, Suite 900 Washington, D.C. 20037

Any party may change its address specified above by giving the other party notice of such change in accordance with this Section.

IN WITNESS WHEREOF, the parties hereto have each duly executed this Dealer Manager Agreement as of the day and year set forth above.

COMPANY:

ARES INDUSTRIAL REAL ESTATE
INCOME TRUST INC.

By:

/s/ Scott Seager

Scott A. Seager

Senior Vice President, Chief Financial

and Treasurer

DEALER MANAGER:

ARES WEALTH MANAGEMENT
SOLUTIONS, LLC

By:

/s/ Casey D. Galligan

Casey D. Galligan

Co-Chief Executive Officer

Schedule 1
Registration Statement(s)

1. Registration Statement on Form S-11, Commission file no. 333-255376 .

Accepted and agreed to by the Company and the Dealer Manager as of February 11, 2022.

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST
INC.**

By: /s/ Scott Seager

Scott A. Seager, Senior Vice President, Chief Financial Officer
and Treasurer

Accepted and agreed to as of the
date first above written:

ARES WEALTH MANAGEMENT SOLUTIONS, LLC

By: /s/ Casey D. Galligan

Casey D. Galligan, Co-Chief Executive Officer

ADVISORY AGREEMENT (2022)

among

ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.,

AIREIT OPERATING PARTNERSHIP LP

and

ARES COMMERCIAL REAL ESTATE MANAGEMENT LLC

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THIS ADVISORY AGREEMENT (2022) (the “Agreement”), dated as of February 11, 2022, is among Ares Industrial Real Estate Income Trust Inc., a Maryland corporation (the “Corporation”), AIREIT Operating Partnership LP, a Delaware limited partnership (the “Operating Partnership”), and Ares Commercial Real Estate Management LLC, a Delaware limited liability company (the “Advisor”).

WITNESSETH

WHEREAS, the Corporation intends to qualify as a REIT (as defined below), and to invest its funds in investments permitted by the terms of Sections 856 through 860 of the Code (as defined below);

WHEREAS, the Corporation is the general partner of the Operating Partnership and intends to conduct its business and make investments in Assets primarily through the Operating Partnership;

WHEREAS, the Corporation, the Operating Partnership and the Advisor, are parties to that certain Fourth Amended and Restated Advisory Agreement (2021), dated as of November 24, 2021 (the “Prior Agreement”), which is amended and restated in its entirety hereby;

WHEREAS, the Corporation, the Operating Partnership and the Advisor desire to amend and restate the Prior Agreement in order to revise certain terms of the Prior Agreement;

WHEREAS, the Corporation and the Operating Partnership desire to avail themselves of the experience, sources of information, advice, assistance and certain facilities of the Advisor and to have the Advisor undertake the duties and responsibilities hereinafter set forth, on behalf of, and subject to the supervision of, the Board of Directors of the Corporation, all as provided herein; and

WHEREAS, the Advisor is willing to undertake to render such services, subject to the supervision of the Board of Directors, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. DEFINITIONS. As used in this Agreement, the following terms have the definitions hereinafter indicated:

Acquisition Expenses. Any and all expenses, exclusive of Acquisition Fees, incurred by the Corporation, the Operating Partnership, the Advisor, or any of their Affiliates in connection with the selection, acquisition, development or origination of any Asset, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, title insurance, and the costs of performing due diligence. For purposes of this definition, “Asset” means any asset that is related to or which represents a direct or indirect interest in Real Property, Mortgages or other Real Property-related debt, whether owned directly, indirectly or through a Joint Venture or other co-ownership relationship.

Acquisition Fees. Any and all fees and commissions, exclusive of Acquisition Expenses, paid by any Person to any other Person (including any fees or commissions paid by or to any

Affiliate of the Corporation, the Operating Partnership or the Advisor) in connection with (i) the acquisition, development or construction of a Property, (ii) the acquisition of interests in a real estate related entity or (iii) making or investing, directly or indirectly, in Mortgages or the origination or acquisition of other Real Property-related debt or other investments, related to or which represent a direct or indirect interest in Real Property Mortgages or other Real Property-related debt whether owned directly, indirectly or through a Joint Venture or other co-ownership relationship, including real estate commissions, selection fees, development fees, construction fees, if any, nonrecurring management fees, loan fees, points or any other fees of a similar nature. Excluded shall be development fees and construction fees paid to any Person not affiliated with the Sponsor in connection with the actual development and construction of a project.

Advisor. Ares Commercial Real Estate Management LLC, a Delaware limited liability company, any successor advisor to the Corporation, the Operating Partnership or any person or entity to which Ares Commercial Real Estate Management LLC or any successor advisor subcontracts substantially all of its functions. Notwithstanding the forgoing, a Person hired or retained by Ares Commercial Real Estate Management LLC to perform property and securities management and related services for the Corporation or the Operating Partnership that is not hired or retained to perform substantially all of the functions of Ares Commercial Real Estate Management LLC with respect to the Corporation or the Operating Partnership as a whole shall not be deemed to be an Advisor.

Advisory Fee. The fee payable to the Advisor pursuant to Paragraph 9(a).

Affiliate or Affiliated. With respect to any Person, (i) any Person directly or indirectly owning, controlling or holding, with the power to vote, ten percent (10%) or more of the outstanding voting securities of such other Person; (ii) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held, with the power to vote, by such other Person; (iii) any Person directly or indirectly controlling, controlled by or under common control with such other Person; (iv) any executive officer, director, trustee or general partner of such other Person; and (v) any legal entity for which such Person acts as an executive officer, director, trustee or general partner.

Annual Total Return Amount. The overall investment return, expressed as a dollar amount per OP Unit, which shall be equal to the sum of (1) the Weighted-Average Distributions per OP Unit over the applicable period, and (2) the Ending VPU, adjusted to remove the negative impact on the overall investment return from the payment or obligation to pay, or distribute, as applicable, the Performance Component and Class-Specific Fees, less the Beginning VPU.

Asset. Any Property, Mortgage, other debt or other investment (other than investments in bank accounts, money market funds or other current assets) owned by the Corporation, directly or indirectly through one or more of its Affiliates.

Average Invested Assets. For a specified period, the average of the aggregate book value of the Assets invested, directly or indirectly, in equity interests in and loans secured by or related to real estate (including, without limitation, equity interests in REITs, mortgage pools, commercial mortgage-backed securities, mezzanine loans and residential mortgage-backed securities), before

deducting depreciation, bad debts or other non-cash reserves, computed by taking the average of such values at the end of each month during such period.

Beginning VPU. The VPU determined as of the end of the most recent month prior to the commencement of the applicable period.

Board of Directors or Board. The persons holding such office, as of any particular time, under the Charter of the Corporation, whether they be the Directors named therein or additional or successor Directors.

Bylaws. The bylaws of the Corporation, as the same are in effect from time to time.

Cause. With respect to the termination of this Agreement, fraud, criminal conduct or willful misconduct by the Advisor, or a material breach of this Agreement by the Advisor, which has not been cured within 30 days of such breach.

Charter. The amended and restated articles of incorporation of the Corporation, as amended from time to time.

Class-Specific Fees. Any Distribution Fee expenses accrued or allocated directly or indirectly to a particular class of OP Units or Shares.

Code. Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

Contract Purchase Price. The term “Contract Purchase Price” shall mean (i) the amount actually paid or allocated in respect of the acquisition of a Property, (ii) the Corporation’s proportionate share of the amount actually paid or allocated in respect of the Real Property owned by any real estate related entity in which the Corporation acquires a majority economic interest or which the Corporation consolidates for financial reporting purposes in accordance with generally accepted accounting principles, (iii) the amount actually paid or allocated in respect of an investment in any other real estate related entity or (iv) the amount actually paid or allocated in respect of the origination or acquisition of Mortgages, other debt investments or other investments; in each case including any third party expenses, debt, whether borrowed or assumed, and exclusive of Acquisition Fees and Acquisition Expenses.

Corporation. Corporation shall have the meaning set forth in the preamble of this Agreement.

Dealer Manager. Ares Wealth Management Solutions, LLC or such other Person or entity selected by the Board of Directors to act as the dealer manager for the Offering. Ares Wealth Management Solutions, LLC is a member of FINRA.

Dealer Manager Fee. The dealer manager fee payable to the Dealer Manager for serving as the dealer manager for the Offering and reallowable to Soliciting Dealers with respect to Shares sold by them, as described in the Corporation’s Prospectus.

Development Fee. The fee payable to the Advisor pursuant to Paragraph 9(b).

Director. A member of the Board of Directors of the Corporation.

Disposition Expenses. Any and all expenses incurred by the Corporation, the Operating Partnership, the Advisor, or any of their Affiliates in connection with the disposition of any Asset, whether or not finally sold, including, without limitation, legal fees and expenses, travel and communications expenses and accounting fees and expenses.

Distribution Fee. The distribution fee or any similar ongoing fee (as distinguished from upfront or one-time selling commissions and fees) payable to the Dealer Manager pursuant to the then-current dealer manager agreement between the Corporation and the Dealer Manager.

Distributions. Any distributions of money or other property by the Corporation to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes.

DST Properties. Real properties that meet the following criteria: (i) tenancy-in-common or Delaware statutory trust beneficial interests in such properties have been sold by the Corporation or any Affiliate to third party investors and (ii) such properties are being leased by the Corporation or any Affiliate from the tenancy-in-common or Delaware statutory trust third party investors.

DST Property Consideration. The consideration received by the Corporation or any Affiliate for selling tenancy-in-common or Delaware statutory trust beneficial interests in DST Properties to third party investors, net of DST Up Front Fees.

DST Up Front Fees. Up front fees and expense reimbursements payable out of gross sale proceeds from the sale of tenancy-in-common or Delaware statutory trust beneficial interests in DST Properties, including but not limited to sales commissions, dealer manager fees and non-accountable expense allowances.

Ending VPU. The VPU as of the end of the last month in the applicable period.

Equity Shares. Transferable shares of beneficial interest of the Corporation of any class or series, including common shares or preferred shares.

Excess Amount. Excess Amount shall have the meaning set forth in Paragraph 12.

Fixed Component. The non-variable component of the Advisory Fee as described in Paragraph 9.

FINRA. Financial Industry Regulatory Authority, Inc.

Fund Interests. The total outstanding Shares and outstanding OP Units that are held by parties other than the Corporation.

GAAP. Generally accepted accounting principles as in effect in the United States of America from time to time.

Good Reason. With respect to the termination of this Agreement, (i) any failure to obtain a satisfactory agreement from any successor to the Corporation and/or the Operating Partnership to

assume and agree to perform the Corporation's and/or the Operating Partnership's obligations under this Agreement; or (ii) any uncured material breach of this Agreement of any nature whatsoever by the Corporation and/or the Operating Partnership that remains uncured for 30 days after written notice of such material breach has been provided to the Corporation and the Operating Partnership by the Advisor.

Gross Proceeds. The aggregate purchase price of all Shares sold for the account of the Corporation through all Offerings, without deduction for Sales Commissions, Dealer Manager Fees, Distribution Fees, volume discounts, any marketing support and due diligence expense reimbursement or other Organization and Offering Expenses. For the purpose of computing Gross Proceeds, the purchase price of any Share for which reduced Sales Commissions or Dealer Manager Fees are paid to the Dealer Manager or a Soliciting Dealer (where net proceeds to the Corporation are not reduced) shall be deemed to be the full amount of the offering price per Share pursuant to the Prospectus for such Offering without reduction.

Gross Share Value. The product of (i) Fund Interests and (ii) the Value Per Share.

Hurdle Amount. For the applicable period, an amount equal to 5.0% of the Beginning VPU.

Independent Director. Independent Director shall have the meaning set forth in the Charter.

Independent Expert. A person or entity with no material current or prior business or personal relationship with the Advisor or the Directors and who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Corporation.

Independent Valuation Advisor. A firm that is (i) engaged to a substantial degree in the business of conducting valuations on commercial real estate properties, (ii) not affiliated with the Advisor and (iii) engaged by the Corporation with the approval of the Board to appraise the Real Properties or other assets or liabilities pursuant to the Valuation Procedures.

Joint Ventures. The joint venture, co-investment, co-ownership or partnership arrangements (other than arrangements between the Corporation and the Operating Partnership) in which the Corporation or any of its subsidiaries is a co-venturer, co-owner or general partner which are established to acquire or hold Assets.

Liquidity Event. The term "Liquidity Event" shall include, but shall not be limited to, (i) a Listing, (ii) a sale, merger or other transaction in which the Stockholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company, and (iii) the sale of all or substantially all of the Corporation's Assets where Stockholders either receive, or have the option to receive, cash or other consideration.

Listing. The listing or partial listing of the Shares on a national securities exchange.

Loss Carryforward. An amount that equaled zero as of July 1, 2017 and shall cumulatively increase by the absolute value of any negative Annual Total Return Amount and decrease by any positive Annual Total Return Amount, provided that the Loss Carryforward shall at no time be less than zero. The effect of the Loss Carryforward is that the recoupment of past Annual Total

Return Amount losses will offset the positive Annual Total Return Amount for purposes of the calculation of the Performance Component.

Mortgages. In connection with mortgage financing provided, invested in, participated in or purchased by the Corporation, all of the notes, deeds of trust, security interests or other evidences of indebtedness or obligations, which are secured or collateralized by Real Property owned by the borrowers under such notes, deeds of trust, security interests or other evidences of indebtedness or obligations.

NASAA REIT Guidelines. The Statement of Policy Regarding Real Estate Investment Trusts as adopted by the members of the North American Securities Administrators Association, Inc. on May 7, 2007, as may be amended from time to time.

NAV. Net asset value, calculated pursuant to the Valuation Procedures.

NAV Calculations. The calculations used to determine the NAV of the Corporation, the Shares, the Operating Partnership and the OP Units, all as provided in the Valuation Procedures.

Net Income. For any period, the Corporation's total revenues applicable to such period, less the total expenses applicable to such period other than additions to reserves for depreciation, bad debts or other similar non-cash reserves and excluding any gain from the sale of the Corporation's Assets.

Offering. The public offering of Shares pursuant to a Prospectus.

Operating Partnership. Operating Partnership shall have the meaning set forth in the preamble of this Agreement.

Operating Partnership Agreement. The Operating Partnership's limited partnership agreement among the Corporation as general partner, and the limited partners thereto.

OP Unit. Units of limited partnership interest in the Operating Partnership, other than the Special OP Units.

Organization and Offering Expenses. Any and all cumulative costs and expenses incurred by and to be paid from the assets of the Corporation, including amounts reimbursable to the Advisor and its Affiliates pursuant to Paragraph 10(a)(i) hereof, in connection with the formation of the Corporation and the qualification and registration of all of the Corporation's Offerings, and the marketing and distribution of Shares, including, without limitation, total underwriting and brokerage discounts and commissions (including fees of the underwriters' attorneys), expenses for printing and amending registration statements or supplementing prospectuses, mailing and distributing costs, salaries of employees while engaged in sales activity, telephone and other telecommunications costs, all advertising and marketing expenses (including the costs related to investor and broker-dealer sales meetings), charges of transfer agents, registrars, trustees, escrow holders, depositories and experts and fees, expenses and taxes related to the filing, registration and qualification of the sale of the Shares under federal and state laws, including accountants' and attorneys' fees.

Performance Component. The variable component of the Advisory Fee as described in Paragraph 9.

Person. An individual, corporation, partnership, trust, joint venture, limited liability company or other entity.

Private Organization and Offering Expenses. Any and all cumulative costs and expenses incurred by and to be paid from the assets of the Corporation or any of its subsidiaries, including amounts reimbursable to the Advisor and its Affiliates pursuant and subject to Paragraph 10(a)(ii) hereof, in connection with the formation of any subsidiaries of the Corporation and the qualification of any private offerings of securities conducted by the Corporation or any of such subsidiaries and the subsequent marketing and distribution of such securities, including, without limitation, total underwriting and brokerage discounts and commissions (including fees of the underwriters' attorneys), expenses for printing and amending or supplementing private placement memoranda, mailing and distributing costs, salaries of employees while engaged in sales activity, telephone and other telecommunications costs, all advertising and marketing expenses (including the costs related to investor and broker-dealer sales meetings), charges of transfer agents, registrars, trustees, escrow holders, depositories and experts and fees, expenses and taxes related to the qualification of the sale of the Securities under federal and state laws, including accountants' and attorneys' fees.

Property or Properties. All or a portion of the Real Property or Real Properties acquired by the Corporation, directly or indirectly through joint venture or co-ownership arrangements or other partnership or investment entities.

Property Accounting Fee. The fee payable to the Advisor pursuant to Paragraph 9(c).

Property Accounting Services. Services related to accounting for Real Property operations and considered "property accounting" in the real estate industry. Such services generally include the maintenance of the Real Property's books and records in accordance with GAAP and the Corporation's policies, procedures, and internal controls, in a timely manner, and the processing of Real Property-related cash receipts and disbursements. Examples include, but are not limited to, lease administration, monthly tenant billing and collections, rental revenue accounting, accounting for doubtful accounts, preparing rental expense recovery estimates and reconciliations, recording rental expenses, processing rental expense invoices and tenant reimbursement payments, accounting and budgeting for capital improvement projects, preparing and reviewing operating budgets, assisting in reporting and cash management for loan compliance purposes, and preparing account reconciliations and operating reports. Property accounting services do not include corporate-level accounting services such as, for example, consolidation, accounting and reporting analysis, and quality control reviews of accounting and reporting of third-party property accountants to ensure the accuracy, timeliness, and consistency of property accounting results.

Prospectus. Prospectus shall have the meaning set forth in Section 2(10) of the Securities Act of 1933, as amended (the "Securities Act"), including a preliminary Prospectus, an offering circular as described in Rule 256 of the General Rules and Regulations under the Securities Act or, in the case of an intrastate offering, any document by whatever name known, utilized for the purpose of offering and selling securities to the public.

Real Property. Land, rights in land (including leasehold interests), and any buildings, structures, improvements, furnishings, fixtures and equipment located on or used in connection with land and rights or interests in land. Properties sold by the Corporation or any Affiliate to investors in tenancy-in-common interests (or pursuant to a Delaware statutory trust), beneficial interests in Delaware statutory trusts, and or similar interests shall be deemed Real Property for the purposes of this definition so long as (i) such properties are being leased by the Corporation or any Affiliate from the tenancy-in-common (or Delaware statutory trust) investors, and (ii) such properties are reflected as Assets of the Corporation in accordance with GAAP. DST Properties shall also be deemed Real Property for the purposes of this definition.

REIT. A “real estate investment trust” under Sections 856 through 860 of the Code or as may be amended.

Sales Commission. A percentage of Gross Proceeds from the sale of primary Shares in the Offering (not including Shares sold pursuant to the Corporation’s distribution reinvestment plan) payable to the Dealer Manager and reallowable to Soliciting Dealers with respect to Shares sold by them.

Securities. The term “Securities” shall mean any of the following, as the text requires: Equity Shares, any other stock, shares or other evidences of equity or beneficial or other interests, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as “securities” or any certificates of interest, shares or participations in, temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe to, purchase or acquire, any of the foregoing.

Share Redemption Program. The Corporation’s share redemption program, as amended from time to time.

Shares. The shares of the common stock of the Corporation sold in the Offering.

Soliciting Dealers. Broker-dealers who are members of FINRA, or that are exempt from broker-dealer registration, and who, in either case, have executed selected dealer or other agreements with the Dealer Manager to sell Shares.

Special OP Units. The separate series of limited partnership interests designated as Special Partnership Units in the Operating Partnership Agreement.

Sponsor. Any Person which (i) is directly or indirectly instrumental in organizing, wholly or in part, the Corporation, (ii) will control, manage or participate in the management of the Corporation, and any Affiliate of any such Person, (iii) takes the initiative, directly or indirectly, in founding or organizing the Corporation, either alone or in conjunction with one or more other Persons, (iv) receives a material participation in the Corporation in connection with the founding or organizing of the business of the Corporation, in consideration of services or property, or both services and property, (v) has a substantial number of relationships and contacts with the Corporation, (vi) possesses significant rights to control Properties, (vii) receives fees for providing services to the Corporation which are paid on a basis that is not customary in the industry, or (viii) provides goods or services to the Corporation on a basis which was not negotiated at arm’s-length with the Corporation. “Sponsor” does not include any Person whose only relationship with the Corporation is that of an independent property manager and whose

only compensation is as such, or wholly independent third parties such as attorneys, accountants and underwriters whose only compensation is for professional services.

Stockholders. The registered holders of the Corporation's Shares.

Termination Date. The date of termination of this Agreement.

Total Operating Expenses. All costs and expenses paid or incurred by the Corporation, as determined under generally accepted accounting principles, that are in any way related to the operation of the Corporation or to corporate business, including the Advisory Fee and other operating fees paid to the Advisor, but excluding (i) the expenses of raising capital such as Organization and Offering Expenses, (ii) interest payments, (iii) taxes, (iv) non-cash expenditures such as depreciation, amortization and bad debt reserves, (v) incentive fees, (vi) Acquisition Fees and Acquisition Expenses, (vii) real estate commissions on the sale of Property, (viii) distributions made with respect to interests in the Operating Partnership, and (ix) other fees and expenses connected with the acquisition, disposition, management and ownership of real estate interests, mortgage loans or other property (including the costs of foreclosure, insurance premiums, legal services, maintenance, repair, and improvement of property). Notwithstanding the definition set forth above, any expense of the Corporation which is not part of Total Operating Expenses under the NASAA REIT Guidelines shall not be treated as part of Total Operating Expenses for purposes hereof.

Total Project Cost. With regard to any Real Property acquired prior to or during the development, construction or improvement stages, all hard and soft costs and expenses paid or incurred by or on behalf of the Corporation that are in any way related to the development, construction, improvement or stabilization (including tenant improvements) of such Real Property, including, but not limited to, any debt, whether borrowed or assumed, land and construction costs.

Unitholders. The holders of OP Units.

Valuation Procedures. The valuation procedures adopted by the Board, as amended from time to time.

Value Per Share. The term "Value Per Share" shall mean (i) in the event of a Listing pursuant to which incremental equity capital is expected to be raised through the issuance of shares of the Corporation, the final price at which such shares are actually issued, or an estimate thereof reasonably determined by mutual agreement of the Corporation and the Advisor, and (ii) in the event of a Listing pursuant to which no incremental equity capital is expected to be raised through the issuance of shares of the Corporation, the closing price at the end of the first day of trading of the Corporation's shares upon Listing, or an estimate thereof reasonably determined by mutual agreement of the Corporation and the Advisor.

VPU. Average value per OP Unit, which on any given date shall be equal to (i) the Operating Partnership NAV on such date, divided by (ii) the aggregate number of OP Units of all classes outstanding on such date.

Weighted-Average Distributions per OP Unit. For a particular period of time, an amount equal to the ratio of (i) the aggregate distributions accrued in respect of all OP Units during the applicable period, divided by (ii) the weighted-average number of OP Units of all classes outstanding during the applicable period, calculated in accordance with GAAP applied on a consistent basis.

2%/25% Guidelines. For any year in which the Corporation qualifies as a REIT, the requirement pursuant to the NASAA REIT Guidelines that, in any 12 month period, Total Operating Expenses not exceed the greater of 2% of the Corporation's Average Invested Assets during such 12 month period or 25% of the Corporation's Net Income over the same 12 month period.

2. APPOINTMENT. The Corporation and the Operating Partnership hereby appoint the Advisor to serve as their advisor on the terms and conditions set forth in this Agreement, and the Advisor hereby accepts such appointment.

3. DUTIES OF THE ADVISOR. The Advisor undertakes to use its reasonable efforts to present to the Corporation and the Operating Partnership potential investment opportunities and to provide a continuing and suitable investment program consistent with the investment objectives and policies of the Corporation as determined and adopted from time to time by the Board of Directors. The Advisor is registered as an investment adviser under the Advisers Act of 1940 (the "Advisers Act") and undertakes to perform its duties consistent with applicable law. In performance of these undertakings, subject to the supervision of the Board of Directors and consistent with the provisions of the Charter, the Bylaws and the Operating Partnership Agreement, the Advisor shall, either directly or by engaging an Affiliated or non-Affiliated Person:

(a) serve as the Corporation's and the Operating Partnership's investment and financial advisor and provide research and economic and statistical data in connection with the Corporation's assets and investment policies;

(b) manage and supervise the Offering of Shares and any private placements of securities, including but not limited to OP Units, tenancy-in-common or Delaware statutory trust beneficial interests in DST Properties, including, without limitation: (i) develop the product offering, including the determination of the specific terms of the Securities to be offered, prepare all offering and related documents, and obtain all required regulatory approvals; (ii) along with the Dealer Manager, approve the participating broker dealers and negotiate the related selling agreements; (iii) coordinate the due diligence process for participating broker dealers and their review of any Prospectus, private placement memoranda and other Offering, private placement and Corporation documents; (iv) assist in the preparation and approval of all marketing materials contemplated to be used by the Dealer Manager or others in the Offering or private placement; (v) along with the Dealer Manager, negotiate and coordinate with the transfer agent for the receipt, collection, processing and acceptance of subscription agreements and other administrative support functions; and (vi) manage and supervise all other services related to the organization of the Corporation, the Operating Partnership, an Offering or a private placement;

(c) implement and coordinate the processes with respect to the NAV Calculations, and in connection therewith, obtain appraisals performed by an Independent Valuation Advisor concerning the value of the Real Properties;

(d) supervise one or more Independent Valuation Advisors and, if and when necessary, recommend to the Board its replacement;

(e) provide the daily management for the Corporation and the Operating Partnership and perform and supervise the various administrative functions reasonably necessary for the management of the Corporation and the Operating Partnership, including, without limitation: (i) provide or arrange for administrative services and items, legal and other services, office space, office furnishings, personnel and other items necessary and incidental to the Corporation's business and operations; (ii) maintain accounting data and any other information requested concerning the activities of the Corporation and the Operating Partnership as shall be required to prepare and to file all periodic financial reports with the Securities and Exchange Commission and any other regulatory agency, including annual financial statements; (iii) oversee tax and compliance services and risk management services and coordinate with appropriate third parties, including independent accountants and other consultants, on related tax matters; (iv) manage and coordinate with the transfer agent the quarterly dividend process and payments to Stockholders; (v) consult with and assist the Board of Directors in evaluating and obtaining adequate insurance coverage based upon risk management determinations; (vi) provide the Board of Directors with updates related to the overall regulatory environment affecting the Corporation and the Operating Partnership, as well as managing compliance with such matters; (vii) consult with the Board of Directors with respect to the corporate governance structure and appropriate policies and procedures related thereto; (viii) oversee all reporting, record keeping, internal controls and similar matters in a manner to allow the Corporation and the Operating Partnership to comply with applicable law, including the Sarbanes-Oxley Act; (ix) manage communications with Stockholders and OP Unitholders, including answering phone calls, preparing and sending written and electronic reports and other communications; and (x) establish technology infrastructure to assist in providing Stockholder and OP Unitholder support and service;

(f) investigate, select, and, on behalf of the Corporation and the Operating Partnership, engage and conduct business with such Persons as the Advisor deems necessary to the proper performance of its obligations hereunder, including but not limited to consultants, accountants, correspondents, lenders, technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositaries, custodians, agents for collection, insurers, insurance agents, banks, builders, developers, property owners, real estate management companies, real estate operating companies, securities investment advisors, mortgagors, and any and all agents for any of the foregoing, including Affiliates of the Advisor, and Persons acting in any other capacity deemed by the Advisor necessary or desirable for the performance of any of the foregoing services, including but not limited to entering into contracts in the name of the Corporation and the Operating Partnership with any of the foregoing;

(g) consult with the officers and Board of Directors of the Corporation and assist the Board of Directors in the formulation and implementation of the Corporation's financial policies, and, as necessary, furnish the Board of Directors with advice and recommendations with respect to the making of investments consistent with the investment objectives and policies of the

Corporation and in connection with any borrowings proposed to be undertaken by the Corporation and/or the Operating Partnership;

(h) subject to the provisions of Paragraphs 3(j),(q),(r),(s) and 4 hereof, (i) locate, analyze and select potential investments, (ii) structure and negotiate the terms and conditions of transactions pursuant to which investments will be made; (iii) make investments on behalf of the Corporation and the Operating Partnership in compliance with the investment objectives and policies of the Corporation; (iv) oversee the due diligence process; (v) arrange for financing and refinancing and make other changes in the asset or capital structure of, and dispose of, reinvest the proceeds from the sale of, or otherwise deal with, investments; and (vi) enter into leases and service contracts for Properties and, to the extent necessary, perform all other operational functions for the maintenance and administration of such Properties;

(i) upon request, provide the Board of Directors with periodic reports regarding prospective investments;

(j) make investments in and dispositions of Assets within the discretionary limits and authority as granted by the Board;

(k) negotiate on behalf of the Corporation and the Operating Partnership with banks or lenders for loans to be made to the Corporation and the Operating Partnership, and negotiate on behalf of the Corporation and the Operating Partnership with investment banking firms and broker-dealers or negotiate private sales of Shares and the Corporation's Securities or obtain loans for the Corporation and the Operating Partnership, but in no event in such a way so that the Advisor shall be acting as broker-dealer or underwriter; and provided, further, that any fees and costs payable to third parties incurred by the Advisor in connection with the foregoing shall be the responsibility of the Corporation or the Operating Partnership;

(l) obtain reports (which may but are not required to be prepared by the Advisor or its Affiliates), where appropriate, concerning the value of investments or contemplated investments of the Corporation and/or the Operating Partnership in Assets;

(m) from time to time, or at any time reasonably requested by the Board of Directors, make reports to the Board of Directors of its performance of services to the Corporation and the Operating Partnership under this Agreement, including reports with respect to potential conflicts of interest involving the Advisor or any of its affiliates;

(n) provide the Corporation and the Operating Partnership with all necessary cash management services;

(o) do all things necessary to assure its ability to render the services described in this Agreement;

(p) deliver to or maintain on behalf of the Corporation copies of all appraisals obtained in connection with the investments in Real Properties and all valuations of other Assets as may be required to be obtained by the Board;

(q) notify and obtain the prior approval of the Board of Directors, any particular Directors specified by the Board or, if specified in a resolution or policy adopted by the Board, any committee of the Board or the Advisor, for any investments in Real Properties;

(r) notify and obtain the approval of a majority of the Board of Directors (including a majority of the Independent Directors) for all affiliated transactions before such transactions are completed;

(s) effect any private placement of OP Units, tenancy-in-common, Delaware statutory trust, or other interests in Real Properties as may be approved by the Board;

(t) oversee the development, construction and improvement, including tenant improvements, of Real Properties (including DST Properties) by third parties on behalf of the Corporation;

(u) provide Property Accounting Services with respect to each Real Property; and

(v) oversee and monitor third-party engineers, facility managers and property managers with regard to the effective building operations and maintenance of our Real Properties (including DST Properties).

Notwithstanding the foregoing, the Advisor may delegate any or all of the foregoing duties to any Person so long as the Advisor or any Affiliate remains responsible for the performance of the duties set forth in this Paragraph 3, subject to the prior consent of the Corporation if all or substantially all of such duties are delegated to a Person that is not an Affiliate. Further, the Advisor or any Affiliate may provide internal legal services, either directly to the Corporation or as oversight of the Corporation's outside counsel, which internal legal services shall be deemed separate and not included in the services set forth above.

4. AUTHORITY OF ADVISOR.

(a) Pursuant to the terms of this Agreement (including the restrictions included in Paragraph 3, this Paragraph 4 and in Paragraph 7), and subject to the continuing and exclusive authority of the Board of Directors over the management of the Corporation, the Board of Directors hereby delegates to the Advisor the authority to take, or cause to be taken, any and all actions and to execute and deliver any and all agreements, certificates, assignments, instruments or other documents and to do any and all things that, in the judgment of the Advisor, may be necessary or advisable in connection with the Advisor's duties described in Paragraph 3.

(b) Notwithstanding the foregoing, any investment in Real Properties, including any acquisition of Real Property by the Corporation or the Operating Partnership (including any financing of such acquisition), will require the prior approval of the Board, any particular Directors specified by the Board or, if specified in a resolution or policy adopted by the Board, any committee of the Board or the Advisor, as the case may be.

(c) In connection with a proposed transaction that requires the approval of the Independent Directors, the Advisor will deliver to the Independent Directors all documents and other information required by them to properly evaluate the proposed transaction.

The prior approval of a majority of the Board of Directors (including a majority of the Independent Directors) will be required for each transaction to which the Advisor or its Affiliates is a party. The Board of Directors may, at any time upon the giving of written notice to the Advisor, modify or revoke the authority set forth in this Paragraph 4. If and to the extent the Board so modifies or revokes the authority contained herein, the Advisor shall henceforth submit

to the Board for prior approval such proposed transactions involving investments in Assets as thereafter require prior approval, provided however, that such modification or revocation shall be effective upon receipt by the Advisor and shall not be applicable to investment transactions to which the Advisor has committed the Corporation prior to the date of receipt by the Advisor of such notification.

5. **BANK ACCOUNTS.** The Advisor may establish and maintain one or more bank accounts in the name of the Corporation, the Operating Partnership or the Operating Partnership's subsidiaries and may collect and deposit into any such account or accounts, and disburse from any such account or accounts, any money on behalf of the Corporation, the Operating Partnership or the Operating Partnership's subsidiaries, under such terms and conditions as the Board of Directors may approve, provided that no funds shall be commingled with the funds of the Advisor; and the Advisor shall from time to time render appropriate accountings of such collections and payments to the Board of Directors and to the auditors of the Corporation.

6. **RECORDS; ACCESS.** The Advisor shall maintain appropriate records of all its activities hereunder and make such records available for inspection by the Board of Directors and by counsel, auditors and authorized agents of the Corporation, at any time or from time to time during normal business hours. The Advisor shall at all reasonable times have access to the books and records of the Corporation and the Operating Partnership.

7. **LIMITATIONS ON ACTIVITIES.** Anything else in this Agreement to the contrary notwithstanding, the Advisor shall refrain from taking any action which, in its sole judgment made in good faith, would (a) adversely affect the status of the Corporation as a REIT, (b) subject the Corporation to regulation under the Investment Corporation Act of 1940, as amended, or (c) violate any law, rule, regulation or statement of policy of any governmental body or agency having jurisdiction over the Corporation, its Shares or its Securities, or otherwise not be permitted by the Charter or Bylaws of the Corporation, except if such action shall be ordered by the Board of Directors, in which case the Advisor shall notify promptly the Board of Directors of the Advisor's judgment of the potential impact of such action and shall refrain from taking such action until it receives further clarification or instructions from the Board of Directors. In such event the Advisor shall have no liability for acting in accordance with the specific instructions of the Board of Directors so given. Notwithstanding the foregoing, the Advisor, its members, managers, directors, officers, employees and stockholders, and members, managers, stockholders, directors and officers of the Advisor's Affiliates, shall not be liable to the Corporation or to the Board of Directors or stockholders for any act or omission by the Advisor, its members, managers, directors, officers or employees, or stockholders, members, managers, directors or officers of the Advisor's Affiliates taken or omitted to be taken in the performance of their duties under this Agreement except as provided in Paragraph 19 of this Agreement.

8. **RELATIONSHIP WITH DIRECTORS.** Subject to Paragraph 7 of this Agreement and to restrictions advisable with respect to the qualification of the Corporation as a REIT, members, managers, directors, officers and employees of the Advisor or an Affiliate of the Advisor or any corporate parents of an Affiliate, may serve as a Director and as officers of the Corporation, except that no member, manager, director, officer or employee of the Advisor or its Affiliates who also is a Director or officer of the Corporation shall receive any compensation from the

Corporation for serving as a Director or officer of the Corporation other than reasonable reimbursement for travel and related expenses incurred in attending meetings of the Board of Directors and no such Director shall be deemed an Independent Director for purposes of satisfying the Director independence requirement set forth in the Charter.

9. FEES.

(a) Advisory Fee. As compensation for asset management services rendered pursuant to Paragraph 3 hereof, the Corporation shall pay to the Advisor the Fixed Component of the Advisory Fee as set forth in this Paragraph 9(a) and the Performance Component of the Advisory Fee described in this Paragraph 9(a). Provided that this Agreement has not been terminated, the Performance Component shall be paid to a wholly-owned subsidiary of the Advisor, in its capacity as the holder of the Special OP Units, as a performance participation interest with respect to the Special OP Units in the form of an allocation and distribution from the Operating Partnership pursuant to the Operating Partnership Agreement. At the election of the Advisor, all or a portion of the Performance Component shall be paid instead to the holder of the Special OP Units as a fee as set forth in this Paragraph 9(a). If the Advisor does not elect on or before the first day of a calendar year to have all or a portion of the Performance Component paid as a fee in cash to the holder of the Special OP Units, then the Performance Component shall be paid as a distribution on the performance participation interest to the holder of the Special OP Units.

(i) The Corporation shall pay to the Advisor the Fixed Component of the Advisory Fee, in an amount equal to 1/12th of 1.25% of (a) the applicable monthly NAV per Fund Interest times the weighted-average number of Fund Interests for such month and (b) the aggregate DST Property Consideration for all DST Properties. In calculating the Fixed Component of the Advisory Fee, the Corporation uses its NAV before giving effect to monthly accruals for the Fixed and Performance Components of the Advisory Fee, Distribution Fees payable to the Dealer Manager, or distributions payable on the Corporation's outstanding Shares or OP Units held by third parties. (ii) The Advisor shall earn a Performance Component with respect to each calendar year (or partial calendar year) in which this Agreement is in effect in an amount equal to:

(A) the lesser of (1) the amount equal to 12.5% of (a) the Annual Total Return Amount less (b) the Loss Carryforward, and (2) the amount equal to (x) the Annual Total Return Amount, less (y) the Loss Carryforward, less (z) the Hurdle Amount;

multiplied by:

(B) the weighted-average number of OP Units outstanding during the applicable year, calculated in accordance with GAAP as applied on a consistent basis;

(C) provided, that the Performance Component shall at no time be less than zero.

Except as described in the definition of Loss Carryforward in this Agreement, any amount by which the Annual Total Return Amount falls below the Hurdle Amount will not be carried forward to subsequent periods. If the Performance Component is payable pursuant to this Paragraph 9(a)(ii), the Advisor shall be entitled to such payment or distribution, as applicable,

even in the event that the total percentage return to Unitholders over any longer or shorter period, or the total percentage return to any particular Unitholder over the same, longer or shorter period, has been less than the Annual Total Return Amount used to calculate the Hurdle Amount. The Advisor shall not be obligated to return any portion of any Advisory Fee paid based on the Corporation's or the Operating Partnership's subsequent performance.

If the Performance Component is being calculated with respect to a year in which the Corporation completes a Liquidity Event, for purposes of determining the Annual Total Return Amount, the change in VPU shall be deemed to equal the difference between the Ending VPU as of the end of the prior calendar year and the value per OP Unit determined in connection with such Liquidity Event. In connection with a Listing, for purposes of determining the Annual Total Return Amount, the change in VPU shall be deemed to equal the difference between the Ending VPU as of the end of the prior calendar year and an amount equal to the market value of the listed shares based upon the average closing price or, if the average closing price is not available, the average of the bid and asked prices, for the 30-day period beginning 90 days after such Listing. Upon a Liquidity Event other than a Listing, for purposes of determining the Annual Total Return Amount, the change in VPU shall be deemed to equal the difference between the Ending VPU as of the end of the prior calendar year and an amount equal to the consideration per Fund Interest received by holders of Fund Interests in connection with such Liquidity Event.

(iii) The Advisory Fee will accrue monthly. The Fixed Component is payable monthly in arrears, as described in Paragraph 9(a)(i) above. The Performance Component with respect to any calendar year is payable after the completion of the NAV Calculations for December of such year. The Fixed Component shall be payable for each month in which this Agreement is in effect, even if the Agreement is in effect for a partial month. The Performance Component shall be payable for each calendar year in which this Agreement is in effect, even if the Agreement is in effect for a partial calendar year. If the Advisory Fee is payable with respect to any partial calendar month or calendar year, then the Fixed Component shall be prorated based on the number of days elapsed during any partial calendar month and the Performance Component shall be calculated based on the annualized total return amount determined using the total return achieved for the period of such partial calendar year. In the event this Agreement is terminated or its term expires without renewal, the partial period Fixed Component and Performance Component of the Advisory Fee shall be calculated and due and payable upon the Termination Date. In such event, for purposes of determining the Annual Total Return Amount, the change in VPU shall be determined based on a good faith estimate of what the NAV Calculations would be as of the Termination Date; provided, that, if this Agreement is terminated with respect to a Liquidity Event, the Performance Component will be due and payable in connection with such Liquidity Event and the Annual Total Return Amount shall be calculated as set forth in Paragraph 9(a)(ii) above.

(iv) In the event the Operating Partnership commences a liquidation of its Assets during any calendar year, the Advisor shall be paid the Advisory Fee from the proceeds of the liquidation and the Performance Component shall be calculated at the end of the liquidation period prior to the distribution of the liquidation proceeds to the Unitholders. The calculation of the Performance Component for any partial year shall be calculated consistent with the applicable provisions of Paragraphs 9(a)(ii) and 9(a)(iii) above.

(v) The measurement of the change in VPU for the purpose of calculating the Annual Total Return Amount is subject to adjustment by the Board to account for any dividend, split, recapitalization or any other similar change in the Operating Partnership's capital structure or any distributions that the Board deems to be a return of capital if such changes are not already reflected in the Operating Partnership's net assets.

(vi) Notwithstanding anything to the contrary in this Paragraph 9(a), upon the triggering of a Pro-Rata Period as defined in the Share Redemption Program, payment or distribution of the Performance Component shall be deferred until all share redemption requests under the Share Redemption Program are satisfied.

(b) Development Fee. The Advisor shall receive a Development Fee (defined below) with respect to each Real Property for which the Advisor provides Development Services (defined below) or Development Oversight Services (defined below), either in connection with the acquisition of such Real Property (including, without limitation, forward commitment acquisitions), the stabilization of such Real Property (including, without limitation, development or value add transactions), or both (any of the foregoing being "Development Real Properties"). In connection with providing services related to the development, construction, improvement or stabilization, including tenant improvements, of Development Real Properties (collectively, "Development Services") or overseeing the provision of these services by third parties on behalf of the Corporation ("Development Oversight Services"), the fee (the "Development Fee") will be an amount that will be equal to 4.0% of Total Project Cost of such Development Real Property (or the Corporation's proportional interest therein with respect to Real Property held in Joint Ventures or other entities that are co-owned). If the Advisor engages a third party to provide Development Services directly to the Corporation, the third party shall be compensated directly by the Corporation, and the Advisor shall receive the Development Fee if it provides the Development Oversight Services. The total of all Development Fees and Acquisition Expenses paid by the Corporation with respect to any Real Property shall not exceed 6% of the Contract Purchase Price or the Total Project Cost (as applicable) of such Real Property unless Development Fees in excess of such amount are approved by a majority of the Board of Directors, including a majority of the Independent Directors.

(c) Property Accounting Fee. Each Real Property owned by the Company will receive Property Accounting Services from the Advisor. In exchange for the Property Accounting Services, the Corporation shall pay the Advisor the difference between: (i) the property management fee charged with respect to each Real Property (the "Property Management Fee"), which reflects the market rate for all Real Property management services, including Property Accounting Services, based on rates charged for similar properties within the region or market in which the Real Property is located, and (ii) the amount paid to third-party property management firms for property management services, which fee is based on an arms-length negotiation with a third-party property management service provider (the difference between (i) and (ii), the "Property Accounting Fee"). The tenant or tenants at each Real Property may reimburse the Corporation for all or a portion of the Property Management Fee, including the Property Accounting Fee.

(d) Third-Party Costs. The Advisor or its Affiliates may incur third-party costs in connection with the performance of applicable services pursuant to this Agreement, which third-party costs shall be separately reimbursed pursuant to Paragraph 10 hereof.

(e) Fees for other Services. The Corporation may retain certain of the Advisor's Affiliates from time to time, for services relating to its investments or its operations, which may include property management services, leasing services, corporate services, statutory services, transaction support services (including but not limited to coordinating with brokers, lawyers, accountants and other advisors, assembling relevant information, conducting financial and market analyses, and coordinating closing procedures), construction and development management, and loan management and servicing, and within one or more such categories, providing services in respect of asset and/or investment administration, accounting, technology, tax preparation, finance (including but not limited to budget preparation and preparation and maintenance of corporate models), treasury, operational coordination, risk management, insurance placement, human resources, legal and compliance, valuation and reporting-related services, as well as services related to mortgage servicing, group purchasing, healthcare, consulting/brokerage, capital markets/credit origination, property, title and/or other types of insurance, management consulting and other similar operational matters. Any fees paid to the Advisor's affiliates for any such services will not reduce the Advisory Fees. Any such arrangements will be at market rates or reimbursement of costs.

(f) Loans from Affiliates. The Advisor or any Affiliate thereof may not make any loan to the Corporation or the Operating Partnership unless a majority of the Board of Directors (including a majority of the Independent Directors) approve the loan as being fair, competitive, and commercially reasonable and no less favorable to the Corporation or the Operating Partnership than comparable loans between unaffiliated parties.

(g) Exclusion of Certain Transactions. In the event the Corporation or the Operating Partnership shall propose to enter into any transaction with the Sponsor, the Advisor, a Director or any Affiliate thereof, then such transaction shall be approved by a majority of the Board of Directors (including a majority of the Independent Directors) as fair and reasonable to the Corporation.

(h) Payment in Shares or OP Units. The fees due under this Paragraph 9 shall be paid in cash; provided, however, that in lieu of cash, the Advisor may elect to receive the payment of the fees due under this Paragraph 9 in any class of Shares or OP Units. Any such Shares or OP Units shall be valued at the NAV per share applicable to such Shares or OP Units on the issue date. Such shares shall not be subject to any early redemption deduction under the Corporation's share redemption programs.

(i) Equity Compensation. The Corporation has adopted equity incentive plans, which are administered by the Board of Directors, including the Independent Directors, pursuant to which the Corporation makes certain equity awards to the Independent Directors as well as to advisors, consultants, and employees of the Advisor and its Affiliates. Awards are granted at the discretion of the Board of Directors.

10. EXPENSES.

(a) In addition to the compensation paid to the Advisor pursuant to Paragraph 9 hereof and subject to the limitations set forth in this Paragraph 10 and in Paragraph 12 and contained in the Charter, the Corporation or the Operating Partnership shall pay directly or reimburse the Advisor or its Affiliates for all of the expenses paid or incurred by the Advisor or its Affiliates in connection with the services they provide to the Corporation and the Operating Partnership pursuant to this Agreement, including, but not limited to:

(i) Organization and Offering Expenses paid or incurred by the Advisor or any of its Affiliates; provided that after an Offering terminates, the Advisor shall reimburse the Corporation to the extent the sum of the Organization and Offering Expenses and the Sales Commissions, Dealer Manager Fees and Distribution Fees with respect to such Offering that are borne by the Corporation exceed 15.0% of the Gross Proceeds raised in the completed Offering; the Advisor shall be responsible for the payment of all the Corporation's Organization and Offering Expenses in excess of the maximum amount permitted;

(ii) Private Organization and Offering Expenses paid or incurred by the Advisor or any of its Affiliates, except to the extent the Advisor or its Affiliates have agreed to receive a fee in lieu of reimbursement of such expenses therewith;

(iii) Acquisition Expenses paid or incurred by the Advisor or any of its Affiliates; subject to Paragraph 10(d) below;

(iv) Disposition Expenses incurred in connection with the disposition of Assets;

(v) the actual cost of goods and services used by the Corporation and obtained from Persons not affiliated with the Advisor, other than Acquisition Expenses, including brokerage fees paid in connection with the purchase and sale of any securities;

(vi) interest and other costs for borrowed money, including discounts, points and other similar fees;

(vii) taxes and assessments on income of the Corporation or Assets and any other taxes otherwise imposed on the Corporation;

(viii) costs associated with insurance required in connection with the business of the Corporation or by the officers and Directors;

(ix) expenses of managing and operating Assets owned by the Corporation, whether payable to an Affiliate of the Corporation or a non-affiliated Person;

(x) all expenses in connection with payments to the Directors and meetings of the Directors and Stockholders;

(xi) expenses associated with a Listing, if applicable;

(xii) expenses connected with payments of Distributions in cash or otherwise made or caused to be made by the Corporation to the Stockholders;

(xiii) expenses of organizing, revising, amending, converting, modifying, or terminating the Corporation or the Charter;

(xiv) expenses of maintaining communications with Stockholders, including the cost of preparation, printing, and mailing annual reports and other Stockholder reports, proxy statements and other reports required by governmental entities;

(xv) personnel (and related employment) costs and overhead (including, but not limited to, allocated rent paid to both third parties and an affiliate of the Advisor, equipment, utilities, insurance, travel and entertainment, and other costs) costs incurred by the Advisor or its Affiliates in performing the services described in Paragraph 3 hereof, including, but not limited to, total compensation, benefits and other overhead of all employees involved in the performance of such services; provided, however, that no reimbursement shall be made for costs of personnel to the extent that such personnel perform services in transactions for which the Advisor receives a separate fee;

(xvi) audit, accounting and legal fees and other fees for professional services relating to the operations of the Corporation and all such fees incurred at the request, or on behalf of, the Independent Directors or any committee of the Board of Directors;

(xvii) out-of-pocket costs for the Corporation to comply with all applicable laws, regulations and ordinances; and

(xviii) all other costs incurred by the Advisor in performing its duties hereunder.

(b) Expenses incurred by the Advisor or its Affiliates on behalf of the Corporation and the Operating Partnership and payable pursuant to this Paragraph 10 shall be reimbursed no less than monthly to the Advisor. The Advisor shall prepare a statement documenting the expenses of the Corporation and the Operating Partnership and the calculation of the fees and commissions due under this Agreement during each month, and shall deliver such statement to the Corporation and the Operating Partnership within 45 days after the end of each month.

11. OTHER SERVICES. Should the Board of Directors request that the Advisor or any director, officer or employee thereof render services for the Corporation and the Operating Partnership other than set forth in Paragraph 3, such services shall be separately compensated at such rates and in such amounts as are agreed by the Advisor and the Independent Directors of the Corporation, subject to the limitations contained in the Charter, and shall not be deemed to be services pursuant to the terms of this Agreement.

12. REIMBURSEMENT TO THE ADVISOR. For any year in which the Corporation qualifies as a REIT, the Corporation shall not reimburse the Advisor at the end of any fiscal quarter Total Operating Expenses that, in the four consecutive fiscal quarters then ended (the "Expense Year") exceed (the "Excess Amount") the greater of 2% of Average Invested Assets or 25% of Net Income (the "2%/25% Guidelines") for such year. Any Excess Amount paid to the Advisor during a fiscal quarter shall be repaid to the Corporation or, at the option of the Corporation, subtracted from the Total Operating Expenses reimbursed during the subsequent fiscal quarter unless a majority of the Independent Directors determine that such excess was justified based on unusual and nonrecurring factors which they deem sufficient, then the Excess Amount may be paid and within 60 days after the end of such Expense Year there shall be sent to the stockholders a written disclosure of such fact, together with an explanation of the factors the Independent Directors considered in determining that such excess expenses were justified. Such

determination shall be reflected in the minutes of the meetings of the Board of Directors. The Corporation will not reimburse the Advisor or its Affiliates for services for which the Advisor or its Affiliates are entitled to compensation in the form of a separate fee. All figures used in the foregoing computation shall be determined in accordance with generally accepted accounting principles applied on a consistent basis.

13. OTHER ACTIVITIES OF THE ADVISOR. Nothing herein contained shall prevent the Advisor or any of its Affiliates from engaging in or earning fees from other activities, including, without limitation, the rendering of advice to other Persons (including other REITs) and the management of other programs advised, sponsored or organized by the Advisor or its Affiliates; nor shall this Agreement limit or restrict the right of any member, manager, director, officer, employee, or stockholder of the Advisor or its Affiliates to engage in or earn fees from any other business or to render services of any kind to any other partnership, corporation, firm, individual, trust or association and earn fees for rendering such services. The Advisor may, with respect to any investment in which the Corporation is a participant, also render advice and service to each and every other participant therein, and earn fees for rendering such advice and service. It is contemplated that the Corporation may enter into joint ventures or other similar co-investment arrangements with certain Persons, and pursuant to the agreements governing such joint ventures or arrangements, the Advisor may be engaged (directly or indirectly) to provide advice and service to such Persons, in which case the Advisor will earn fees for rendering such advice and service. The parties to this Agreement hereby acknowledge that the Advisor may provide advice and render services to Persons that will compete with the Corporation for investments.

The Advisor shall report to the Board the existence of any condition or circumstance, existing or anticipated, of which it has knowledge, which creates or could create a conflict of interest between the Advisor's obligations to the Corporation and its obligations to or its interest in any other partnership, corporation, limited liability company, firm, individual, trust or association. The Advisor or its Affiliates shall promptly disclose to the Board knowledge of such condition or circumstance. If the Advisor, its members, managers, directors, employees or Affiliates thereof have sponsored other investment programs with similar investment objectives which have investment funds available at the same time as the Corporation, it shall be the duty of the Independent Directors to ensure that the Advisor and its Affiliates follow the method approved by the Independent Directors, by which investments are to be allocated to the competing investment entities and to use their reasonable efforts to ensure that such method is applied fairly to the Corporation.

The Advisor shall be required to use commercially reasonable efforts to present a continuing and suitable investment program to the Corporation which is consistent with the investment policies and objectives of the Corporation, but neither the Advisor nor any Affiliate of the Advisor shall be obligated generally to present any particular investment opportunity to the Corporation even if the opportunity is of character which, if presented to the Corporation, could be taken by the Corporation. In the event an investment opportunity is located, the allocation procedure set forth under the caption "Conflicts of Interest—Conflict Resolution Procedures" in any Prospectus (as such procedures may be amended from time to time by a majority of the Board, including the Independent Directors) shall govern the allocation of the opportunity among the Corporation and Affiliates of the Advisor.

14. TERM; TERMINATION OF AGREEMENT. This Agreement shall continue in force through and including May 1, 2022, subject to an unlimited number of successive one-year renewals upon mutual consent of the parties. It is the duty of the Independent Directors to evaluate the performance of the Advisor annually before renewing the Agreement, and each such renewal shall be for a term of no more than one year.

15. TERMINATION BY THE PARTIES. This Agreement may be terminated (i) immediately by the Corporation and/or the Operating Partnership for Cause (subject to any applicable cure period), (ii) upon 60 days' written notice without Cause and without penalty by a majority of the Independent Directors of the Corporation or by the Advisor, (iii) upon 60 days' written notice with Good Reason by the Advisor or (iv) immediately by the Corporation and/or the Operating Partnership in connection with a merger, sale of Assets or transaction involving the Corporation pursuant to which a majority of the Directors then in office are replaced or removed.

16. ASSIGNMENT. This Agreement may be assigned by the Advisor to an Affiliate or Affiliates with the approval of a majority of the Board of Directors (including a majority of the Independent Directors). The Advisor may assign any rights to receive fees or other payments under this Agreement to any Person without obtaining the approval of the Board of Directors. This Agreement shall not be assigned by the Corporation or the Operating Partnership without the consent of the Advisor, except in the case of an assignment by the Corporation or the Operating Partnership to a corporation, limited partnership or other organization which is a successor to all of the assets, rights and obligations of the Corporation or the Operating Partnership, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Corporation and the Operating Partnership are bound by this Agreement. For the avoidance of doubt, this Agreement may not be assigned (as such term is defined in Section 205(a)(2) of the Advisers Act) or novated by the Advisor by operation of law or otherwise without consent as required under the Advisers Act; provided, that the Advisor may assign, subcontract, delegate or otherwise transfer any of its rights and obligations hereunder to any of its Affiliates.

17. PAYMENTS TO AND DUTIES OF ADVISOR UPON TERMINATION.

(a) After the Termination Date, the Advisor shall not be entitled to compensation for further services hereunder except it shall be entitled to receive from the Corporation or the Operating Partnership within 30 days after the effective date of such termination: (i) subject to the limitations set forth in Paragraph 12 hereof and in the Charter, all unpaid reimbursements of expenses, including without limitation, subject to the limitation described in Paragraph 10(a)(i) hereof, any Organization and Offering Expenses that have not been reimbursed to the Advisor as of the Termination Date; and (ii) all earned but unpaid fees payable to the Advisor prior to termination of this Agreement.

(b) In addition, in accordance with the provisions of Paragraph 12, the Advisor shall be entitled to receive any Excess Amount (as defined in Paragraph 12) for which the Independent Directors determined (before or after the Termination Date) that there was justification based on unusual and nonrecurring factors.

(c) The Advisor shall promptly upon termination:

(i) pay over to the Corporation and the Operating Partnership all money collected and held for the account of the Corporation and the Operating Partnership pursuant to this Agreement, after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled;

(ii) deliver to the Board of Directors a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to the Board of Directors;

(iii) deliver to the Board of Directors all Assets and documents of the Corporation and the Operating Partnership then in the custody of the Advisor; and

(iv) cooperate with the Corporation and the Operating Partnership to provide an orderly management transition.

18. INDEMNIFICATION BY THE CORPORATION AND THE OPERATING PARTNERSHIP. The Corporation and the Operating Partnership shall indemnify and hold harmless the Advisor and its Affiliates, including their respective members, managers, officers, directors, partners and employees, from all liability, claims, damages or losses arising in the performance of their duties hereunder, and related expenses, including reasonable attorneys' fees, subject to any limitations imposed by the laws of the State of Maryland or the Charter. Notwithstanding the foregoing, the Corporation and the Operating Partnership may not indemnify or hold harmless the Advisor, its Affiliates, or any of their respective members, managers, officers, directors, partners or employees in any manner that would be inconsistent with the provisions of Section II.G of the NASAA REIT Guidelines.

19. INDEMNIFICATION BY ADVISOR. The Advisor shall indemnify and hold harmless the Corporation and the Operating Partnership from contract or other liability, claims, damages, taxes or losses and related expenses including attorneys' fees, to the extent that such liability, claims, damages, taxes or losses and related expenses are incurred by reason of the Advisor's bad faith, fraud, willful misfeasance, gross misconduct, gross negligence or reckless disregard of its duties, but the Advisor shall not be held responsible for any action of the Board of Directors in following or declining to follow any advice or recommendation given by the Advisor.

20. NOTICES. Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication is required by the Charter, the Bylaws, or accepted by the party to whom it is given, and shall be given by being delivered by hand or by overnight mail or other overnight delivery service to the addresses set forth herein:

To the Directors and to
the Corporation: Ares Industrial Real Estate Income Trust Inc.
518 17th Street
17th Floor
Denver, CO 80202

To the Operating
Partnership: AIREIT Operating Partnership LP
518 17th Street
17th Floor

Denver, CO 80202

To the Advisor: Ares Commercial Real Estate Management LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attention: Naseem Sagati Aghili
Email: nsagati@aresmgmt.com

Any party may at any time give notice in writing to the other parties of a change in its address for the purposes of this Paragraph 20.

21. **THIRD PARTY BENEFICIARY.** The terms and provisions of this Agreement are intended solely for the benefit of each party hereto, their Affiliates and their respective successors and permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person.

22. **MODIFICATION.** This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by the parties hereto, or their respective successors or assignees.

23. **SEVERABILITY.** The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

24. **CONSTRUCTION.** The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of Colorado.

25. **ENTIRE AGREEMENT.** This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

26. **INDULGENCES, NOT WAIVERS.** Neither the failure nor any delay on the part of a party or any third party beneficiary to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

27. **GENDER.** Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

28. TITLES NOT TO AFFECT INTERPRETATION. The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

29. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

30. INITIAL INVESTMENT. The Advisor owns 20,000 Class I shares that were originally issued in connection with the original advisor's initial investment in the Company of \$200,000. The Advisor may not sell any of such Shares while the Advisor acts in such advisory capacity to the Corporation, provided, that such Shares may be transferred to Affiliates of the Advisor. The restrictions included above shall not apply to any other Securities of the Corporation or the Operating Partnership acquired by the Advisor or its Affiliates. The Advisor shall not vote any Shares it now owns, or hereafter acquires, in any vote for the election of Directors, the removal of the Advisor, or any vote regarding the approval or termination of any contract with the Advisor or any of its Affiliates.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.,

a Maryland corporation

By: /s/ Jeffrey W. Taylor

Name: Jeffrey W. Taylor

Title: Managing Director, Co-President

AIREIT OPERATING PARTNERSHIP LP,

a Delaware limited partnership

By: Ares Industrial Real Estate Income Trust Inc.,
its Sole General Partner

By: /s/ Jeffrey W. Taylor

Name: Jeffrey W. Taylor

Title: Managing Director, Co-President

ARES COMMERCIAL REAL ESTATE MANAGEMENT LLC,

a Delaware limited liability company

By: /s/ Anton Feingold

Name: Anton Feingold

Title: Vice President

TENTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

AIREIT OPERATING PARTNERSHIP LP

A DELAWARE LIMITED PARTNERSHIP

February 11, 2022

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**TENTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT
OF
AIREIT OPERATING PARTNERSHIP LP**

RECITALS

This Tenth Amended and Restated Limited Partnership Agreement (this “Agreement”) is entered into as of February 11, 2022, between Ares Industrial Real Estate Income Trust Inc., a Maryland corporation (f/k/a Black Creek Industrial REIT IV Inc.) (the “General Partner”) and the Limited Partners set forth on Exhibit A attached hereto. Capitalized terms used herein but not otherwise defined shall have the meanings given them in Article 1.

AGREEMENT

WHEREAS, AIREIT Operating Partnership LP (f/k/a BCI IV Operating Partnership LP) (the “Partnership”), was formed on August 12, 2014 as a limited partnership under the laws of the State of Delaware, pursuant to a Certificate of Limited Partnership filed with the Office of the Secretary of State of the State of Delaware on August 12, 2014;

WHEREAS, the Partnership is currently governed by the Ninth Amended and Restated Limited Partnership Agreement of the Partnership dated as of November 24, 2021 (the “Prior Agreement”); and

WHEREAS, the parties desire to amend and restate the Prior Agreement as fully set forth below.

NOW, THEREFORE, in consideration of the foregoing, of mutual covenants between the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Prior Agreement shall be and hereby is amended and restated in its entirety as follows:

DEFINED TERMS

The following defined terms used in this Agreement shall have the meanings specified below:

“ACT” means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time.

“ADDITIONAL FUNDS” has the meaning set forth in Section 4.3 hereof.

“ADDITIONAL SECURITIES” means any additional REIT Shares (other than REIT Shares issued in connection with a redemption pursuant to Section 8.5 hereof or REIT Shares issued pursuant to a distribution reinvestment plan of the General Partner) or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase REIT Shares, as set forth in Section 4.2(a)(ii).

“ADMINISTRATIVE EXPENSES” means (i) all administrative and operating costs and expenses incurred by the Partnership, (ii) those administrative costs and expenses of the General Partner, including any salaries or other payments to directors, officers or employees of the General Partner, and any accounting and legal expenses of the General Partner, which expenses, the Partners have agreed, are expenses of the Partnership and not the General Partner, (iii) costs and expenses relating to the formation and continuity of existence and operation of the General Partner and any Subsidiaries thereof (which Subsidiaries shall, for purposes hereof, be included within the definition of General Partner), including taxes, fees and assessments associated therewith, any and all costs, expenses or fees payable to any director, officer or employee of the General Partner, (iv) costs and expenses relating to any Offering and registration of securities by the General Partner and all statements, reports, fees and expenses incidental thereto, including, without limitation, underwriting discounts and selling commissions applicable to any such Offering, and any costs and expenses associated with any claims made by any holders of such securities or any underwriters or placement agents thereof, (v) costs and expenses associated with any repurchase of any securities by the General Partner, (vi) costs and expenses associated with the preparation and filing of any periodic or other reports and communications by the General Partner under federal, state or local laws or regulations, including filings with the Commission, (vii) costs and expenses associated with compliance by the General Partner with laws, rules and regulations promulgated by any regulatory body, including the Commission and any securities exchange, (viii) costs and expenses associated with any 401(k) plan, incentive plan, bonus plan or other plan providing for compensation for the employees of the General Partner, (ix) costs and expenses incurred by the General Partner relating to any issuing or redemption of Partnership Interests and (x) all other operating or administrative costs of the General Partner incurred in the ordinary course of its business on behalf of or in connection with the Partnership; provided, however, that Administrative Expenses shall not include any administrative costs and expenses incurred by the General Partner that are attributable to Properties or partnership interests in a Subsidiary Partnership that are owned by the General Partner directly.

“ADVISOR” or “ADVISORS” means the Person or Persons, if any, appointed, employed or contracted with by the General Partner and responsible for directing or performing the day-to-day business affairs of the General Partner, including any Person to whom the Advisor subcontracts all or substantially all of such functions.

“ADVISORY AGREEMENT” means the agreement between the General Partner, the Partnership and the Advisor pursuant to which the Advisor will direct or perform the day-to-day business affairs of the General Partner.

“AFFILIATE” means, with respect to any Person, (i) any Person directly or indirectly owning, controlling or holding, with the power to vote, ten percent or more of the outstanding voting securities of such other Person; (ii) any Person ten percent or more of whose outstanding voting securities are directly or indirectly owned, controlled or held, with the power to vote, by such other Person; (iii) any Person directly or indirectly controlling, controlled by or under common control with such other Person; (iv) any executive officer, director, trustee or general partner of such other Person and (v) any legal entity for which such Person acts as an executive officer, director, trustee or general partner.

“AFFIRMATION DATE” has the meaning provided in Section 8.5(a).

“AGGREGATE SHARE OWNERSHIP LIMIT” shall have the meaning set forth in the Charter.

“AGREED VALUE” means the fair market value of a Partner’s non-cash Capital Contribution as of the date of contribution as agreed to by such Partner and the General Partner. The names and addresses of the Partners, number and Class or Series of Partnership Units or Special Partnership Units issued to each Partner, and the Agreed Value of non-cash Capital Contributions as of the date of contribution are set forth on Exhibit A.

“AGREEMENT” means this Seventh Amended and Restated Limited Partnership Agreement, as amended, modified supplemented or restated from time to time, as the context requires.

“ANNUAL TOTAL RETURN AMOUNT” means the overall investment return, expressed as a dollar amount per Partnership Unit, which shall be equal to the sum of (1) the Weighted-Average Distributions per Partnership Unit over the applicable period, and (2) the Ending VPU, adjusted to remove the negative impact on the overall investment return from the payment or the obligation to pay, or distribute, as applicable, the Performance Allocation and Class-Specific Fees, less the Beginning VPU.

“APPLICABLE PERCENTAGE” has the meaning provided in Section 8.5(b) hereof.

“ASSET” means any Property, Mortgage, other debt or other investment (other than investments in bank accounts, money market funds or other current assets) owned by the General Partner, directly or indirectly through one or more of its Affiliates.

“BEGINNING VPU” means the VPU determined as of the end of the most recent month prior to the commencement of the applicable period.

“CAPITAL ACCOUNT” has the meaning provided in Section 4.4 hereof.

“CAPITAL CONTRIBUTION” means the total amount of cash, cash equivalents, and the Agreed Value of any Property or other asset (other than cash) contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Partnership Interest of such Partner.

“CARRYING VALUE” means, with respect to any asset of the Partnership, the asset’s adjusted net basis for federal income tax purposes or, in the case of any asset contributed to the Partnership, the fair market value of such asset at the time of contribution, reduced by any amounts attributable to the inclusion of liabilities in basis pursuant to Section 752 of the Code, except that the Carrying Values of all assets may, at the discretion of the General Partner, be adjusted to equal their respective fair market values (as determined by the General Partner), in accordance with the rules set forth in Regulations Section 1.704-1(b)(2)(iv)(f), as provided for in Section 4.4. In the case of any asset of the Partnership that has a Carrying Value that differs from its adjusted tax basis, the Carrying Value shall be adjusted by the amount of depreciation, depletion and amortization calculated for purposes of the allocations of net profit and net loss pursuant to Article

5 hereof rather than the amount of depreciation, depletion and amortization determined for federal income tax purposes.

“CASH AMOUNT” means an amount of cash per Partnership Unit equal to the applicable Redemption Price determined by the General Partner.

“CERTIFICATE” means any instrument or document that is required under the laws of the State of Delaware, or any other jurisdiction in which the Partnership conducts business, to be signed and sworn to by the Partners of the Partnership (either by themselves or pursuant to the power-of-attorney granted to the General Partner in Section 8.2 hereof) and filed for recording in the appropriate public offices within the State of Delaware or such other jurisdiction to perfect or maintain the Partnership as a limited partnership, to effect the admission, withdrawal, or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State of Delaware or such other jurisdiction.

“CHARTER” means the Third Articles of Amendment and Restatement of the General Partner filed with the Maryland State Department of Assessments and Taxation, as amended, restated or supplemented from time to time.

“CLASS” means a class of REIT Shares or Partnership Units, as the context may require.

“CLASS D CONVERSION RATE” means the fraction, the numerator of which is the Net Asset Value Per Unit for each Class D Unit and the denominator of which is the Net Asset Value Per Unit for each Class I Unit.

“CLASS D UNIT” means a Partnership Unit entitling the holder thereof to the rights of a holder of a Class D Unit as provided in this Agreement, and shall be a Series 1 Class D Unit or a Series 2 Class D Unit.

“CLASS I REIT SHARES” means the REIT Shares classified as Class I common shares in the Charter.

“CLASS I UNIT” means a Partnership Unit entitling the holder thereof to the rights of a holder of a Class I Unit as provided in this Agreement.

“CLASS-SPECIFIC FEES” means any Distribution Fee expenses accrued or allocated directly or indirectly to a particular Class or Series of Partnership Units or REIT Shares.

“CLASS T CONVERSION RATE” means the fraction, the numerator of which is the Net Asset Value Per Unit for each Class T Unit and the denominator of which is the Net Asset Value Per Unit for each Class I Unit.

“CLASS T REIT SHARES” means the REIT Shares classified as Class T common shares in the Charter.

“CLASS T UNIT” means a Partnership Unit entitling the holder thereof to the rights of a holder of a Class T Unit as provided in this Agreement, and shall be a Series 1 Class T Unit, a Series 2 Class T Unit or a Series 3 Class T Unit.

“CODE” means the Internal Revenue Code of 1986, as amended, and as hereafter amended from time to time. Reference to any particular provision of the Code shall mean that provision in the Code at the date hereof and any successor provision of the Code.

“COMMISSION” means the U.S. Securities and Exchange Commission.

“COMMON SHARE OWNERSHIP LIMIT” shall have the meaning set forth in the Charter.

“CONTROL” means the possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a Person, whether through ownership of voting securities or other beneficial interests, by contract or otherwise. “Controlled” and “Controlling” shall have correlative meanings.

“CONVERSION FACTOR” means 1.0, provided that in the event that the General Partner (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares, or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on such date and, provided further, that in the event that an entity other than an Affiliate of the General Partner shall become General Partner pursuant to any merger, consolidation or combination of the General Partner with or into another entity (the “Successor Entity”), the Conversion Factor shall be adjusted by multiplying the Conversion Factor by the number of shares of the Successor Entity into which one REIT Share is converted pursuant to such merger, consolidation or combination, determined as of the date of such merger, consolidation or combination. Any adjustment to the Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event; provided, however, that if the General Partner receives a Notice of Redemption after the record date, but prior to the effective date of such dividend, distribution, subdivision or combination, the Conversion Factor shall be determined as if the General Partner had received the Notice of Redemption immediately prior to the record date for such dividend, distribution, subdivision or combination. A separate Conversion Factor shall be determined for each Class or Series of Partnership Units (other than Series 2 Class T Units) by taking into account only the outstanding REIT Shares having the same Class designation as the applicable Class of Partnership Units. The Conversion Factor for Series 2 Class T Units shall equal the Conversion Factor for Series 1 Class T Units, multiplied by the Net Asset Value Per Unit for Series 2 Class T Units and divided by the Net Asset Value Per Unit for Series 1 Class T Units.

“DEALER MANAGER” means Ares Wealth Management Solutions, LLC or such other Person or entity selected by the board of directors of the General Partner to act as the dealer manager for the Offering and/or a Private Placement.

“DEFAULTING LIMITED PARTNER” has the meaning provided in Section 5.2(d) hereof.

“DIRECTOR” shall have the meaning set forth in the Charter.

“DISTRIBUTION FEE” means any ongoing distribution fees, dealer manager fees or similar fees (as distinguished from up-front or one-time selling commissions and dealer manager fees) payable pursuant to any dealer manager agreement between the General Partner and the Dealer Manager with respect to outstanding REIT Shares or Partnership Units.

“DST PROPERTIES” means real properties that meet the following criteria: (i) tenancy-in-common or Delaware statutory trust beneficial interests in such properties have been sold by the General Partner or any of its Affiliates to third party investors and (ii) such properties are being leased by the General Partner or any of its Affiliates from the tenancy-in-common or Delaware statutory trust third party investors.

“ENDING VPU” means the VPU as of the end of the last month in the applicable period.

“EVENT OF BANKRUPTCY” as to any Person means the filing of a petition for relief as to such Person as debtor or bankrupt under the Bankruptcy Code of 1978 or similar provision of law of any jurisdiction (except if such petition is contested by such Person and has been dismissed within 90 days); insolvency or bankruptcy of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; commencement of any proceedings relating to such Person as a debtor under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 90 days.

“EXCEPTED HOLDER LIMIT” shall have the meaning set forth in the Charter.

“EXCHANGED REIT SHARES” has the meaning set forth in Section 6.10(b) hereof.

“FMV Option” means a fair market value purchase option giving the Partnership the right, but not the obligation, to acquire Interests from holders thereof at a later time as set forth in the applicable option agreement.

Q: “GAAP” means generally accepted accounting principles as in effect in the United States of America from time to time.

“GENERAL PARTNER” means Ares Industrial Real Estate Income Trust Inc., a Maryland corporation, and any Person who becomes a substitute or additional General Partner as provided herein, and any of their successors as General Partner.

“GENERAL PARTNER LOAN” has the meaning provided in Section 5.2(d) hereof.

“GENERAL PARTNERSHIP INTEREST” means a Partnership Interest held by the General Partner that is a general partnership interest.

“HURDLE AMOUNT” means for the applicable period, an amount equal to 5.0% of the Beginning VPU.

“INDEMNITEE” means (i) any Person made a party to a proceeding by reason of its status as the General Partner, the Advisor or a director, officer or employee of the General Partner, the Advisor or the Partnership, and (ii) such other Persons (including Affiliates of the General Partner, the Advisor or the Partnership) as the General Partner may designate from time to time, in its sole and absolute discretion.

“INDEPENDENT DIRECTORS” shall have the meaning set forth in the Charter.

“INTERESTS” means beneficial interests in specific Delaware statutory trusts offered in Private Placements.

“JOINT VENTURE” means those joint venture, co-investment, co-ownership or partnership arrangements in which the General Partner or any of its subsidiaries is a co-venturer or general partner established to acquire, develop or hold Assets.

“LIMITED PARTNER” means any Person named as a Limited Partner on Exhibit A attached hereto, including the Special OP Unitholder, and any Person who becomes a Substitute Limited Partner, in such Person’s capacity as a Limited Partner in the Partnership. The Special OP Unitholder shall have the same rights and preferences as a Limited Partner except as set forth in Sections 5.2(c), 8.5 and 9.2(a).

“LIMITED PARTNERSHIP INTEREST” means the ownership interest of a Limited Partner in the Partnership at any particular time, including the right of such Limited Partner to any and all benefits to which such Limited Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Limited Partner to comply with all the provisions of this Agreement and of such Act.

1. “LIQUIDITY EVENT” shall include, but shall not be limited to, (i) a Listing, (ii) a sale, merger or other transaction in which the Stockholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company, and (iii) the sale of all or substantially all of the General Partner’s Assets where Stockholders either receive, or have the option to receive, cash or other consideration.

“LISTING” means the listing or partial listing of the REIT Shares on a national securities exchange. Upon such Listing, the REIT Shares shall be deemed “Listed.”

“LOSS CARRYFORWARD” means an amount that equaled zero as of July 1, 2017 and shall cumulatively increase by the absolute value of any negative Annual Total Return Amount and decrease by any positive Annual Total Return Amount, provided that the Loss Carryforward shall at no time be less than zero. The effect of the Loss Carryforward is that the recoupment of past Annual Total Return Amount losses will offset the positive Annual Total Return Amount for purposes of the calculation of the Performance Allocation.

“MINIMUM LIMITED PARTNERSHIP INTEREST” means the lesser of (i) 1% or (ii) if the total Capital Contributions to the Partnership exceeds \$50 million, 1% divided by the ratio of the total Capital Contributions to the Partnership to \$50 million; provided, however, that the Minimum Limited Partnership Interest shall not be less than 0.2% at any time.

“MORTGAGES” means, in connection with mortgage financing provided, invested in, participated in or purchased by the General Partner, all of the notes, deeds of trust, security interests or other evidences of indebtedness or obligations, which are secured or collateralized by Real Property owned by the borrowers under such notes, deeds of trust, security interests or other evidences of indebtedness or obligations.

“NAV” means net asset value, calculated pursuant to the Valuation Procedures.

“NAV CALCULATIONS” means the calculations used to determine the NAV of the General Partner, the REIT Shares, the Partnership and the Partnership Units, all as provided in the Valuation Procedures.

“NET ASSET VALUE PER UNIT” means, for each Class or Series of Partnership Unit, the net asset value per unit of such Class or Series of Partnership Unit most recently determined in accordance with the Valuation Procedures and in this Agreement.

“NET ASSET VALUE PER REIT SHARE” means, for each Class of REIT Shares, the net asset value per share of such Class of REIT Shares most recently determined in accordance with the Valuation Procedures and in this Agreement.

“NOTICE OF REDEMPTION” means the Notice of Exercise of Redemption Right substantially in the form attached as Exhibit B hereto.

“OFFER” has the meaning set forth in Section 7.1(b) hereof.

“OFFERING” means the offer and sale of REIT Shares to the public.

“OP UNITHOLDERS” means all holders of Partnership Interests other than the Special OP Unitholders.

“ORIGINAL LIMITED PARTNER” means the Limited Partners designated as “Original Limited Partners” on Exhibit A hereto.

“PARTNER” means any General Partner or Limited Partner.

“PARTNER NONRECOURSE DEBT MINIMUM GAIN” has the meaning set forth in Regulations Section 1.704-2(i). A Partner’s share of Partner Nonrecourse Debt Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(i)(5).

“PARTNERSHIP” means AIREIT Operating Partnership LP, a Delaware limited partnership.

“PARTNERSHIP INTEREST” means an ownership interest in the Partnership held by either a Limited Partner or the General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

“PARTNERSHIP LOAN” has the meaning provided in Section 5.2(d) hereof.

“PARTNERSHIP NAV” The NAV of the Partnership, calculated pursuant to the Valuation Procedures.

“PARTNERSHIP MINIMUM GAIN” has the meaning set forth in Regulations Section 1.704-2(d). In accordance with Regulations Section 1.704-2(d), the amount of Partnership Minimum Gain is determined by first computing, for each Partnership nonrecourse liability, any gain the Partnership would realize if it disposed of the property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. A Partner’s share of Partnership Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(g) (1).

“PARTNERSHIP RECORD DATE” means the record date established by the General Partner for the distribution of cash pursuant to Section 5.2 hereof, which record date shall be the same as the record date established by the General Partner for a distribution to its shareholders of some or all of its portion of such distribution.

“PARTNERSHIP UNIT” means a fractional, undivided share of the Partnership Interests of all Partners issued hereunder, including Class D Units, Class I Units and Class T Units but excluding the Partnership Interests represented by Special Partnership Units. The allocation of Partnership Units of each Class and Series among the Partners shall be as set forth on Exhibit A, as such Exhibit may be amended from time to time.

“PERCENTAGE INTEREST” means the percentage ownership interest in the Partnership of each Partner, as determined by dividing the Partnership Units owned by a Partner by the total number of Partnership Units then outstanding. The Percentage Interest of each Partner shall be as set forth on Exhibit A, as such Exhibit may be amended from time to time.

“PERFORMANCE ALLOCATION” shall have the meaning set forth in Section 5.2(c).

“PERSON” means any individual, partnership, limited liability company, corporation, joint venture, trust or other entity.

“PRIVATE PLACEMENT” means a private placement of Interests with respect to which the Partnership will be given a FMV Option.

“PROFIT” has the meaning provided in Section 5.1(g) hereof.

“PROPERTY” means, as the context requires, all or a portion of each Real Property acquired by the General Partner, directly or indirectly through joint venture or co-ownership arrangements or other partnership or investment entities.

“PROSPECTUS” means the same as that term is defined in Section 2(10) of the Securities Act, including a preliminary prospectus, an offering circular as described in Rule 256 of the general rules and regulations under the Securities Act, or, in the case of an intrastate offering, any document by whatever name known, utilized for the purpose of offering and selling REIT Shares to the public.

“REAL PROPERTY” means land, rights in land (including leasehold interests), and any buildings, structures, improvements, furnishings, fixtures and equipment located on or used in connection with land and rights or interests in land. Real estate-related securities and DST Properties shall also be deemed Real Property for purposes of this definition.

“RECEIVED REIT SHARES” has the meaning set forth in Section 6.10(b) hereof.

“REDEMPTION” has the meaning provided in Section 8.5(a) hereof.

“REDEMPTION PRICE” means the Value of the REIT Shares Amount as of the end of the Specified Redemption Date.

“REDEMPTION RIGHT” has the meaning provided in Section 8.5(a) hereof.

“REDEMPTION SHARES” has the meaning provided in Section 8.6(a) hereof.

“REGULATIONS” means the Federal income tax regulations promulgated under the Code, as amended and as hereafter amended from time to time. Reference to any particular provision of the Regulations shall mean that provision of the Regulations on the date hereof and any successor provision of the Regulations.

“REGULATORY ALLOCATIONS” has the meaning set forth in Section 5.1(i) hereof.

“REIT” means a corporation, trust, association or other legal entity (other than a real estate syndication) that qualifies as a real estate investment trust under Sections 856 through 860 of the Code, and any successor or other provisions of the Code relating to real estate investment trusts (including provisions as to the attribution of ownership of beneficial interests therein) and the regulations promulgated thereunder.

“REIT SHARE” means a common share of beneficial interest in the General Partner (or successor entity, as the case may be), including Class I REIT Shares, Class T REIT Shares and Class D REIT Shares.

“REIT SHARES AMOUNT” means, with respect to any Class or Series of Tendered Units, a number of REIT Shares of such Class equal to the product of the number of Partnership Units of such Class or Series offered for exchange by a Tendering Party, multiplied by the Conversion Factor for such Class or Series of Partnership Units as adjusted to and including the Specified Redemption Date; provided that in the event the General Partner issues to all holders of REIT Shares rights, options, warrants or convertible or exchangeable securities entitling the shareholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the “rights”), and the rights have not expired at the Specified Redemption Date, then the REIT Shares Amount shall also include the rights issuable to a holder of the REIT Shares Amount of REIT

Shares on the record date fixed for purposes of determining the holders of REIT Shares entitled to rights.

“RELATED PARTY” means, with respect to any Person, any other Person whose ownership of shares of the General Partner’s capital stock would be attributed to the first such Person under Code Section 544 (as modified by Code Section 856(h)(1)(B)).

“SAFE HARBOR” means, the election described in the Safe Harbor Regulation, pursuant to which a partnership and all of its partners may elect to treat the fair market value of a partnership interest that is transferred in connection with the performance of services as being equal to the liquidation value of that interest.

“SAFE HARBOR ELECTION” means the election by a partnership and its partners to apply the Safe Harbor, as described in the Safe Harbor Regulation and Internal Revenue Service Notice 2005-43 , issued on May 19, 2005.

“SAFE HARBOR REGULATION” means Proposed Treasury Regulations Section 1.83-3(l) issued on May 19, 2005.

“SECURITIES ACT” means the Securities Act of 1933, as amended from time to time, or any successor statute thereto. Reference to any provision of the Securities Act shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, and the rules and regulations promulgated thereunder.

“SERIES” means a series of a Class of Partnership Units, as the context may require.

“SERIES 1 CLASS D INVESTOR SERVICING FEE” means a fee paid to the Dealer Manager of the Private Placements equal to 0.25% per annum of the Net Asset Value Per Unit of each Class D Unit (calculated monthly in accordance with the Valuation Procedures and in this Agreement, as they may be amended from time to time), which will be allocated to the holders of Class D Units through a reduction in their distributions.

“SERIES 1 CLASS D UNITS” means Class D Units with the rights, privileges and obligations set forth for in this Agreement with respect to Series 1 Class D Units.

“SERIES 1 CLASS T UNITS” means Class T Units with the rights, privileges and obligations set forth for in this Agreement with respect to Series 1 Class T Units.

“SERIES 2 CLASS D INVESTOR SERVICING FEE” means a fee paid to the Dealer Manager of the Private Placements equal to 0.25% per annum of the Net Asset Value Per Unit of each Class D Unit (calculated monthly in accordance with the Valuation Procedures and in this Agreement, as they may be amended from time to time), which will be allocated to the holders of Class D Units through a reduction in their distributions.

“SERIES 2 CLASS D UNITS” means Class D Units with the rights, privileges and obligations set forth for in this Agreement with respect to Series 2 Class D Units.

“SERIES 2 CLASS T UNITS” means Class T Units with the rights, privileges and obligations set forth for in this Agreement with respect to Series 2 Class T Units.

“SERIES 3 CLASS T INVESTOR SERVICING FEE” means a fee paid to the Dealer Manager of the Private Placements equal to 0.85% per annum of the Net Asset Value Per Unit of each Series 3 Class T Unit (calculated monthly in accordance with the Valuation Procedures and in this Agreement, as they may be amended from time to time), which will be allocated to the holders of Class T Units through a reduction in their distributions.

“SERIES 3 CLASS T UNITS” means Class T Units with the rights, privileges and obligations set forth for in this Agreement with respect to Series 3 Class T Units.

“SERVICE” means the United States Internal Revenue Service.

“SPECIAL OP UNITHOLDERS” means the holder or holders of Special Partnership Units; provided, that, if such holders of Special Partnership Units own Partnership Units, then such holders shall be Partners and not Special OP Unitholders with respect to such Partnership Units.

“SPECIAL PARTNERSHIP UNIT” means a unit of a series of Partnership Interests, designated as Special Partnership Units, issued pursuant to Section 4.1. The number of Special Partnership Units outstanding and the Special Percentage Interests in the Partnership represented by such Special Partnership Units are set forth on Exhibit A, as such Exhibit may be amended from time to time. A holder of a Special Partnership Unit shall have the same rights and preferences as a holder of a Partnership Unit under this Agreement that is a Limited Partner except as set forth in Sections 5.2(c), 8.5, and 9.2(a).

“SPECIAL PERCENTAGE INTEREST” shall mean the percentage ownership interest in the Special Partnership Units of each Special OP Unitholder, as determined by dividing the Special Partnership Units owned by each Special OP Unitholder by the total number of Special Partnership Units then outstanding. The Special Percentage Interest of each Partner shall be as set forth on Exhibit A, as such Exhibit may be amended from time to time.

“SPECIAL TRANSFEREE” has the meaning provided in Section 8.5(a) hereof.

“SPECIFIED REDEMPTION DATE” means, if the Affirmation Date is at least three business days before the end of a month, the last business day of such month, and otherwise the last business day of the month following the month in which the Affirmation Date occurred..

“SPONSOR PARTIES” has the meaning provided in Section 8.5(a) hereof.

“SRP” has the meaning provided in Section 5.2(c)(iii) hereof.

“SUBSIDIARY” means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

“SUBSIDIARY PARTNERSHIP” means any partnership of which the partnership interests therein are owned by the General Partner or a direct or indirect subsidiary of the General Partner.

“SUBSTITUTE LIMITED PARTNER” means any Person admitted to the Partnership as a Limited Partner pursuant to Section 9.3 hereof.

“SUCCESSOR ENTITY” has the meaning provided in the definition of “Conversion Factor” contained herein.

“SURVIVOR” has the meaning set forth in Section 7.1(c) hereof.

“TAX MATTERS PARTNER” has the meaning described in Section 10.5(a) hereof.

“TENDERED UNITS” has the meaning provided in Section 8.5(a) hereof.

“TENDERING PARTY” has the meaning provided in Section 8.5(a) hereof.

“TRANSACTION” has the meaning set forth in Section 7.1(b) hereof.

“TOTAL EQUITY AMOUNT” means the cash purchase price of Interests in a Private Placement less the amount of any loan from the Partnership or any of its affiliates to finance a portion of such purchase price.

“TRANSACTION PRICE” shall mean the most recently disclosed NAV per REIT Share; provided that the General Partner may, in its discretion, adjust the Transaction Price to a price that the General Partner believes reflects the NAV per REIT Share more appropriately than the most recently disclosed NAV per REIT Share, including by updating a previously disclosed Transaction Price, in cases where the General Partner believes there has been a material change (positive or negative) to the NAV per REIT Share relative to the most recently disclosed NAV per REIT Share.

“TRANSFER” has the meaning set forth in Section 9.2(a) hereof.

“VALUATION PROCEDURES” means the written valuation procedures adopted by the Board of Directors of the General Partner, as such procedures may be amended from time to time, that set forth the method by which the NAV per each Class of REIT Share and Class or Series of Partnership Unit shall be calculated. Pursuant to such Valuation Procedures, certain Classes or Series of Partnership Units are each economically equivalent to the corresponding class of REIT Shares. Series 2 Class T Units, however, are not economically equivalent to any Class of REIT Shares. Accordingly, the Net Asset Value Per Unit of Series 2 Class T Units shall, upon their initial issuance, be set at the Net Asset Value Per Unit of Series 1 Class T Units, and thereafter each respective Class or Series of such Partnership Units shall be adjusted as described in the Valuation Procedures as if they were a separate Class of REIT Shares, taking into account their specific economic terms (specifically, their specific dividends and ongoing Distribution Fees) set forth herein.

“VALUE” means, for each Class of REIT Shares, the fair market value per share of that Class of REIT Shares which will equal: (i) if REIT Shares of that Class are Listed, the average

closing price per share for the previous thirty business days, or (ii) if REIT Shares of that Class are not Listed, the Net Asset Value Per REIT Share for REIT Shares of that Class.

Q: “VPU” means average value per Partnership Unit, which on any given date shall be equal to (i) the Partnership NAV on such date, divided by (ii) the aggregate number of Partnership Units of all Classes and Series outstanding on such date.

Q: “WEIGHTED-AVERAGE DISTRIBUTIONS PER PARTNERSHIP UNIT” shall mean, for a particular period of time, an amount equal to the ratio of (i) the aggregate distributions accrued in respect of all Partnership Units during the applicable period, divided by (ii) the weighted-average number of Partnership Units of all classes outstanding during the applicable period, calculated in accordance with GAAP applied on a consistent basis.

PARTNERSHIP FORMATION AND IDENTIFICATION

Formation. The Partnership was formed as a limited partnership pursuant to the Act and all other pertinent laws of the State of Delaware, for the purposes and upon the terms and conditions set forth in this Agreement.

Name, Office and Registered Agent. The name of the Partnership is AIREIT Operating Partnership LP. The specified office and place of business of the Partnership shall be 518 17th Street, 17th Floor, Denver, Colorado 80202. The General Partner may at any time change the location of such office, provided the General Partner gives notice to the Partners of any such change.

The name and address of the Partnership’s registered agent is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The sole duty of the registered agent as such is to forward to the Partnership any notice that is served on him as registered agent.

Partners.

(a) The General Partner of the Partnership is Ares Industrial Real Estate Income Trust Inc., a Maryland corporation. Its principal place of business is the same as that of the Partnership.

(b) The Limited Partners are those Persons identified as Limited Partners on Exhibit A hereto, as amended from time to time.

Term and Dissolution.

(c) The term of the Partnership shall be perpetual, except that the Partnership shall be dissolved upon the first to occur of any of the following events:

(i) The occurrence of an Event of Bankruptcy as to a General Partner or the dissolution, death, removal or withdrawal of a General Partner unless the business of the Partnership is continued pursuant to Section 7.3(b) hereof; provided that if a General Partner is on the date of such occurrence a partnership, the dissolution of such General Partner as a result of the dissolution, death, withdrawal, removal or Event of Bankruptcy of a partner in such

partnership shall not be an event of dissolution of the Partnership if the business of such General Partner is continued by the remaining partner or partners, either alone or with additional partners, and such General Partner and such partners comply with any other applicable requirements of this Agreement.

(ii) The passage of ninety (90) days after the sale or other disposition of all or substantially all of the assets of the Partnership (provided that if the Partnership receives an installment obligation as consideration for such sale or other disposition, the Partnership shall continue, unless sooner dissolved under the provisions of this Agreement, until such time as such note or notes are paid in full); or

(iii) The election by the General Partner that the Partnership should be dissolved.

(d) Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Section 7.3(b) hereof), the General Partner (or its trustee, receiver, successor or legal representative) shall amend or cancel any Certificate(s) and liquidate the Partnership's assets and apply and distribute the proceeds thereof in accordance with Section 5.6 hereof. Notwithstanding the foregoing, the liquidating General Partner may either (i) defer liquidation of, or withhold from distribution for a reasonable time, any assets of the Partnership (including those necessary to satisfy the Partnership's debts and obligations), or (ii) distribute the assets to the Partners in kind.

Filing of Certificate and Perfection of Limited Partnership. The General Partner shall execute, acknowledge, record and file at the expense of the Partnership, any and all amendments to the Certificate(s) and all requisite fictitious name statements and notices in such places and jurisdictions as may be necessary to cause the Partnership to be treated as a limited partnership under, and otherwise to comply with, the laws of each state or other jurisdiction in which the Partnership conducts business.

Certificates Describing Partnership Units and Special Partnership Units. At the request of a Limited Partner, the General Partner, at its option, may issue (but in no way is obligated to issue) a certificate summarizing the terms of such Limited Partner's interest in the Partnership, including the number and Class or Series of Partnership Units or Special Partnership Units owned and the Percentage Interest and Special Percentage Interest represented by such Partnership Units and Special Partnership Units as of the date of such certificate. Any such certificate (i) shall be in form and substance as approved by the General Partner, (ii) shall not be negotiable and (iii) shall bear a legend to the following effect:

This certificate is not negotiable. The Partnership Units and Special Partnership Units represented by this certificate are governed by and transferable only in accordance with the provisions of the Limited Partnership Agreement of AIREIT Operating Partnership LP, as amended from time to time.

BUSINESS OF THE PARTNERSHIP

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act, provided, however, that such business shall be limited to and conducted in such a manner as to permit the General Partner at all times to qualify as a REIT, unless the General Partner otherwise ceases to qualify as a REIT, and in a manner such that the General Partner will not be subject to any taxes under Section 857 or 4981 of the Code, (ii) to enter into any partnership, joint venture, co-ownership or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, and without limiting the General Partner's right in its sole and absolute discretion to qualify or cease qualifying as a REIT, the Partners acknowledge that the General Partner intends to qualify as a REIT for federal income tax purposes and upon such qualification the avoidance of income and excise taxes on the General Partner inures to the benefit of all the Partners and not solely to the General Partner. Notwithstanding the foregoing, the Limited Partners agree that the General Partner may terminate its status as a REIT under the Code at any time to the full extent permitted under the Charter. The General Partner on behalf of the Partnership shall also be empowered to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Code.

CAPITAL CONTRIBUTIONS AND ACCOUNTS

Capital Contributions. The General Partner and the Limited Partners have made capital contributions to the Partnership in exchange for the Partnership Interests set forth opposite their names on Exhibit A, as such Exhibit may be amended from time to time. The Partners shall own Partnership Units or Special Partnership Units of the Class or Series and in the amounts set forth in Exhibit A and shall have a Percentage Interest in the Partnership as set forth in Exhibit A. Notwithstanding the foregoing, the General Partner may keep Exhibit A current through separate revisions to the books and records of the Partnership that reflect periodic changes to the capital contributions made by the Partners and redemptions and other purchases of Partnership Units by the Partnership, and corresponding changes to the Partnership Interests of the Partners, without preparing a formal amendment to this Agreement, provided that such amendment shall be prepared upon the written request of any Limited Partner.

Classes and Series of Partnership Units.

The General Partner is hereby authorized to cause the Partnership to issue Partnership Units designated as Class T Units (which may be designated by the General Partner upon issuance as Series 1 Class T Units, Series 2 Class T Units or Series 3 Class T Units; provided, that all Class T Units issued to the General Partner shall be Series 1 Class T Units), Class I Units and Class D Units (which may be designated by the General Partner upon issuance as Series 1 Class D Units or Series 2 Class D Units; provided, that all Class D Units issued to the General Partner shall be Series 1 Class D Units). Each such Class shall have the rights and obligations attributed to that Class under this Agreement.

Immediately following the time (if any) that the aggregate Series 3 Class T Investor Servicing Fees paid with respect to Series 3 Class T Units related to a single purchase of Interests in a Private Placement equals or exceeds such percentage of the Total Equity Amount as set forth in any applicable agreement between the Dealer Manager and a participating broker-dealer (provided that the Dealer Manager advises the General Partner's transfer agent of such percentage in writing), all such Series 3 Class T Units (or fraction thereof) shall automatically convert to a number of Class I Units equal to the product of (i) the number of such Series 3 Class T Units and (ii) the Value of Class T Units divided by the Value of Class I Units.

Immediately following the time (if any) that the aggregate Series 2 Class D Investor Servicing Fees paid with respect to Series 2 Class D Units related to a single purchase of Interests in a Private Placement equals or exceeds such percentage of the Total Equity Amount as set forth in any applicable agreement between the Dealer Manager and a participating broker-dealer (provided that the Dealer Manager advises the General Partner's transfer agent of such percentage in writing), all such Series 2 Class D Units (or fraction thereof) shall automatically convert to a number of Class I Units equal to the product of (i) the number of such Series 2 Class D Units and (ii) the Value of Class D Units divided by the Value of Class I Units.

Additional Capital Contributions and Issuances of Additional Partnership Interests. Except as provided in this Section 4.3 or in Section 4.4, the Partners shall have no right or obligation to make any additional Capital Contributions or loans to the Partnership. The General Partner may contribute additional capital to the Partnership, from time to time, and receive additional Partnership Interests in respect thereof, in the manner contemplated in this Section 4.3. Limited Partnership Interests will be issued to the General Partner in exchange for contributions by the General Partner to the capital of the Partnership of the proceeds received by the General Partners from the issuance of REIT Shares.

(e) Issuances of Additional Partnership Interests.

(i) **General.** The General Partner is hereby authorized to cause the Partnership to issue such additional Partnership Interests in the form of Partnership Units for any Partnership purpose at any time or from time to time, to the Partners (including the General Partner) or to other Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partners, including but not limited to Partnership Units issued in connection with the issuance of REIT Shares of or other interests in the General Partner, Class I Units issued to the Special OP Unitholders in lieu of payments or distributions of the Performance Allocation, Partnership Units issued to the Advisor in lieu of cash fees pursuant to the Advisory Agreement and Partnership Units issued in connection with acquisitions of properties. Any additional Partnership Interests issued thereby may be issued in one or more Classes (including the Classes specified in this Agreement or any other Classes), or one or more Series (including the Series specified in this Agreement or any other Series) of any of such Classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to Limited Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion and without the approval of any Limited Partner, subject to Delaware law, including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such Class or Series of

Partnership Interests; (ii) the right of each such Class or Series of Partnership Interests to share in Partnership distributions; and (iii) the rights of each such Class or Series of Partnership Interests upon dissolution and liquidation of the Partnership; provided, however, that no additional Partnership Interests shall be issued to the General Partner unless:

(A) the additional Partnership Interests are issued in connection with an issuance of REIT Shares of or other interests in the General Partner, which shares or interests have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner by the Partnership in accordance with this Section 4.3 (without limiting the foregoing, for example, the Partnership shall issue Partnership Interests consisting of Class I Units to the General Partner in connection with the issuance of Class I REIT Shares, shall issue Partnership Interests consisting of Class T Units to the General Partner in connection with the issuance of Class T REIT Shares and shall issue Class D Units to the General Partner in connection with the issuance of Class D REIT Shares) and (B) the General Partner shall make a Capital Contribution to the Partnership in an amount equal to the proceeds raised in connection with the issuance of such shares of stock of or other interests in the General Partner;

(1) the additional Partnership Interests are issued in exchange for property owned by the General Partner with a fair market value, as determined by the General Partner, in good faith, equal to the value of the Partnership Interests; or

(2) the additional Partnership Interests are issued to all Partners holding Partnership Units in proportion to their respective Percentage Interests.

Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the best interests of the General Partner and the Partnership.

(ii) Upon Issuance of Additional Securities. The General Partner shall not issue any Additional Securities other than to all holders of REIT Shares, unless (A) the General Partner shall cause the Partnership to issue to the General Partner, as the General Partner may designate, Partnership Interests or rights, options, warrants or convertible or exchangeable securities of the Partnership having designations, preferences and other rights, all such that the economic interests are substantially similar to those of the Additional Securities, and (B) the General Partner contributes the proceeds from the issuance of such Additional Securities and from any exercise of rights contained in such Additional Securities, directly and through the General Partner, to the Partnership (without limiting the foregoing, for example, the Partnership shall issue Partnership Interests consisting of Class I Units to the General Partner in connection with the issuance of Class I REIT Shares, shall issue Partnership Interests consisting of Class T Units to the General Partner in connection with the issuance of Class T REIT Shares and shall issue Partnership Interests consisting of Class D Units to the General Partner in connection with the issuance of Class D REIT Shares); provided, however, that the General Partner is allowed to issue Additional Securities in connection with an acquisition of a property to be held directly by the General Partner, but if and only if, such direct acquisition and issuance of Additional Securities have been approved and determined to be in the best interests of the General Partner and the Partnership. Without limiting the foregoing, the General Partner is expressly authorized to issue

Additional Securities for less than fair market value, and to cause the Partnership to issue to the General Partner corresponding Partnership Interests, so long as (x) the General Partner concludes in good faith that such issuance is in the best interests of the General Partner and the Partnership, including without limitation, the issuance of REIT Shares and corresponding Partnership Units pursuant to an employee share purchase plan providing for employee purchases of REIT Shares at a discount from fair market value or employee stock options that have an exercise price that is less than the fair market value of the REIT Shares, either at the time of issuance or at the time of exercise, and (y) the General Partner contributes all proceeds from such issuance to the Partnership.

(f) *Certain Deemed Contributions of Proceeds of Issuance of REIT Shares.* In connection with any and all issuances of REIT Shares, the General Partner shall make Capital Contributions to the Partnership of the proceeds therefrom, provided that if the proceeds actually received and contributed by the General Partner are less than the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid or incurred in connection with such issuance, then the General Partner shall be deemed to have made Capital Contributions to the Partnership in the aggregate amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have paid such offering expenses in accordance with Section 6.5 hereof and in connection with the required issuance of additional Partnership Units to the General Partner for such Capital Contributions pursuant to Section 4.2(a) hereof, and any such expenses shall be allocable solely to the Class of Partnership Units issued to the General Partner at such time.

Additional Funding. If the General Partner determines that it is in the best interests of the Partnership to provide for additional Partnership funds ("Additional Funds") for any Partnership purpose, the General Partner may (i) cause the Partnership to obtain such funds from outside borrowings, or (ii) elect to have the General Partner or any of its Affiliates provide such Additional Funds to the Partnership through loans or otherwise, provided, however, that the Partnership may not borrow money from its Affiliates, unless a majority of the Directors of the General Partner (including a majority of Independent Directors) not otherwise interested in such transaction approve the transaction as being fair, competitive, and commercially reasonable and no less favorable to the Partnership than comparable loans between unaffiliated parties.

Capital Accounts. A separate capital account (each a "Capital Account") shall be established and maintained for each Partner in accordance with Regulations Section 1.704-1(b)(2) (iv). If (i) a new or existing Partner acquires an additional Partnership Interest in exchange for more than a de minimis Capital Contribution, (ii) the Partnership distributes to a Partner more than a de minimis amount of Partnership property, or money as consideration for a Partnership Interest, (iii) the Partnership is liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g), or (iv) the Partnership grants a Partnership Interest (other than a *de minimis* interest) as consideration for the provision of services to or for the benefit of the Partnership, the General Partner shall revalue the property of the Partnership to its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) in accordance with Regulations Section 1.704-1(b)(2)(iv)(f). When the Partnership's property is revalued by the General Partner, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(f) and (g), which generally require such Capital Accounts to be adjusted to reflect the manner in which the unrealized gain or loss inherent in such property (that has not been reflected

in the Capital Accounts previously) would be allocated among the Partners pursuant to Section 5.1 if there were a taxable disposition of such property for its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) on the date of the revaluation.

Percentage Interests. If the number of outstanding Partnership Units increases or decreases during a taxable year, each Partner's Percentage Interest shall be adjusted by the General Partner effective as of the effective date of each such increase or decrease to a percentage equal to the number of Partnership Units held by such Partner divided by the aggregate number of Partnership Units outstanding after giving effect to such increase or decrease. If the Partners' Percentage Interests are adjusted pursuant to this Section 4.6, the Profits and Losses (and items thereof) for the taxable year in which the adjustment occurs shall be allocated between the part of the year ending on the day when the Partnership's property is revalued by the General Partner and the part of the year beginning on the following day either (i) as if the taxable year had ended on the date of the adjustment or (ii) based on the number of days in each part. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate Profits and Losses (or items thereof) for the taxable year in which the adjustment occurs. The allocation of Profits and Losses (or items thereof) for the earlier part of the year shall be based on the Percentage Interests before adjustment, and the allocation of Profits and Losses (or items thereof) for the later part shall be based on the adjusted Percentage Interests.

No Interest On Contributions. No Partner shall be entitled to interest on its Capital Contribution.

Return Of Capital Contributions. No Partner shall be entitled to withdraw any part of its Capital Contribution or its Capital Account or to receive any distribution from the Partnership, except as specifically provided in this Agreement. Except as otherwise provided herein, there shall be no obligation to return to any Partner or withdrawn Partner any part of such Partner's Capital Contribution for so long as the Partnership continues in existence.

No Third Party Beneficiary. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. In addition, it is the intent of the parties hereto that no distribution to any Limited Partner shall be deemed a return of money or other property in violation of the Act. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Limited Partner is obligated to return such money or property, such obligation shall be the obligation of such Limited Partner and not of the General Partner. Without limiting the generality of the foregoing, a deficit Capital Account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

PROFITS AND LOSSES; DISTRIBUTIONS

Allocation of Profit and Loss.

(h) *General Partner Gross Income Allocation.* There shall be specially allocated to the General Partner an amount of (i) first, items of Partnership income and (ii) second, items of Partnership gain during each fiscal year or other applicable period, before any other allocations are made hereunder, in an amount equal to the excess, if any, of the cumulative distributions made to the General Partner under Section 6.5(b) hereof, over the cumulative allocations of Partnership income and gain to the General Partner under this Section 5.1(a).

(i) *General Allocations.* The items of Profit and Loss and deduction of the Partnership for each fiscal year or other applicable period, other than any items allocated under Section 5.1(a), shall be allocated among the Partners in a manner that will, as nearly as possible (after giving effect to the allocations under Section 5.1(a), 5.1(c), 5.1(d), 5.1(e), 5.1(h), 5.1(i) and 5.3) cause the Capital Account balance of each Partner at the end of such fiscal year or other applicable period to equal (i) the amount of the hypothetical distribution that such Partner would receive if the Partnership were liquidated on the last day of such period and all assets of the Partnership, including cash, were sold for cash equal to their Carrying Values, taking into account any adjustments thereto for such period, all liabilities of the Partnership were satisfied in full in cash according to their terms (limited with respect to each nonrecourse liability to the Carrying Value of the assets securing such liability) and the remaining cash proceeds (after satisfaction of such liabilities) were distributed in full pursuant to Section 5.6; minus (ii) the sum of such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain and the amount, if any and without duplication, that the Partner would be obligated to contribute to the capital of the Partnership, all computed as of the date of the hypothetical sale of assets.

(j) *Nonrecourse Deductions; Minimum Gain Chargeback.* Notwithstanding any provision to the contrary, (i) any expense of the Partnership that is a "nonrecourse deduction" within the meaning of Regulations Section 1.704-2(b)(1) shall be allocated in accordance with the Partners' respective Percentage Interests, (ii) any expense of the Partnership that is a "partner nonrecourse deduction" within the meaning of Regulations Section 1.704-2(i)(2) shall be allocated to the Partner or Partners that bear the "economic risk of loss" with respect to the liability to which such deductions are attributable in accordance with Regulations Section 1.704-2(i)(1), (iii) if there is a net decrease in Partnership Minimum Gain within the meaning of Regulations Section 1.704-2(f)(1) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(f)(2),(3), (4) and (5), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(f) and the ordering rules contained in Regulations Section 1.704-2(j), and (iv) if there is a net decrease in Partner Nonrecourse Debt Minimum Gain within the meaning of Regulations Section 1.704-2(i)(4) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(g), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(i)(4) and the ordering rules contained in Regulations Section 1.704-2(j). A Partner's "interest in partnership profits" for purposes of determining its share of the excess nonrecourse liabilities of the Partnership within the meaning of Regulations Section 1.752-3(a)(3) shall be such Partner's Percentage Interest.

(k) *Qualified Income Offset.* If a Partner unexpectedly receives in any taxable year an adjustment, allocation, or distribution described in subparagraphs (4), (5), or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) that causes or increases a deficit balance in such Partner's Capital Account that exceeds the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, as determined in accordance with Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), such Partner shall be allocated specially for such taxable year (and, if necessary, later taxable years) items of income and gain in an amount and manner sufficient to eliminate such deficit Capital Account balance as quickly as possible as provided in Regulations Section 1.704-1(b)(2)(ii)(d). This Section 5.1(d) is intended to constitute a "qualified income offset" under Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith. After the occurrence of an allocation of income or gain to a Partner in accordance with this Section 5.1(d), to the extent permitted by Regulations Section 1.704-1(b), items of expense or loss shall be allocated to such Partner in an amount necessary to offset the income or gain previously allocated to such Partner under this Section 5.1(d).

(l) *Capital Account Deficits.* Loss (or items of expense or loss) shall not be allocated to a Limited Partner to the extent that such allocation would cause or increase a deficit in such Partner's Capital Account at the end of any fiscal year (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) to exceed the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, as determined in accordance with Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5). Any Loss or item of expense or loss in excess of that limitation shall be allocated to the General Partner. After an allocation to the General Partner under the immediately preceding sentence, to the extent permitted by Regulations Section 1.704-1(b), Profit or items of income or gain shall be allocated to the General Partner in an amount necessary to offset the items allocated to the General Partner under the immediately preceding sentence.

(m) *Allocations Between Transferor and Transferee.* If a Partner transfers any part or all of its Partnership Interest, the distributive shares of the various items of Profit and Loss allocable among the Partners during such fiscal year of the Partnership shall be allocated between the transferor and the transferee Partner either (i) as if the Partnership's fiscal year had ended on the date of the transfer, or (ii) based on the number of days of such fiscal year that each was a Partner without regard to the results of Partnership activities in the respective portions of such fiscal year in which the transferor and the transferee were Partners. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate the distributive shares of the various items of Profit and profit and loss between the transferor and the transferee Partner.

(n) *Definition of Profit and Loss.* "Profit" and "Loss" and any items of income, gain, expense, or loss referred to in this Agreement shall be determined in accordance with federal income tax accounting principles, as modified by Regulations Section 1.704-1(b)(2)(iv), except that Profit and Loss shall not include items of income, gain and expense that are specifically allocated pursuant to Section 5.1(a), 5.1(c), 5.1(d), 5.1(e) or 5.1(h). All allocations of Profit and Loss (and all items contained therein) for federal income tax purposes shall be identical to all allocations of such items set forth in this Section 5.1, except as otherwise required by Section 704(c) of the Code and Regulations Section 1.704-1(b)(4). The General Partner shall have the authority to elect the method to be used by the Partnership for allocating items of income,

gain, and expense as required by Section 704(c) of the Code including a method that may result in a Partner receiving a disproportionately larger share of the Partnership tax depreciation deductions, and such election shall be binding on all Partners.

Special Allocations of Class-Specific Items. To the extent that any items of income, gain, loss or deduction of the General Partner are allocable to a specific Class or Classes of REIT Shares as provided in the Prospectus, including, without limitation, Distribution Fees, such items, or an amount equal thereto, shall be specially allocated to the Classes or Series of Partnership Units corresponding to such Class or Classes of REIT Shares.

Curative Allocations. The allocations set forth in Section 5.1(c), (d) and (e) of this Agreement (the “Regulatory Allocations”) are intended to comply with certain requirements of the Regulations. The General Partner is authorized to offset all Regulatory Allocations either with other Regulatory Allocations or with special allocations of other items of Partnership income, gain, loss or deduction pursuant to this Section 5.1(i). Therefore, notwithstanding any other provision of this Section 5.1 (other than the Regulatory Allocations), the General Partner shall make such offsetting special allocations of Partnership income, gain, loss or deduction in whatever manner it deems appropriate so that, after such offsetting allocations are made, each Partner’s Capital Account is, to the extent possible, equal to the Capital Account balance such Partner would have had if the Regulatory Allocations were not part of this Agreement and all Partnership items were allocated pursuant to Sections 5.1(a), (b), (f) and (h).

Distribution of Cash.

(o) The Partnership may distribute cash on a monthly (or, at the election of the General Partner, more or less frequent) basis, in an amount determined by the General Partner in its sole and absolute discretion, to the Partners who are Partners on the Partnership Record Date with respect to such quarter (or other distribution period) in accordance with Section 5.2(b); provided, however, that if a new or existing Partner acquires an additional Partnership Interest in exchange for a Capital Contribution on any date other than a Partnership Record Date, the cash distribution attributable to such additional Partnership Interest relating to the Partnership Record Date next following the issuance of such additional Partnership Interest shall be reduced in the proportion equal to one minus (i) the number of days that such additional Partnership Interest is held by such Partner bears to (ii) the number of days between such Partnership Record Date and the immediately preceding Partnership Record Date.

(p) Except for distributions pursuant to Section 5.6 of this Agreement in connection with the dissolution and liquidation of the Partnership and subject to the provisions of Sections 5.2(c), 5.2(d), 5.3, 5.5 of this Agreement, distributions shall be made to the Partners in accordance with their respective Percentage Interests on the Partnership Record Date, provided that the aggregate distribution made hereunder to the Class T Unitholders and the Class D Unitholders shall be reduced by the respective aggregate Distribution Fee payable by the General Partner with respect to Class T REIT Shares and Class D REIT Shares with respect to such Record Date. In applying this Section 5.2(b), the amount distributed per Partnership Unit of any Class may differ from the amount per Partnership Unit of another Class on account of differences in Class-specific expense allocations with respect to REIT Shares as described in the Prospectus (and of corresponding special allocations among Classes of Partnership Units in accordance with Section

5.1(h) hereof) or for other reasons as determined by the board of directors of the General Partner. Any such differences shall correspond to differences in the amount of distributions per REIT Share for REIT Shares of different Classes, with the same adjustments being made to the amount of distributions per Partnership Unit for Partnership Units of a particular Class as are made to the distributions per REIT Share by the General Partner with respect to REIT Shares having the same Class designation; provided, however, that distributions with respect to Series 2 Class T Units shall be adjusted in the same manner but correspond to their specific Distribution Fee, which is equal to 0.35% per annum of the aggregate Net Asset Value Per Unit of the outstanding Series 2 Class T Units.

(q) Notwithstanding the foregoing, so long as the Advisory Agreement has not been terminated (including by means of non-renewal), the Special OP Unitholders shall be entitled to a distribution (the "Performance Allocation"), promptly following the end of each year (which shall accrue on a monthly basis) in an amount equal to:

(i) the lesser of (A) the amount equal to 12.5% of (1) the Annual Total Return Amount less (2) the Loss Carryforward, and (B) the amount equal to (x) the Annual Total Return Amount, less (y) the Loss Carryforward, less (z) the Hurdle Amount;

multiplied by:

(ii) the weighted-average number of Partnership Units outstanding during the applicable year, calculated in accordance with GAAP as applied on a consistent basis;

(iii) provided, that the Performance Allocation shall at no time be less than zero.

Except as described in the definition of Loss Carryforward in this Agreement, any amount by which the Annual Total Return Amount falls below the Hurdle Amount will not be carried forward to subsequent periods. If the Performance Allocation is distributable pursuant to this Section 5.2(c), the Special OP Unitholders shall be entitled to such distribution even in the event that the total percentage return to OP Unitholders over any longer or shorter period, or the total percentage return to any particular OP Unitholder over the same, longer or shorter period, has been less than the Annual Total Return Amount used to calculate the Hurdle Amount. The Special OP Unitholders shall not be obligated to return any portion of any Performance Allocation paid based on the General Partner's or the Partnership's subsequent performance.

If the Performance Allocation is being calculated with respect to a year in which the General Partner completes a Liquidity Event, for purposes of determining the Annual Total Return Amount, the change in VPU shall be deemed to equal the difference between the Ending VPU as of the end of the prior calendar year and the value per Partnership Unit determined in connection with such Liquidity Event. In connection with a Listing, for purposes of determining the Annual Total Return Amount, the change in VPU shall be deemed to equal the difference between the Ending VPU as of the end of the prior calendar year and an amount equal to the market value of the Listed shares based upon the average closing price or, if the average closing price is not available, the average of the bid and asked prices, for the 30-day period beginning 90 days after such Listing. Upon a Liquidity Event other than a Listing, for purposes of determining the Annual

Total Return Amount, the change in VPU shall be deemed to equal the difference between the Ending VPU as of the end of the prior calendar year and an amount equal to the consideration per Fund Interest received by holders of Fund Interests in connection with such Liquidity Event.

The Performance Allocation with respect to any calendar year is distributable after the completion of the NAV Calculations for December of such year. The Performance Allocation shall be distributable for each calendar year in which the Advisory Agreement is in effect, even if the Advisory Agreement is in effect for a partial calendar year. If the Performance Allocation is distributable with respect to any partial calendar year, the Performance Allocation shall be calculated based on the annualized total return amount determined using the total return achieved for the period of such partial calendar year. In the event the Advisory Agreement is terminated or its term expires without renewal, the partial period Performance Allocation shall be calculated and due and distributable upon the date of such termination or non-renewal. In such event, for purposes of determining the Annual Total Return Amount, the change in VPU shall be determined based on a good faith estimate of what the NAV Calculations would be as of that date; provided, that, if the Advisory Agreement is terminated with respect to a Liquidity Event, the Performance Allocation will be due and distributable in connection with such Liquidity Event and the Annual Total Return Amount will be calculated as set forth in in this Section 5.2(c). Notwithstanding anything to the contrary in this paragraph, upon the triggering of a Pro-Rata Period as defined in the General Partner's share redemption program in effect as of the date hereof (as it may be amended from time to time, the "SRP"), distribution of the Performance Allocation shall be deferred until all REIT Share redemption requests under the SRP are satisfied.

In the event the Partnership commences a liquidation of its Assets during any calendar year, the Special OP Unitholders shall be distributed the Performance Allocation from the proceeds of the liquidation and the Performance Allocation shall be calculated at the end of the liquidation period prior to the distribution of the liquidation proceeds to the OP Unitholders. The calculation of the Performance Allocation for any partial year shall be calculated consistent with the applicable provisions of this Section 5.2(c).

At the election of the Advisor, all or a portion of the Performance Allocation shall be paid instead to the Special OP Unitholders as a fee as set forth in Paragraph 9(a) of the Advisory Agreement. If the Advisor does not elect on or before the first day of a calendar year to have all or a portion of the Performance Allocation paid as a fee in cash to the Special OP Unitholders, then the Performance Allocation shall be distributable to the Special OP Unitholders as set forth in this Section 5.2(c).

The Performance Allocation may be payable in cash or as a distribution of Class I Units or any combination thereof at the election of the Special OP Unitholders. If the Special OP Unitholders elect to receive such distributions in Class I Units, the Special OP Unitholders will receive the number of Class I Units that results from dividing an amount equal to the value of the Performance Allocation by the NAV per Class I Unit at the time of such distribution. If the Special OP Unitholders elect to receive such distributions in Class I Units, the Special OP Unitholders may request the Partnership to redeem such Class I Units from the Special OP Unitholders at any time thereafter pursuant to Section 8.5.

The measurement of the change in VPU for the purpose of calculating the Annual Total Return Amount is subject to adjustment by the board of directors of the General Partner to account for any dividend, split, recapitalization or any other similar change in the Partnership's capital structure or any distributions that the board of directors of the General Partner deems to be a return of capital if such changes are not already reflected in the Partnership's net assets.

The Partnership shall not calculate or accrue the Performance Allocation with respect to any year in which the General Partner has not determined an initial VPU in accordance with the Valuation Procedures.

(r) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner or assignee (including by reason of Section 1446 of the Code), either (i) if the actual amount to be distributed to the Partner equals or exceeds the amount required to be withheld by the Partnership, the amount withheld shall be treated as a distribution of cash in the amount of such withholding to such Partner, or (ii) if the actual amount to be distributed to the Partner is less than the amount required to be withheld by the Partnership, the actual amount shall be treated as a distribution of cash in the amount of such withholding and the additional amount required to be withheld shall be treated as a loan (a "Partnership Loan") from the Partnership to the Partner on the day the Partnership pays over such amount to a taxing authority. A Partnership Loan shall be repaid through withholding by the Partnership with respect to subsequent distributions to the applicable Partner or assignee. In the event that a Limited Partner (a "Defaulting Limited Partner") fails to pay any amount owed to the Partnership with respect to the Partnership Loan within fifteen (15) days after demand for payment thereof is made by the Partnership on the Limited Partner, the General Partner, in its sole and absolute discretion, may elect to make the payment to the Partnership on behalf of such Defaulting Limited Partner. In such event, on the date of payment, the General Partner shall be deemed to have extended a loan (a "General Partner Loan") to the Defaulting Limited Partner in the amount of the payment made by the General Partner and shall succeed to all rights and remedies of the Partnership against the Defaulting Limited Partner as to that amount. Without limitation, the General Partner shall have the right to receive any distributions that otherwise would be made by the Partnership to the Defaulting Limited Partner until such time as the General Partner Loan has been paid in full, and any such distributions so received by the General Partner shall be treated as having been received by the Defaulting Limited Partner and immediately paid to the General Partner.

Any amounts treated as a Partnership Loan or a General Partner Loan pursuant to this Section 5.2(d) shall bear interest at the lesser of (i) the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal, or (ii) the maximum lawful rate of interest on such obligation, such interest to accrue from the date the Partnership or the General Partner, as applicable, is deemed to extend the loan until such loan is repaid in full.

(s) In no event may a Partner receive a distribution of cash with respect to a Partnership Unit if such Partner is entitled to receive a cash distribution as the holder of record of a REIT Share for which all or part of such Partnership Unit has been or will be exchanged.

REIT Distribution Requirements. The General Partner shall use its commercially reasonable efforts to cause the Partnership to distribute amounts sufficient to enable the General Partner to make shareholder distributions that will allow the General Partner to (i) meet its distribution requirement for qualification as a REIT as set forth in Section 857 of the Code and (ii) avoid any federal income or excise tax liability imposed by the Code.

No Right to Distributions in Kind. No Partner shall be entitled to demand property other than cash in connection with any distributions by the Partnership.

Limitations on Return of Capital Contributions. Notwithstanding any of the provisions of this Article 5, no Partner shall have the right to receive and the General Partner shall not have the right to make, a distribution that includes a return of all or part of a Partner's Capital Contributions, unless after giving effect to the return of a Capital Contribution, the sum of all Partnership liabilities, other than the liabilities to a Partner for the return of his Capital Contribution, does not exceed the fair market value of the Partnership's assets.

Distributions Upon Liquidation. Immediately before liquidation of the Partnership, Class T Units will automatically convert to Class I Units at the Class T Conversion Rate and Class D Units will automatically convert to Class I Units at the Class D Conversion Rate. Upon liquidation of the Partnership, after payment of, or adequate provision for, debts and obligations of the Partnership, including any Partner loans, and after making the distribution to the Special OP Unitholders (or payment as a cash fee to the Special OP Unitholders, as applicable) called for by Section 5.2(c) in connection with a liquidation of the Partnership (which shall be deemed the liquidating distribution for the Special OP Unitholders) any remaining assets of the Partnership shall be distributed to all Partners such that the holder of each Partnership Unit receives an amount equal to the Net Asset Value Per Unit for each Partnership Unit held. If, however, the remaining assets of the Partnership are not sufficient to pay in full the Net Asset Value Per Unit for each Partnership Unit, then the holders of Partnership Units of each Class or Series shall be distributed an amount equal to the product of (i) the remaining assets of the Partnership that are legally available for distribution to the Partners and (ii) the quotient obtained by dividing (A) the net asset value of the Partnership allocable to such Class or Series of Partnership Units by (B) the aggregate net asset value of the Partnership, all as calculated as described in the Valuation Procedures. Amounts to be distributed to the holders of each Class or Series of Partnership Units shall be distributed among those holders in proportion to the number of Units of that Class or Series held by each holder. After application of the foregoing, any remaining assets available for distribution to the Partners shall be distributed to the Partners in accordance with their Percentage Interests.

Notwithstanding any other provision of this Agreement, the amount by which the value, as determined in good faith by the General Partner, of any property other than cash to be distributed in kind to the Partners exceeds or is less than the Carrying Value of such property shall, to the extent not otherwise recognized by the Partnership, be taken into account in computing Profit and Loss of the Partnership for purposes of crediting or charging the Capital Accounts of, and

distributing proceeds to, the Partners, pursuant to this Agreement. To the extent deemed advisable by the General Partner, appropriate arrangements (including the use of a liquidating trust) may be made to assure that adequate funds are available to pay any contingent debts or obligations.

Substantial Economic Effect. It is the intent of the Partners that the allocations of Profit and Loss, under this Agreement have substantial economic effect (or be consistent with the Partners' interests in the Partnership in the case of the allocation of losses attributable to nonrecourse debt) within the meaning of Section 704(b) of the Code as interpreted by the Regulations promulgated pursuant thereto. Article 5 and other relevant provisions of this Agreement shall be interpreted in a manner consistent with such intent.

RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER

Management of the Partnership.

(t) Except as otherwise expressly provided in this Agreement, the General Partner shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes herein stated, and shall make all decisions affecting the business and assets of the Partnership. Subject to the restrictions specifically contained in this Agreement, the powers of the General Partner shall include, without limitation, the authority to take the following actions on behalf of the Partnership:

(i) to acquire, purchase, own, operate, lease, dispose and exchange of any Assets, that the General Partner determines are necessary or appropriate or in the best interests of the business of the Partnership;

(ii) to construct buildings and make other improvements on the properties owned or leased by the Partnership;

(iii) to authorize, issue, sell, redeem or otherwise purchase any Partnership Interests or any securities (including secured and unsecured debt obligations of the Partnership, debt obligations of the Partnership convertible into any Class or Series of Partnership Interests, or options, rights, warrants or appreciation rights relating to any Partnership Interests) of the Partnership;

(iv) to borrow or lend money for the Partnership, issue or receive evidences of indebtedness in connection therewith, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such indebtedness, and secure such indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(v) to pay, either directly or by reimbursement, for all operating costs and general administrative expenses of the Partnership to third parties or to the General Partner or its Affiliates as set forth in this Agreement;

(vi) to guarantee or become a co-maker of indebtedness of the General Partner or any Subsidiary thereof, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such guarantee or indebtedness, and secure such guarantee or indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(vii) to use assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with this Agreement, including, without limitation, payment, either directly or by reimbursement, of all operating costs and general administrative expenses of the General Partner, the Partnership or any Subsidiary of either, to third parties or to the General Partner as set forth in this Agreement;

(viii) to lease all or any portion of any of the Partnership's assets, whether or not the terms of such leases extend beyond the termination date of the Partnership and whether or not any portion of the Partnership's assets so leased are to be occupied by the lessee, or, in turn, subleased in whole or in part to others, for such consideration and on such terms as the General Partner may determine;

(ix) to prosecute, defend, arbitrate, or compromise any and all claims or liabilities in favor of or against the Partnership, on such terms and in such manner as the General Partner may reasonably determine, and similarly to prosecute, settle or defend litigation with respect to the Partners, the Partnership, or the Partnership's assets;

(x) to file applications, communicate, and otherwise deal with any and all governmental agencies having jurisdiction over, or in any way affecting, the Partnership's assets or any other aspect of the Partnership business;

(xi) to make or revoke any election permitted or required of the Partnership by any taxing authority;

(xii) to maintain such insurance coverage for public liability, fire and casualty, and any and all other insurance for the protection of the Partnership, for the conservation of Partnership assets, or for any other purpose convenient or beneficial to the Partnership, in such amounts and such types, as it shall determine from time to time;

(xiii) to determine whether or not to apply any insurance proceeds for any property to the restoration of such property or to distribute the same;

(xiv) to establish one or more divisions of the Partnership, to hire and dismiss employees of the Partnership or any division of the Partnership, and to retain legal counsel, accountants, consultants, real estate brokers, and such other persons, as the General Partner may deem necessary or appropriate in connection with the Partnership business and to pay therefor such remuneration as the General Partner may deem reasonable and proper;

(xv) to retain other services of any kind or nature in connection with the Partnership business, and to pay therefor such remuneration as the General Partner may deem reasonable and proper;

(xvi) to negotiate and conclude agreements on behalf of the Partnership with respect to any of the rights, powers and authority conferred upon the General Partner;

(xvii) to maintain accurate accounting records and to file promptly all federal, state and local income tax returns on behalf of the Partnership;

(xviii) to distribute Partnership cash or other Partnership assets in accordance with this Agreement;

(xix) to form or acquire an interest in, and contribute property to, any further limited or general partnerships, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, its Subsidiaries and any other Person in which it has an equity interest from time to time);

(xx) to establish Partnership reserves for working capital, capital expenditures, contingent liabilities, or any other valid Partnership purpose;

(xxi) to merge, consolidate or combine the Partnership with or into another Person;

(xxii) to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a “publicly traded partnership” for purposes of Section 7704 of the Code; and

(xxiii) to take such other action, execute, acknowledge, swear to or deliver such other documents and instruments, and perform any and all other acts that the General Partner deems necessary or appropriate for the formation, continuation and conduct of the business and affairs of the Partnership (including, without limitation, all actions consistent with allowing the General Partner at all times to qualify as a REIT unless the General Partner voluntarily terminates its REIT status) and to possess and enjoy all of the rights and powers of a general partner as provided by the Act.

(u) Except as otherwise provided herein, to the extent the duties of the General Partner require expenditures of funds to be paid to third parties, the General Partner shall not have any obligations hereunder except to the extent that partnership funds are reasonably available to it for the performance of such duties, and nothing herein contained shall be deemed to authorize or require the General Partner, in its capacity as such, to expend its individual funds for payment to third parties or to undertake any individual liability or obligation on behalf of the Partnership.

Delegation of Authority. The General Partner may delegate any or all of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve.

Indemnification and Exculpation of Indemnitees.

(v) To the fullest extent permitted by law, the Partnership shall indemnify an Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Any indemnification pursuant to this Section 6.3 shall be made only out of the assets of the Partnership.

(w) The Partnership shall reimburse an Indemnitee for reasonable expenses incurred by an Indemnitee who is a party to a proceeding in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 6.3 has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(x) The indemnification provided by this Section 6.3 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(y) The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(z) For purposes of this Section 6.3, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 6.3; and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

(aa) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(bb) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.3 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(cc) The provisions of this Section 6.3 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

Liability of the General Partner.

(dd) Notwithstanding anything to the contrary set forth in this Agreement, the General Partner shall not be liable for monetary damages to the Partnership or any Partners for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission if the General Partner acted in good faith. The General Partner shall not be in breach of any duty that the General Partner may owe to the Limited Partners or the Partnership or any other Persons under this Agreement or of any duty stated or implied by law or equity provided the General Partner, acting in good faith, abides by the terms of this Agreement.

(ee) The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership, itself and its shareholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners or the tax consequences of some, but not all, of the Limited Partners) in deciding whether to cause the Partnership to take (or decline to take) any actions. In the event of a conflict between the interests of its shareholders on one hand and the Limited Partners on the other, the General Partner shall endeavor in good faith to resolve the conflict in a manner not adverse to either its shareholders or the Limited Partners; provided, however, that so long as the General Partner directly owns a controlling interest in the Partnership, any such conflict that the General Partner, in its sole and absolute discretion, determines cannot be resolved in a manner not adverse to either its shareholders or the Limited Partner shall be resolved in favor of the shareholders. The General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with such decisions, provided that the General Partner has acted in good faith.

(ff) Subject to its obligations and duties as General Partner set forth in Section 6.1 hereof, the General Partner may exercise any of the powers granted to it under this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(gg) Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the General Partner to continue to qualify as a REIT or (ii) to prevent the General Partner from incurring any

taxes under Section 857, Section 4981, or any other provision of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

(hh) Any amendment, modification or repeal of this Section 6.4 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's liability to the Partnership and the Limited Partners under this Section 6.4 as in effect immediately prior to such amendment, modification or repeal with respect to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when claims relating to such matters may arise or be asserted.

Reimbursement of General Partner.

(ii) Except as provided in this Section 6.5 and elsewhere in this Agreement (including the provisions of Articles 5 and 6 regarding distributions, payments, and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

(jj) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all Administrative Expenses incurred by the General Partner.

Outside Activities. Subject to (a) Section 6.8 hereof, (b) the Charter and (c) any agreements entered into by the General Partner or its Affiliates with the Partnership, a Subsidiary or any officer, director, employee, agent, trustee, Affiliate or shareholder of the General Partner, the General Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities substantially similar or identical to those of the Partnership. Neither the Partnership nor any of the Limited Partners shall have any rights by virtue of this Agreement in any such business ventures, interests or activities. None of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any such business ventures, interests or activities, and the General Partner shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures, interests and activities to the Partnership or any Limited Partner, even if such opportunity is of a character which, if presented to the Partnership or any Limited Partner, could be taken by such Person.

Employment or Retention of Affiliates.

(kk) Any Affiliate of the General Partner may be employed or retained by the Partnership and may otherwise deal with the Partnership (whether as a buyer, lessor, lessee, manager, furnisher of goods or services, broker, agent, lender or otherwise) and may receive from the Partnership any compensation, price, or other payment therefor which the General Partner determines to be fair and reasonable.

(ll) The Partnership may lend or contribute to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(mm) The Partnership may transfer assets to joint ventures, other partnerships, corporations or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as the General Partner deems are consistent with this Agreement, applicable law and the REIT status of the General Partner.

(nn) Except as expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are, in the General Partner's sole discretion, on terms that are fair and reasonable to the Partnership.

General Partner Participation. The General Partner agrees that all business activities of the General Partner, including activities pertaining to the acquisition, development or ownership of any Asset shall be conducted through the Partnership or one or more Subsidiary Partnerships; provided, however, that the General Partner is allowed to make a direct acquisition, but if and only if, such acquisition is made in connection with the issuance of Additional Securities, which direct acquisition and issuance have been approved and determined to be in the best interests of the General Partner and the Partnership by a majority of the Independent Directors.

Title to Partnership Assets. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership or one or more Subsidiary Partnerships in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its commercially reasonable efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Redemptions and Exchanges of REIT Shares.

(oo) *Redemptions.* In the event the General Partner redeems any REIT Shares, then the General Partner shall cause the Partnership to purchase from the General Partner a number of Partnership Units having the same Class designation as the redeemed REIT Shares (and always Series 1 of such Class of Partnership Units, if there are multiple Series) as determined based on the application of the Conversion Factor for that Class and Series of Partnership Units on the same terms that the General Partner redeemed such REIT Shares. Moreover, if the General Partner makes a cash tender offer or other offer to acquire REIT Shares (and always Series 1 of such Class of Partnership Units, if there are multiple Series), then the General Partner shall cause the Partnership to make a corresponding offer to the General Partner to acquire an equal number of Partnership Units held by the General Partner that have the same Class designation as the REIT Shares that are subject to the offer. In the event any REIT Shares are redeemed by the General

Partner pursuant to such offer, the Partnership shall redeem an equivalent number of the General Partner's Partnership Units having the same Class designation as the redeemed REIT Shares (and always Series 1 of such Class of Partnership Units, if there are multiple Series) for an equivalent purchase price based on the application of the Conversion Factor for that Class and Series of Partnership Units.

Exchanges. If the General Partner exchanges any REIT Shares of any Class ("Exchanged REIT Shares") for REIT Shares of a different Class ("Received REIT Shares"), then the General Partner shall, and shall cause the Partnership to, exchange a number of Partnership Units having the same Class designation as the Exchanged REIT Shares, as determined based on the application of the Conversion Factor, for Partnership Units having the same Class designation as the Received REIT Shares on the same terms that the General Partner exchanged the Exchanged REIT Shares. The exchange of Units shall occur automatically after the close of business on the applicable date of the exchange of REIT Shares, as of which time the holder of a Class of Units having the same designation as the Exchanged REIT Shares shall be credited on the books and records of the Partnership with the issuance, as of the opening of business on the next day, of the applicable number of Units having the same designation as the Received REIT Shares.

No Duplication of Fees or Expenses. The Partnership may not incur or be responsible for any fee or expense (in connection with the Offering or otherwise) that would be duplicative of fees and expenses paid by the General Partner.

CHANGES IN GENERAL PARTNER

Transfer of the General Partner's Partnership Interest.

(pp) The General Partner shall not transfer all or any portion of its General Partnership Interest or withdraw as General Partner except as provided in, or in connection with a transaction contemplated by, Section 7.1(b), (c) or (d).

(qq) Except as otherwise provided in Section 6.4(b) or Section 7.1(c) or (d) hereof, the General Partner shall not engage in any merger, consolidation or other combination with or into another Person or sale of all or substantially all of its assets (other than in connection with a change in the General Partner's state of incorporation or organizational form) in each case which results in a change of Control of the General Partner (a "Transaction"), unless:

(i) the consent of Limited Partners holding more than 50% of the Percentage Interests and more than 50% of the Special Percentage Interests of the Limited Partners is obtained;

(ii) as a result of such Transaction all Limited Partners will receive or have the right to receive for each Partnership Unit of each Class or Series an amount of cash, securities, or other property equal to the product of the Conversion Factor for that Class or Series of Partnership Unit and the greatest amount of cash, securities or other property paid in the Transaction to a holder of one REIT Share having the same Class designation as that Partnership Unit in consideration of such REIT Share, provided that if, in connection with the Transaction, a purchase, tender or exchange offer ("Offer") shall have been made to and accepted by the holders

of more than 50% of the outstanding REIT Shares, each holder of Partnership Units shall be given the option to exchange its Partnership Units for the greatest amount of cash, securities, or other property which a Limited Partner holding such Class or Series of Partnership Units would have received had it (A) exercised its Redemption Right and (B) sold, tendered or exchanged pursuant to the Offer the REIT Shares received upon exercise of the Redemption Right immediately prior to the expiration of the Offer; or

(iii) the General Partner is the surviving entity in the Transaction and either (A) the holders of REIT Shares do not receive cash, securities, or other property in the Transaction or (B) all Limited Partners (other than the General Partner or any Subsidiary) have the right to receive in exchange for their Partnership Units of each Class or Series, an amount of cash, securities, or other property (expressed as an amount per REIT Share) that is no less than the product of the Conversion Factor for that Class or Series of Partnership Unit and the greatest amount of cash, securities, or other property (expressed as an amount per REIT Share) received in the Transaction by any holder of REIT Shares having the same Class designation as the Partnership Units being exchanged.

(rr) Notwithstanding Section 7.1(b), the General Partner may merge with or into or consolidate with another entity if immediately after such merger or consolidation (i) substantially all of the assets of the successor or surviving entity (the "Survivor"), other than Partnership Units held by the General Partner, are contributed, directly or indirectly, to the Partnership as a Capital Contribution in exchange for Partnership Units with a fair market value equal to the value of the assets so contributed as determined by the Survivor in good faith and (ii) the Survivor expressly agrees to assume all obligations of the General Partner, as appropriate, hereunder. Upon such contribution and assumption, the Survivor shall have the right and duty to amend this Agreement as set forth in this Section 7.1(c). The Survivor shall in good faith arrive at a new method for the calculation of the Cash Amount, the REIT Shares Amount and Conversion Factor for a Partnership Unit of each Class and Series after any such merger or consolidation so as to approximate the existing method for such calculation as closely as reasonably possible. Such calculation shall take into account, among other things, the kind and amount of securities, cash and other property that was receivable upon such merger or consolidation by a holder of REIT Shares of each Class or options, warrants or other rights relating thereto, and which a holder of Partnership Units of any Class or Series could have acquired had such Partnership Units been exchanged immediately prior to such merger or consolidation. Such amendment to this Agreement shall provide for adjustment to such method of calculation, which shall be as nearly equivalent as may be practicable to the adjustments provided for with respect to the Conversion Factor for each Class or Series of Partnership Units. The Survivor also shall in good faith modify the definition of REIT Shares and make such amendments to Section 8.5 so as to approximate the existing rights and obligations set forth in Section 8.5 as closely as reasonably possible. The above provisions of this Section 7.1(d) shall similarly apply to successive mergers or consolidations permitted hereunder.

Subject to Section 6.4(b), in respect of any transaction described in this Section 7.1, the General Partner shall use its commercially reasonable efforts to structure such transaction to avoid causing the Limited Partners to recognize a gain for federal income tax purposes by virtue of the occurrence of or their participation in such transaction, provided such efforts are consistent with

the exercise of the fiduciary duties of the board of directors of the General Partner to the shareholders of the General Partner under applicable law.

(ss) Notwithstanding Section 7.1(b),

(i) a General Partner may transfer all or any portion of its General Partnership Interest to (A) a wholly-owned Subsidiary of such General Partner or (B) the owner of all of the ownership interests of such General Partner, and following a transfer of all of its General Partnership Interest, may withdraw as General Partner; and

(ii) the General Partner may engage in any transaction that is not required to be submitted to the vote of the holders of the REIT Shares by (A) law or (B) the rules of any national securities exchange on which one or more Classes of REIT Shares are Listed.

Admission of a Substitute or Additional General Partner. A Person shall be admitted as a substitute or additional General Partner of the Partnership only if the following terms and conditions are satisfied:

(tt) the Person to be admitted as a substitute or additional General Partner shall have accepted and agreed to be bound by all the terms and provisions of this Agreement by executing a counterpart thereof and such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and a certificate evidencing the admission of such Person as a General Partner shall have been filed for recordation and all other actions required by Section 2.5 hereof in connection with such admission shall have been performed;

(uu) if the Person to be admitted as a substitute or additional General Partner is a corporation or a partnership it shall have provided the Partnership with evidence satisfactory to counsel for the Partnership of such Person's authority to become a General Partner and to be bound by the terms and provisions of this Agreement; and

(vv) counsel for the Partnership shall have rendered an opinion (relying on such opinions from other counsel and the state or any other jurisdiction as may be necessary) that (x) the admission of the person to be admitted as a substitute or additional General Partner is in conformity with the Act and (y) none of the actions taken in connection with the admission of such Person as a substitute or additional General Partner will cause (i) the Partnership to be classified other than as a partnership for federal tax purposes, or (ii) the loss of any Limited Partner's limited liability.

Effect of Bankruptcy, Withdrawal, Death or Dissolution of a General Partner.

(ww) Upon the occurrence of an Event of Bankruptcy as to the sole remaining General Partner (and its removal pursuant to Section 7.4(a) hereof) or the death, withdrawal, deemed removal or dissolution of the sole remaining General Partner (except that, if the sole remaining General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of such General Partner if the business of such General Partner is

continued by the remaining partner or partners), the Partnership shall be dissolved and terminated unless the Partnership is continued pursuant to Section 7.3(b) hereof. The merger of the General Partner with or into any entity that is admitted as a substitute or successor General Partner pursuant to Section 7.2 hereof shall not be deemed to be the withdrawal, dissolution or removal of the General Partner.

(xx) Following the occurrence of an Event of Bankruptcy as to the sole remaining General Partner (and its removal pursuant to Section 7.4(a) hereof) or the death, withdrawal, removal or dissolution of the sole remaining General Partner (except that, if a General Partner is, on the date of such occurrence, a partnership, the withdrawal of, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of such General Partner if the business of such General Partner is continued by the remaining partner or partners), the Limited Partners, within ninety (90) days after such occurrence, may elect to continue the business of the Partnership for the balance of the term specified in Section 2.4 hereof by selecting, subject to Section 7.2 hereof and any other provisions of this Agreement, a substitute General Partner by consent of the Limited Partners holding a majority of the Percentage Interests of all Limited Partners. If the Limited Partners elect to continue the business of the Partnership and admit a substitute General Partner, the relationship with the Partners and of any Person who has acquired an interest of a Partner in the Partnership shall be governed by this Agreement.

Removal of a General Partner.

(yy) Upon the occurrence of an Event of Bankruptcy as to, or the dissolution of, a General Partner, such General Partner shall be deemed to be removed automatically; provided, however, that if a General Partner is on the date of such occurrence a partnership, the withdrawal, death or dissolution of, Event of Bankruptcy as to, or removal of, a partner in, such partnership shall be deemed not to be a dissolution of the General Partner if the business of such General Partner is continued by the remaining partner or partners. The Limited Partners may not remove the General Partner, with or without cause.

(zz) If a General Partner has been removed pursuant to this Section 7.4 and the Partnership is continued pursuant to Section 7.3 hereof, such General Partner shall promptly transfer and assign its General Partnership Interest in the Partnership to the substitute General Partner approved by the Limited Partners in accordance with Section 7.3(b) hereof and otherwise admitted to the Partnership in accordance with Section 7.2 hereof. At the time of assignment, the removed General Partner shall be entitled to receive from the substitute General Partner the fair market value of the General Partnership Interest of such removed General Partner as reduced by any damages caused to the Partnership by such General Partner. Such fair market value shall be determined by an appraiser mutually agreed upon by the General Partner and the Limited Partners holding a majority of the Percentage Interest of all Limited Partners within ten (10) days following the removal of the General Partner. In the event that the parties are unable to agree upon an appraiser, the removed General Partner and a majority in interest of the Limited Partners each shall select an appraiser. Each such appraiser shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest within thirty (30) days of the General Partner's removal, and the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals; provided, however, that if

the higher appraisal exceeds the lower appraisal by more than 20% of the amount of the lower appraisal, the two appraisers, no later than forty (40) days after the removal of the General Partner, shall select a third appraiser who shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest no later than sixty (60) days after the removal of the General Partner. In such case, the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals closest in value.

(aaa) The General Partnership Interest of a removed General Partner, during the time after the occurrence of an event described in Section 7.4(a) until transfer under Section 7.4(b), shall be converted to that of a special Limited Partner; provided, however, such removed General Partner shall not have any rights to participate in the management and affairs of the Partnership, and shall not be entitled to any portion of the income, expense, profit, gain or loss allocations or cash distributions allocable or payable, as the case may be, to the Limited Partners. Instead, such removed General Partner shall receive and be entitled only to retain distributions or allocations of such items that it would have been entitled to receive in its capacity as General Partner, until the transfer is effective pursuant to Section 7.4(b).

(bbb) All Partners shall have given and hereby do give such consents, shall take such actions and shall execute such documents as shall be legally necessary, desirable and sufficient to effect all the foregoing provisions of this Section.

RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNERS

Management of the Partnership. The Limited Partners shall not participate in the management or control of Partnership business nor shall they transact any business for the Partnership, nor shall they have the power to sign for or bind the Partnership, such powers being vested solely and exclusively in the General Partner.

Power of Attorney. Each Limited Partner hereby irrevocably appoints the General Partner its true and lawful attorney-in-fact, who may act for each Limited Partner and in its name, place and stead, and for its use and benefit, to sign, acknowledge, swear to, deliver, file or record, at the appropriate public offices, any and all documents, certificates, and instruments as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of this Agreement and the Act in accordance with their terms, which power of attorney is coupled with an interest and shall survive the death, dissolution or legal incapacity of the Limited Partner, or the transfer by the Limited Partner of any part or all of its Partnership Interest.

Limitation on Liability of Limited Partners. No Limited Partner shall be liable for any debts, liabilities, contracts or obligations of the Partnership. A Limited Partner shall be liable to the Partnership only to make payments of its Capital Contribution, if any, as and when due hereunder. After its Capital Contribution is fully paid, no Limited Partner shall, except as otherwise required by the Act, be required to make any further Capital Contributions or other payments or lend any funds to the Partnership.

Ownership by Limited Partner of Corporate General Partner or Affiliate. No Limited Partner shall at any time, either directly or indirectly, own any stock or other interest in

the General Partner or in any Affiliate thereof, if such ownership by itself or in conjunction with other stock or other interests owned by other Limited Partners would, in the opinion of counsel for the Partnership, jeopardize the classification of the Partnership as a partnership for federal tax purposes. The General Partner shall be entitled to make such reasonable inquiry of the Limited Partners as is required to establish compliance by the Limited Partners with the provisions of this Section.

Redemption Right.

(ccc) Subject to Sections 8.5(b), 8.5(c), 8.5(d), 8.5(e) and 8.5(f) and the provisions of any agreements between the Partnership and one or more Limited Partners with respect to Partnership Units held by them, each Limited Partner other than the General Partner, after holding any Class or Series of Partnership Units for at least one year (such Partnership Units, “Eligible Units”), shall have the right (subject to the terms and conditions set forth herein) to require the Partnership to redeem (a “Redemption”) all or a portion of the Eligible Units held by such Limited Partner in exchange (a “Redemption Right”) for Class T REIT Shares (with respect to Eligible Units that are Series 1, Series 2, or Series 3 Class T Units), Class D REIT Shares (with respect to Eligible Units that are Series 1 or Series 2 Class D Units) or Class I REIT Shares (with respect to Eligible Units that are Class I Units) issuable on, or the Cash Amount payable on, the Specified Redemption Date, as determined by the General Partner in its sole discretion, provided that such Eligible Units (the “Tendered Units”) shall have been outstanding for at least one year. Any Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the Partnership (with a copy to the General Partner) by the Limited Partner exercising the Redemption Right (the “Tendering Party”). Within 30 days of receipt of a Notice of Redemption, the Partnership will send to the Limited Partner submitting the Notice of Redemption a response stating whether the General Partner has determined the applicable Eligible Units will be redeemed for REIT Shares or the Cash Amount. Within 30 days of the Partnership’s delivery of its response, the Limited Partner must affirm to the Partnership that such Limited Partner wishes to proceed with the Redemption, or the request for Redemption will be cancelled (the date such affirmation is received by the Partnership is the “Affirmation Date”). Following such affirmation, the Limited Partner shall still be entitled to withdraw the Notice of Redemption if (i) it provides notice to the Partnership that it wishes to withdraw the request and (ii) the Partnership receives the notice no less than two business days prior to the Specified Redemption Date.

Notwithstanding the foregoing, the Special OP Unitholders, the Advisor and any Person to whom the Special OP Unitholders or the Advisor transfers Partnership Units or Special Partnership Units (collectively with the Special OP Unitholders and the Advisor, the “Sponsor Parties”) shall have the right to require the Partnership to redeem all or a portion of their Partnership Units pursuant to this Section 8.5 at any time irrespective of the period the Partnership Units have been held by such Limited Partner. The Partnership shall redeem any Partnership Units of the Sponsor Parties for the Cash Amount unless the board of directors of the General Partner determines that any such redemption for cash would be prohibited by applicable law or this Agreement, in which case such Partnership Units will be redeemed for an amount of REIT Shares having the same Class designation as the Tendered Units with an aggregate NAV equivalent to the aggregate NAV of such Partnership Units.

No Limited Partner, other than the Sponsor Parties, may deliver more than two Notices of Redemption during each calendar year. A Limited Partner, other than the Sponsor Parties, may not exercise the Redemption Right for less than 1,000 Partnership Units or, if such Limited Partner holds less than 1,000 Partnership Units, all of the Partnership Units held by such Partner. The Tendering Party shall have no right, with respect to any Partnership Units so redeemed, to receive any distribution paid with respect to such Partnership Units if the record date for such distribution is on or after the Specified Redemption Date.

(ddd) If the General Partner elects to redeem Tendered Units for REIT Shares rather than cash, then (I) Tendered Units that are Series 1, Series 2, or Series 3 Class T Units shall be redeemed for Class T REIT Shares, Tendered Units that are Class I Units shall be redeemed for Class I REIT Shares, Tendered Units that are Series 1 or Series 2 Class D Units shall be redeemed for Class D REIT Shares and (II) the Partnership shall direct the General Partner to issue and deliver such REIT Shares to the Tendering Party pursuant to the terms set forth in this Section 8.5(b), in which case, (i) the General Partner, acting as a distinct legal entity, shall assume directly the obligation with respect thereto and shall satisfy the Tendering Party's exercise of its Redemption Right, and (ii) such transaction shall be treated, for federal income tax purposes, as a transfer by the Tendering Party of such Tendered Units to the General Partner in exchange for REIT Shares. The percentage of the Tendered Units tendered for Redemption by the Tendering Party for which the General Partner elects to issue REIT Shares (rather than cash) is referred to as the "Applicable Percentage." In making such election to acquire Tendered Units, the Partnership shall act in a fair, equitable and reasonable manner that neither prefers one group or class of Limited Partners over another nor discriminates against a group or class of Limited Partners. If the Partnership elects to redeem any number of Tendered Units for REIT Shares rather than cash, on the Specified Redemption Date, the Tendering Party shall sell such number of the Tendered Units to the General Partner in exchange for a number of REIT Shares equal to the product of (A) the REIT Shares Amount, and (B) the Applicable Percentage. Such number of REIT Shares shall be delivered by the General Partner as duly authorized, validly issued, fully paid and accessible REIT Shares free of any pledge, lien, encumbrance or restriction, other than the Aggregate Share Ownership Limit (as calculated in accordance with the Charter) and other restrictions provided in the Charter, the bylaws of the General Partner, the Securities Act and relevant state securities or "blue sky" laws. Notwithstanding the provisions of Section 8.5(a) and this Section 8.5(b), the Tendering Parties shall have no rights under this Agreement that would otherwise be prohibited under the Charter.

(eee) In connection with an exercise of Redemption Rights pursuant to this Section 8.5, the Tendering Party shall submit the following to the General Partner, in addition to the Notice of Redemption:

(1) A written affidavit, dated the same date as the Notice of Redemption, (a) disclosing the actual and constructive ownership, as determined for purposes of Code Sections 856(a)(6) and 856(h), of REIT Shares by (i) such Tendering Party and (ii) any Related Party and (b) representing that, after giving effect to the Redemption, neither the Tendering Party nor any Related Party will own REIT Shares in excess of the Aggregate Share Ownership Limit (or, if applicable the Excepted Holder Limit);

(2) A written representation that neither the Tendering Party nor any Related Party has any intention to acquire any additional REIT Shares prior to the closing of the Redemption on the Specified Redemption Date;

(3) An undertaking to certify, at and as a condition to the closing of the Redemption on the Specified Redemption Date, that either (a) the actual and constructive ownership of REIT Shares by the Tendering Party and any Related Party remain unchanged from that disclosed in the affidavit required by Section 8.5(c)(1) or (b) after giving effect to the Redemption, neither the Tendering Party nor any Related Party shall own REIT Shares in violation of the Aggregate Share Ownership Limit (or, if applicable, the Excepted Holder Limit);

(4) With respect to any Cash Amount to be received by a Tendering Party, a waiver and release in a form acceptable to the General Partner; and

(5) An undertaking that all Partnership Units being delivered for redemption are free and clear of all liens, it being understood that the General Partner shall not be under any obligation to acquire Partnership Units which are or may be subject to any liens.

(6) Any other documents as the General Partner may reasonably require.

(fff) Any Cash Amount to be paid to a Tendering Party pursuant to this Section 8.5 shall be paid on the Specified Redemption Date; provided, however, that the General Partner may elect to cause the Specified Redemption Date to be delayed for up to an additional 180 days to the extent required for the General Partner to provide financing to be used to make such payment of the Cash Amount, by causing the issuance of additional REIT Shares or otherwise. Notwithstanding the foregoing, the General Partner agrees to use its commercially reasonable efforts to cause the closing of the acquisition of Tendered Units hereunder to occur as quickly as reasonably possible.

(ggg) Notwithstanding any other provision of this Agreement, the General Partner shall place appropriate restrictions on the ability of the Limited Partners to exercise their Redemption Rights to prevent, among other things, (a) any person from owning shares in excess of the Common Share Ownership Limit, the Aggregate Share Ownership Limit and the Excepted Holder Limit, (b) the General Partner's common stock from being owned by less than 100 persons, the General Partner from being "closely held" within the meaning of section 856(h) of the Code, and as and if deemed necessary to ensure that the Partnership does not constitute a "publicly traded partnership" under section 7704 of the Code. If and when the General Partner determines that imposing such restrictions is necessary, the General Partner shall give prompt written notice thereof to each of the Limited Partners holding Partnership Units, which notice shall be accompanied by a copy of an opinion of counsel to the Partnership which states that, in the opinion of such counsel, restrictions are necessary in order to avoid having the Partnership be treated as a "publicly traded partnership" under section 7704 of the Code.

(hhh) A redemption fee may be charged (other than to the Sponsor Parties and their respective affiliates) in connection with an exercise of Redemption Rights pursuant to this Section 8.5. Without limiting the generality of the foregoing, unless a waiver of such fee has been granted or a higher or lower fee was set forth in the applicable offering documents for the

Partnership Units (or offering documents for a security or interest that was exchanged or converted for Partnership Units at the option of the Partnership or pursuant the terms of this Agreement), a redemption fee of 1.0% of the Cash Amount or REIT Shares Amount otherwise payable to a Limited Partner upon redemption of any Partnership Units (other than from the Sponsor Parties and their respective affiliates) pursuant to this Section 8.5 shall be paid by such Limited Partner to BC Exchange Industrial Advisor Group LLC; the Operating Partnership shall deduct such amount from the Cash Amount or REIT Shares Amount otherwise payable to such Limited Partner and pay it to BC Exchange Industrial Advisor Group LLC, on behalf of the Limited Partner. To the extent that a transaction (a “Unit Transaction”) occurs in which any Partnership Units which are subject to a redemption fee under this Section 8.5(f) are acquired (for cash or securities), transferred, merged, converted, tendered, or disposed of in any other similar transaction, then unless the beneficiaries of such redemption fees identified herein otherwise agree in their reasonable discretion (which may include requiring that any applicable counterparty execute an agreement agreeing to continue to collect and remit such redemption fees following the Unit Transaction), the Operating Partnership will be obligated to collect the redemption fees in connection with the closing of such Unit Transaction and remit the same to the applicable beneficiaries.

(iii) Each Limited Partner further agrees that, if any state or local property transfer tax is payable as a result of the transfer of its Partnership Units to the Partnership or the Parent, such Limited Partner shall assume and pay such transfer tax.

Distribution Reinvestment Plan.

OP Unitholders may have the opportunity to join the General Partner’s distribution reinvestment plan by completing an enrollment form which is available upon request. A copy of the General Partner’s distribution reinvestment plan is also available upon request. The shares of the General Partner’s common stock which may be issued under the General Partner’s distribution reinvestment plan are offered only by a prospectus.

TRANSFERS OF LIMITED PARTNERSHIP INTERESTS

Purchase for Investment.

(jjj) Each Limited Partner hereby represents and warrants to the General Partner and to the Partnership that the acquisition of his Partnership Interest is made as a principal for his account for investment purposes only and not with a view to the resale or distribution of such Partnership Interest.

(kkk) Each Limited Partner agrees that he will not sell, assign or otherwise transfer his Partnership Interest or any fraction thereof, whether voluntarily or by operation of law or at judicial sale or otherwise, to any Person who does not make the representations and warranties to the General Partner set forth in Section 9.1(a) above and similarly agree not to sell, assign or transfer such Partnership Interest or fraction thereof to any Person who does not similarly represent, warrant and agree.

Restrictions on Transfer of Limited Partnership Interests.

(lll) Subject to the provisions of 9.2(b) and (c), no Limited Partner may offer, sell, assign, hypothecate, pledge or otherwise transfer all or any portion of his Limited Partnership Interest, or any of such Limited Partner's economic rights as a Limited Partner, whether voluntarily or by operation of law or at judicial sale or otherwise (collectively, a "Transfer") without the consent of the General Partner, which consent may be granted or withheld in its sole and absolute discretion; provided that each of the Sponsor Parties may transfer all or any portion of its respective Partnership Interest, or any of its economic rights as a Limited Partner, to any of its Affiliates or any trust, limited liability company, partnership, or other entity established by or at the direction of such Sponsor Party or any of its Affiliates without the consent of the General Partner. Any such purported transfer undertaken without such consent shall be considered to be null and void ab initio and shall not be given effect. The General Partner may require, as a condition of any Transfer to which it consents, that the transferor assume all costs incurred by the Partnership in connection therewith.

(mmm) No Limited Partner may withdraw from the Partnership other than as a result of a permitted Transfer (i.e., a Transfer effected as contemplated by clause (a) above or clause (c) below or a Transfer pursuant to Section 9.5 below) of all of its Partnership Interest pursuant to this Article 9 or pursuant to a redemption of all of its Partnership Units pursuant to Section 8.5. Upon the permitted Transfer or redemption of all of a Limited Partner's Partnership Interest, such Limited Partner shall cease to be a Limited Partner.

(nnn) Notwithstanding Section 9.2(a) and subject to Sections 9.2(d), (e) and (f) below, a Limited Partner may Transfer, without the consent of the General Partner, all or a portion of its Partnership Interest to (i) a parent or parent's spouse, natural or adopted descendant or descendants, spouse of such descendant, or brother or sister, or a trust created by such Limited Partner for the benefit of such Limited Partner and/or any such person(s), of which trust such Limited Partner or any such person(s) is a trustee, (ii) a corporation controlled by a Person or Persons named in (i) above, or (iii) if the Limited Partner is an entity, its beneficial owners.

(ooo) No Limited Partner may effect a Transfer of its Limited Partnership Interest, in whole or in part, if, in the opinion of legal counsel for the Partnership, such proposed Transfer would require the registration of the Limited Partnership Interest under the Securities Act or would otherwise violate any applicable federal or state securities or blue sky law (including investment suitability standards).

(ppp) No Transfer by a Limited Partner of its Partnership Interest, in whole or in part, may be made to any Person if (i) in the opinion of legal counsel for the Partnership, the transfer would result in the Partnership's being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) in the opinion of legal counsel for the Partnership, it would adversely affect the ability of the General Partner to continue to qualify as a REIT or subject the General Partner to any additional taxes under Section 857 or Section 4981 of the Code, or (iii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

(qqq) No transfer by a Limited Partner of any Partnership Interest may be made to a lender to the Partnership or any Person who is related (within the meaning of Regulations

Section 1.752-4(b)) to any lender to the Partnership whose loan constitutes a nonrecourse liability (within the meaning of Regulations Section 1.752-1(a)(2)), without the consent of the General Partner, which may be withheld in its sole and absolute discretion, provided that as a condition to such consent the lender will be required to enter into an arrangement with the Partnership and the General Partner to exchange or redeem for the Cash Amount any Partnership Units in which a security interest is held simultaneously with the time at which such lender would be deemed to be a Partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

(rrr) Any Transfer in contravention of any of the provisions of this Article 9 shall be void and ineffectual and shall not be binding upon, or recognized by, the Partnership.

(sss) Prior to the consummation of any Transfer under this Article 9, the transferor and/or the transferee shall deliver to the General Partner such opinions, certificates and other documents as the General Partner shall request in connection with such Transfer.

Admission of Substitute Limited Partner.

(ttt) Subject to the other provisions of this Article 9, an assignee of the Limited Partnership Interest of a Limited Partner (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Limited Partnership Interest) shall be deemed admitted as a Limited Partner of the Partnership only with the consent of the General Partner, which consent may be granted or withheld in its sole and absolute discretion, and upon the satisfactory completion of the following:

(i) The assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart or an amendment thereof, including a revised Exhibit A, and such other documents or instruments as the General Partner may require in order to effect the admission of such Person as a Limited Partner.

(ii) To the extent required, an amended Certificate evidencing the admission of such Person as a Limited Partner shall have been signed, acknowledged and filed for record in accordance with the Act.

(iii) The assignee shall have delivered a letter containing the representation set forth in Section 9.1(a) hereof and the agreement set forth in Section 9.1(b) hereof.

(iv) If the assignee is a corporation, partnership or trust, the assignee shall have provided the General Partner with evidence satisfactory to counsel for the Partnership of the assignee's authority to become a Limited Partner under the terms and provisions of this Agreement.

(v) The assignee shall have executed a power of attorney containing the terms and provisions set forth in Section 8.2 hereof.

(vi) The assignee shall have paid all legal fees and other expenses of the Partnership and the General Partner and filing and publication costs in connection with its substitution as a Limited Partner.

(vii) The assignee has obtained the prior written consent of the General Partner to its admission as a Substitute Limited Partner, which consent may be given or denied in the exercise of the General Partner's sole and absolute discretion.

(uuu) For the purpose of allocating Profits and Losses and distributing cash received by the Partnership, a Substitute Limited Partner shall be treated as having become, and appearing in the records of the Partnership as, a Partner upon the filing of the Certificate described in Section 9.3(a)(ii) hereof or, if no such filing is required, the later of the date specified in the transfer documents or the date on which the General Partner has received all necessary instruments of transfer and substitution.

(vvv) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner by preparing the documentation required by this Section and making all official filings and publications. The Partnership shall take all such action as promptly as practicable after the satisfaction of the conditions in this Article 9 to the admission of such Person as a Limited Partner of the Partnership.

Rights of Assignees of Partnership Interests.

(www) Subject to the provisions of Sections 9.1 and 9.2 hereof, except as required by operation of law, the Partnership shall not be obligated for any purposes whatsoever to recognize the assignment by any Limited Partner of its Partnership Interest until the Partnership has received notice thereof.

(xxx) Any Person who is the assignee of all or any portion of a Limited Partner's Limited Partnership Interest, but does not become a Substitute Limited Partner and desires to make a further assignment of such Limited Partnership Interest, shall be subject to all the provisions of this Article 9 to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Limited Partnership Interest.

Effect of Bankruptcy, Death, Incompetence or Termination of a Limited Partner. The occurrence of an Event of Bankruptcy as to a Limited Partner, the death of a Limited Partner or a final adjudication that a Limited Partner is incompetent (which term shall include, but not be limited to, insanity) shall not cause the termination or dissolution of the Partnership, and the business of the Partnership shall continue if an order for relief in a bankruptcy proceeding is entered against a Limited Partner, the trustee or receiver of his estate or, if he dies, his executor, administrator or trustee, or, if he is finally adjudicated incompetent, his committee, guardian or conservator, shall have the rights of such Limited Partner for the purpose of settling or managing his estate property and such power as the bankrupt, deceased or incompetent Limited Partner possessed to assign all or any part of his Partnership Interest and to join with the assignee in satisfying conditions precedent to the admission of the assignee as a Substitute Limited Partner.

Joint Ownership of Interests. A Partnership Interest may be acquired by two individuals as joint tenants with right of survivorship, provided that such individuals either are

married or are related and share the same home as tenants in common. The written consent or vote of both owners of any such jointly held Partnership Interest shall be required to constitute the action of the owners of such Partnership Interest; provided, however, that the written consent of only one joint owner will be required if the Partnership has been provided with evidence satisfactory to the counsel for the Partnership that the actions of a single joint owner can bind both owners under the applicable laws of the state of residence of such joint owners. Upon the death of one owner of a Partnership Interest held in a joint tenancy with a right of survivorship, the Partnership Interest shall become owned solely by the survivor as a Limited Partner and not as an assignee. The Partnership need not recognize the death of one of the owners of a jointly-held Partnership Interest until it shall have received notice of such death. Upon notice to the General Partner from either owner, the General Partner shall cause the Partnership Interest to be divided into two equal Partnership Interests, which shall thereafter be owned separately by each of the former owners.

BOOKS AND RECORDS; ACCOUNTING; TAX MATTERS

Books and Records. At all times during the continuance of the Partnership, the Partners shall keep or cause to be kept at the Partnership's specified office true and complete books of account in accordance with generally accepted accounting principles, including: (a) a current list of the full name and last known business address of each Partner, (b) a copy of the Certificate of Limited Partnership and all Certificates of amendment thereto, (c) copies of the Partnership's federal, state and local income tax returns and reports, (d) copies of this Agreement and amendments thereto and any financial statements of the Partnership for the three most recent years and (e) all documents and information required under the Act. Any Partner or its duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to inspect or copy such records during ordinary business hours.

Custody of Partnership Funds; Bank Accounts.

(yyy) All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking or brokerage institutions as the General Partner shall determine, and withdrawals shall be made only on such signature or signatures as the General Partner may, from time to time, determine.

(zzz) All deposits and other funds not needed in the operation of the business of the Partnership may be invested by the General Partner in investment grade instruments (or investment companies whose portfolio consists primarily thereof), government obligations, certificates of deposit, bankers' acceptances and municipal notes and bonds. The funds of the Partnership shall not be commingled with the funds of any other Person except for such commingling as may necessarily result from an investment in those investment companies permitted by this Section 10.2(b).

Fiscal and Taxable Year. The fiscal and taxable year of the Partnership shall be the calendar year.

Annual Tax Information and Report. Within seventy-five (75) days after the end of each fiscal year of the Partnership, the General Partner shall furnish to each person who was a Limited Partner at any time during such year the tax information necessary to file such Limited Partner's individual tax returns as shall be reasonably required by law.

Tax Matters Partner; Tax Elections; Special Basis Adjustments; Partnership Representative.

(aaaa) The General Partner shall be the Tax Matters Partner of the Partnership within the meaning of Section 6231(a)(7) of the Code. As Tax Matters Partner, the General Partner shall have the right and obligation to take all actions authorized and required, respectively, by the Code for the Tax Matters Partner. The General Partner shall have the right to retain professional assistance in respect of any audit of the Partnership by the Service and all out-of-pocket expenses and fees incurred by the General Partner on behalf of the Partnership as Tax Matters Partner shall constitute Partnership expenses. In the event the General Partner receives notice of a final Partnership adjustment under Section 6223(a)(2) of the Code, the General Partner shall either (i) file a court petition for judicial review of such final adjustment within the period provided under Section 6226(a) of the Code, a copy of which petition shall be mailed to all Limited Partners on the date such petition is filed, or (ii) mail a written notice to all Limited Partners, within such period, that describes the General Partner's reasons for determining not to file such a petition.

(bbbb) All elections required or permitted to be made by the Partnership under the Code or any applicable state or local tax law shall be made by the General Partner in its sole and absolute discretion.

(cccc) In the event of a transfer of all or any part of the Partnership Interest of any Partner, the Partnership, at the option of the General Partner, may elect pursuant to Section 754 of the Code to adjust the basis of the Partnership's assets. Notwithstanding anything contained in Article 5 of this Agreement, any adjustments made pursuant to Section 754 of the Code shall affect only the successor in interest to the transferring Partner and in no event shall be taken into account in establishing, maintaining or computing Capital Accounts for the other Partners for any purpose under this Agreement. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

(dddd) For all tax years beginning after December 31, 2017, this Section 10.5(d) shall apply, and all references to Code sections in this Section 10.5(d) refer to such sections of the Code as in effect after taking into account the amendments provided by the Bipartisan Budget Act of 2015 (P.L. 114). The Partners shall cause the Partnership to appoint the Tax Matters Partner or an affiliate thereof as the "partnership representative" to act on its behalf with respect to any audit, controversy, refund action, or other matter. Such "partnership representative" shall have the rights, power and authority to act as, and perform the duties and obligations of, the "partnership representative" (as such term is used in Section 6223 of the Code), provided that, to the maximum extent permitted by applicable law, the "partnership representative" shall have the same obligations, be subject to the same restrictions and limitations, and granted the rights and protections, in each case, as imposed on or granted to, the Tax Matters Partner under this Section 10.5(a) through (c). It is the intent of the Partners and the Partnership that, to the maximum extent permitted under applicable law, no income tax, interest, penalties or additions to tax shall ever be

assessed against the Partnership pursuant to Sections 6221 or 6225 of the Code, and the Partnership, each of the Partners and any representative thereof shall take all actions (including but not limited to executing any election or consent) necessary to implement such intent. Notwithstanding anything to the contrary contained in this Agreement, upon the request of all Partners with a Percentage Interest of fifty percent (50%) or more, the Partnership and the “partnership representative” shall (i) cause the Partnership to elect out of the application of Section 6221 of the Code by making an election, where permissible, under Section 6221(b) of the Code or (ii) in the event of a “partnership adjustment” within the meaning of Section 6225 of the Code, cause the Partnership to make an election, where permissible under Section 6226 of the Code, to treat such “partnership adjustment” as an adjustment to be taken into account by each Partner (or former Partner) in accordance with Section 6226(b) of the Code. In the event the Partnership is liable for any imputed underpayment with respect to items of Partnership income, gain, loss, deduction or credit that should have been allocated to a Partner for the applicable year, such Partner shall promptly reimburse the Partnership for such amount and such reimbursement shall not be considered a Capital Contribution to the Partnership by such Partner. The foregoing shall apply even if the applicable Partner is no longer a Partner of the Partnership at the time the Partnership becomes liable for such imputed underpayment.

Reports to Limited Partners.

(eeee) As soon as practicable after the close of each fiscal quarter (other than the last quarter of the fiscal year), the General Partner shall cause to be mailed to each Limited Partner a quarterly report containing financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the General Partner, for such fiscal quarter, presented in accordance with generally accepted accounting principles. As soon as practicable after the close of each fiscal year, the General Partner shall cause to be mailed to each Limited Partner an annual report containing financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the General Partner, for such fiscal year, presented in accordance with generally accepted accounting principles. The annual financial statements shall be audited by accountants selected by the General Partner.

(ffff) Any Partner shall further have the right to a private audit of the books and records of the Partnership at the expense of such Partner, provided such audit is made for Partnership purposes and is made during normal business hours.

Safe Harbor Election. The Partners agree that, in the event the Safe Harbor Regulation is finalized, the Partnership shall be authorized and directed to make the Safe Harbor Election and the Partnership and each Partner (including any person to whom an interest in the Partnership is transferred in connection with the performance of services) agrees to comply with all requirements of the Safe Harbor with respect to all interests in the Partnership transferred in connection with the performance of services while the Safe Harbor Election remains effective. The Tax Matters Partner shall be authorized to (and shall) prepare, execute, and file the Safe Harbor Election.

AMENDMENT OF AGREEMENT; MERGER

The General Partner's consent shall be required for any amendment to this Agreement. The General Partner, without the consent of the Limited Partners, may amend this Agreement in any respect or merge or consolidate the Partnership with or into any other partnership or business entity (as defined in Section 17-211 of the Act) in a transaction pursuant to Section 7.1(b), (c) or (d) hereof; provided, however, that (1) the following amendments described in Section 11(a), 11(b), 11(c) and 11(d), and any other merger or consolidation of the Partnership, shall require the consent of Limited Partners holding more than 50% of the Percentage Interests of the Limited Partners and (2) the following amendments described in Section 11(e) shall require the consent of Special OP Unitholders holding more than 50% of the Percentage Interests of the Special OP Unitholders:

(gggg) any amendment affecting the operation of the Conversion Factor or the Redemption Right (except as provided in Section 8.5(d) or 7.1(c) hereof) in a manner adverse to the Limited Partners;

(hhhh) any amendment that would adversely affect the rights of the Limited Partners to receive the distributions payable to them hereunder, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.2 hereof;

(iiii) any amendment that would alter the Partnership's allocations of profit and loss to the Limited Partners, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.2 hereof; or

(jjjj) any amendment that would impose on the Limited Partners any obligation to make additional Capital Contributions to the Partnership.

(kkkk) any amendment that would adversely affect the rights of the Special OP Unitholders under this Agreement.

GENERAL PROVISIONS

Notices. All communications required or permitted under this Agreement shall be in writing and shall be deemed to have been given when delivered personally or upon deposit in the United States mail, registered, postage prepaid return receipt requested, to the Partners at the addresses set forth in Exhibit A attached hereto; provided, however, that any Partner may specify a different address by notifying the General Partner in writing of such different address. Notices to the Partnership shall be delivered at or mailed to its specified office.

Survival of Rights. Subject to the provisions hereof limiting transfers, this Agreement shall be binding upon and inure to the benefit of the Partners and the Partnership and their respective legal representatives, successors, transferees and assigns.

Additional Documents. Each Partner agrees to perform all further acts and execute, swear to, acknowledge and deliver all further documents which may be reasonable, necessary, appropriate or desirable to carry out the provisions of this Agreement or the Act.

Severability. If any provision of this Agreement shall be declared illegal, invalid, or unenforceable in any jurisdiction, then such provision shall be deemed to be severable from this Agreement (to the extent permitted by law) and in any event such illegality, invalidity or unenforceability shall not affect the remainder hereof.

Entire Agreement. This Agreement and exhibits attached hereto constitute the entire Agreement of the Partners and supersede all prior written agreements and prior and contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof.

Pronouns and Plurals. When the context in which words are used in the Agreement indicates that such is the intent, words in the singular number shall include the plural and the masculine gender shall include the neuter or female gender as the context may require.

Headings. The Article headings or sections in this Agreement are for convenience only and shall not be used in construing the scope of this Agreement or any particular Article.

Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one and the same instrument binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware; provided, however, that any cause of action for violation of federal or state securities laws shall not be governed by this Section 12.9.

Effectiveness.Pursuant to Section 17-201(d) of the Act, this Agreement shall be effective as of the date set forth in the Recitals.

IN WITNESS WHEREOF, the parties hereto have hereunder affixed their signatures to this Agreement, all as of the date first above written.

GENERAL PARTNER:

ARES INDUSTRIAL REAL ESTATE INCOME TRUST
INC., a Maryland corporation

By: /s/ Jeffrey W. Taylor
Name: Jeffrey W. Taylor
Title: Managing Director and Co-President

LIMITED PARTNER:

ARES INDUSTRIAL REAL ESTATE INCOME TRUST
INC., a Maryland corporation, on its own behalf and as
attorney-in-fact for all Limited Partners other than the Special
OP Unitholder

By: /s/ Jeffrey W. Taylor
Name: Jeffrey W. Taylor
Title: Managing Director and Co-President

SPECIAL OP UNITHOLDER:

BCI IV INCENTIVE FEE LP, a Delaware limited partnership,
as sole Special OP Unitholder

By: AIREIT INCENTIVE FEE GP LLC, a Delaware
limited liability company, as its General Partner

By: ARES COMMERCIAL REAL ESTATE
MANAGEMENT LLC, a Delaware limited liability
company, as its sole member

By: /s/ Anton Feingold
Name: Anton Feingold
Title: Vice President

EXHIBIT A
As of January 1, 2022

Partner	Cash Contribution	Agreed Value of Capital Contribution	Partnership Units			Special Partnership Units	Percentage Interest	Special Percentage Interest
			Class I	Class T	Class W			
GENERAL PARTNER:								
Ares Industrial Real Estate Income Trust Inc. 518 17 th Street, 17 th Floor Denver, CO 80202	\$2,000	\$2,000	200	—	—	—	0.000%	—
ORIGINAL LIMITED PARTNER:								
Ares Industrial Real Estate Income Trust Inc. 518 17 th Street, 17 th Floor Denver, CO 80202	\$2,815,737,762	\$2,815,737,762	39,478,492	209,486,765	14,305,332	—	99.504%	—
OTHER LIMITED PARTNERS	\$13,275,770	\$13,275,770	1,311,304	—	—	—	0.496%	—
SPECIAL OP UNITHOLDER:								
AIREIT Incentive Fee LP 2000 Avenue of the Stars, 12 th Floor Los Angeles, CA 90067	\$1,000	\$1,000	—	—	—	100	—	100.0%
Totals	\$2,691,153,766	\$2,691,153,766	36,778,368	203,776,254	12,984,645	100	100.0%	100.0%

EXHIBIT B

NOTICE OF EXERCISE OF REDEMPTION RIGHT

In accordance with Section 8.5 of the Limited Partnership Agreement (the "Agreement") of AIREIT Operating Partnership LP, the undersigned hereby irrevocably (i) presents for redemption [number] [Series and/or Class] Partnership Units in AIREIT Operating Partnership LP in accordance with the terms of the Agreement and the Redemption Right referred to in Section 8.5 thereof, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Cash Amount or REIT Shares Amount (as defined in the Agreement) as determined by the General Partner deliverable upon exercise of the Redemption Right be delivered to the address specified below, and if REIT Shares (as defined in the Agreement) are to be delivered, such REIT Shares be registered or placed in the name(s) and at the address(es) specified below.

Dated: _____, _____

(Name of Limited Partner)

(Signature of Limited Partner)

(Mailing Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are to be issued, issue to:

Name: _____

Social Security
or Tax I.D. Number: _____

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
THIRD AMENDED AND RESTATED EQUITY INCENTIVE PLAN**

ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC., a Maryland corporation (the “Company”), adopted the Second Amended and Restated Equity Incentive Plan (the “Prior Plan”) effective July 1, 2021, for the benefit of the eligible non-employee directors, officers, other employees, advisors and consultants providing services to the Company. Effective February 11, 2022, the Board adopted this Third Amended and Restated Equity Incentive Plan (the “Plan”) to amend and restate the Prior Plan in its entirety.

The purpose of the Plan is to enable the Company, the Advisor and other Plan Related Parties to obtain and retain the services of eligible individuals who are important to the long range success of the Company, by offering such individuals an opportunity to participate in the Company’s growth through the ownership of stock in the Company.

DEFINITIONS

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise.

“Administrator” shall mean the Board or, if the Board so delegates its authority, the Compensation Committee.

“Advisor” shall mean Ares Commercial Real Estate Management LLC, a Delaware limited liability company.

“Affiliate” or “Affiliated” means, as to any individual, corporation, partnership, trust, limited liability company or other legal entity (i) any person or entity directly or indirectly through one or more intermediaries controlling, controlled by or under common control with another person or entity; (ii) any person or entity directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of another person or entity; (iii) any officer, director, general partner or trustee of such person or entity; (iv) any person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held, with power to vote, by such other person; and (v) if such other person or entity is an officer, director, general partner or trustee of a person or entity, the person or entity for which such person or entity acts in any such capacity.

“Award” shall mean any grant of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Dividend Equivalents, or Other Share-Based Awards under the Plan.

“Award Agreement” shall mean the written document(s), including an electronic writing acceptable to the Administrator, and any notice, addendum, amendment or supplement thereto, memorializing the terms and conditions of an Award granted pursuant to the Plan and which shall incorporate the terms of the Plan.

“Beneficial Owner” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

“Board” shall mean the Board of Directors of the Company.

“Cause” shall mean:

(a) Participant’s breach of any provision of this Plan or Participant’s material breach of any other written agreement between Participant and the Company or any Plan Related Party which results in termination of such Participant’s employment with the Company or any Plan Related Party, including,

without limitation, the confidentiality, non-solicitation, certification requirements, clawback and non-compete (if applicable) provisions thereof;

(b) Participant's failure to adhere to any written policy of the Company or any Plan Related Party if Participant has been given a reasonable opportunity to comply with such policy or cure his or her failure to comply;

(c) the appropriation (or attempted appropriation) of a material business opportunity of the Company or any Plan Related Party, including attempting to secure or securing any personal profit or benefit in connection with any transaction entered into on behalf of the Company or any Plan Related Party;

(d) the misappropriation (or attempted misappropriation) of any of funds or property of the Company or any Plan Related Party;

(e) the conviction of, the indictment for (or its procedural equivalent), or the entering of a guilty plea or plea of no contest with respect to, a felony, the equivalent thereof, or any other crime with respect to which imprisonment is a possible punishment; or

(f) The involuntary revocation of a license necessary for the job which Participant is performing for the Company or a Plan Related Party at the time of revocation.

"Change in Control" shall mean any of the following transactions:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities (a "Controlling Interest"), excluding (i) any acquisition by any Person that on the Effective Date is the Beneficial Owner of a Controlling Interest; (ii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company, or (iii) any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (c) below; or

(b) a change in the composition of the Board over a period of 36 consecutive months (or less) such that a majority of the Board members (rounded up to the nearest whole number) ceases, by reason of one or more proxy contests for the election of Board members, to be comprised of individuals who either (i) have been Board members continuously since the beginning of such period or (ii) have been elected or nominated for election as Board members during such period by at least two-thirds (2/3) of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board; or

(c) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other entity, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred (i) solely as the result of a public offering or (ii) by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Common Stock" shall mean the common stock of the Company, par value \$0.01 per share, issued or authorized to be issued in the future, but excluding any preferred stock and any warrants, options or other rights to purchase Common Stock.

"Compensation Committee" shall mean the compensation committee of the Board, which shall at all times consist of two or more persons who are (i) "non-employee directors" within the meaning of Rule 16b-3 and (ii) Independent Directors.

"Director Restricted Stock" shall mean an Award of Shares granted pursuant to Article VII.

"Dividend Equivalent" shall mean a right to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares.

"Eligible Individual" shall mean any director, officer or other employee of the Company, or any consultant or advisor of the Company who is a natural person providing bona fide services to the Company and those services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly or indirectly promote or maintain a market for the Company's stock. Such natural person may be an employee of any Plan Related Party as long as he or she is performing bona fide advisory or consulting services to the Company or a Related Corporation.

"Employer" shall mean either the Company or a Related Corporation, or any Plan Related Party, as the context may require.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fair Market Value" on any date shall mean the Closing Price (as defined below) per Share on such date if such date is a Trading Day or, if such date is not a Trading Day, the Trading Day immediately prior to such date. The "Closing Price" on any date shall mean the last sale price, regular way (as defined below), or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange on which the Shares are listed or admitted to trading or, if the Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by The Nasdaq Stock Market, Inc. ("NASDAQ") or, if NASDAQ is no longer in use, the principal automated quotation system that may then be in use or, if the Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a

professional market-maker authorized to make a market in the Shares selected by the Board or, if there is no professional market maker making a market in the Shares, the price at which the Company is then offering Shares to the public if the Company is then engaged in a public offering of Shares, or if the Company is not then offering Shares to the public, the fair market value of a Share as determined by the Board, in its absolute discretion.

“Incentive Stock Option” shall mean an Option that is intended to qualify as an “incentive stock option” within the meaning of Section 422 of the Code.

“Independent Director” shall mean a member of the Board who is not, and within the last two years has not been, directly or indirectly, associated with the Advisor or any of its Affiliates by virtue of (i) ownership of an interest in the Advisor or any of its Affiliates, (ii) employment by the Advisor or any of its Affiliates, (iii) service as an officer or director of the Advisor or any of its Affiliates, (iv) performance of services, other than as a director, for the Company, (v) service as a director or trustee of more than three real estate investment trusts advised by the Advisor or its Affiliates, or (vi) maintenance of a material business or professional relationship with the Advisor or any of its Affiliates. An indirect relationship shall include circumstances in which a director’s spouse, parents, children, siblings, mother- or father-in-law, sons- or daughters-in-law or brothers- or sisters-in-law is or has been associated with the Advisor or any of its Affiliates. A business or a professional relationship is considered material if gross income derived by the director from the Advisor or Affiliates thereof exceeds five percent (5%) of either the director’s annual gross income during either of the last two years or the director’s net worth determined on a fair market value basis.

“Liquidity Event” shall mean a transaction or series of transactions that provide liquidity to the Company’s stockholders and shall include, but shall not be limited to, (i) a listing of the Shares on a national securities exchange, (ii) a sale, merger or other transaction in which the Company’s stockholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company, and (iii) the sale of all or substantially all of the Company’s assets where the Company’s stockholders either receive, or have the option to receive, cash or other consideration.

“Non-Employee Director” shall have the meaning ascribed to such term in Section 7.1.

“Non-Qualified Stock Option” shall mean an Option which is not intended to be an Incentive Stock Option.

“Option” shall mean a stock option granted under Article IV.

“Other Share-Based Award” shall mean an Award granted under Article IX.

“Participant” shall mean an Eligible Individual who is granted an Award.

“Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

“Plan” shall mean this Second Amended and Restated Equity Incentive Plan of Ares Industrial Real Estate Income Trust Inc., as it may be amended from time to time.

“Plan Related Party” shall mean any entity or entities which are controlled by or majority owned by Ares Management Corporation, Ares Holdings L.P. or their respective Affiliates (each an “Ares Entity”

and collectively, the “Ares Entities”) or by any partnership, trust or other entity which an Ares Entity controls or majority owns and specifically shall include (whether within the foregoing definition or not), without limitation, the Company, the Advisor, the Ares Entities, and any entity or entities presently in existence or to be formed in the future which are controlled by, under common control with, or controlling an Ares Entity, the Advisor or the Company.

“Related Corporation” shall mean a parent or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code.

“Restricted Stock” shall mean an Award of Shares granted under Article VI.

“Restricted Stock Unit” shall mean an Award of a Unit granted under Article VIII.

“Rule 16b-3” shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Shares” shall mean shares of Common Stock issuable upon the grant, vesting, exercise and/or settlement of Awards under the Plan.

“Stock Appreciation Right” or “SAR” shall mean an Award granted under Article V.

“Termination of Service” shall mean the time when the service provider/service recipient relationship between a Participant and the Employer is terminated for any reason, with or without Cause, including, but not by way of limitation, a termination by resignation, discharge, death, disability or retirement; but, provided it does not conflict with any terms of an Award Agreement, excluding (i) at the absolute discretion of the Administrator, termination where there is a simultaneous reemployment or continuing employment of a Participant by another Employer or, in the absolute discretion of the Administrator, an Affiliate of another Employer, (ii) at the absolute discretion of the Administrator, terminations which result in a temporary severance of the service provider/service recipient relationship, and (iii) at the absolute discretion of the Administrator, terminations which are followed by the simultaneous establishment of a consulting relationship with the Participant by an Employer. Provided it does not conflict with any terms of an Award Agreement, the Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Service, including, but not by way of limitation, the question of whether a Termination of Service resulted from a discharge for Cause, and all questions or whether a particular leave of absence constitutes a Termination of Service. Notwithstanding the foregoing, with respect to any Award that constitutes a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code, “Termination of Service” shall mean a “separation from service” as defined under Section 409A of the Code to the extent required by Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code.

“Trading Day” shall mean a day on which the principal national securities exchange or national automated quotation system on which the Shares are listed or admitted to trading is open for the transaction of business or, if the Shares are not listed or admitted to trading on any national securities exchange or national automated quotation system, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Colorado are authorized or obligated by law or executive order to close. The term “regular way” means a trade that is effected in a recognized securities market for clearance and settlement pursuant to the rules and procedures of the National Securities Clearing Corporation, as opposed to a trade effected “ex-clearing” for same day or next day settlement.

“Unit” shall mean a unit, the value of which shall always be equal to the value of one Share.

SHARES SUBJECT TO PLAN

Shares Subject to Plan. The aggregate number of Shares which may be issued upon grant, vesting, exercise or settlement of Awards under the Plan shall not exceed five million (5,000,000), subject to adjustment as provided herein; provided, however, that in no event may the aggregate number of Shares which may be issued upon grant, vesting or exercise of Awards under the plan exceed five percent (5%) of the Company’s outstanding Shares on a fully diluted basis. The Shares issuable under the Plan may be previously authorized but unissued shares or treasury shares.

Individual Limitations. No more than two hundred thousand (200,000) Shares may be made subject to Incentive Stock Options to a single individual in a single calendar year, subject to adjustment as provided herein. To the extent that any Option exceeds this limit or otherwise fails to qualify as an Incentive Stock Option, it shall constitute a Non-Qualified Stock Option.

Expired Awards and Other Rights. If any shares subject to an Award are forfeited, cancelled, exchanged or surrendered or if an Award terminates or expires without a distribution of shares to the Participant, or if Shares are surrendered or withheld as payment of either the exercise price of an Award and/or withholding taxes in respect of an Award, the Shares with respect to such Award shall, to the extent of any such forfeiture, cancellation, exchange, surrender, withholding, termination or expiration, again be available for Awards under the Plan. Upon the exercise of any Award granted in tandem with any other Award, such related Award shall be cancelled to the extent of the number of Shares as to which the Award is exercised and, notwithstanding the foregoing, such number of Shares shall no longer be available for Awards under the Plan.

Adjustments to Shares, Awards. In the event that the Administrator shall determine that any dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, stock split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event, affects the Shares such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Plan, then the Administrator shall make such equitable changes or adjustments as it deems necessary or appropriate to any or all of (i) the number and kind of Shares or other property (including cash) that may thereafter be issued in connection with Awards, (ii) the number and kind of Shares or other property (including cash) issued or issuable in respect of outstanding Awards, (iii) the exercise price, grant price, or purchase price relating to any Award; provided, that, with respect to Incentive Stock Options, such adjustment shall be made in accordance with Section 424(h) of the Code; and (iv) the performance goals applicable to outstanding Awards.

GRANTING OF AWARDS

Eligibility. Any Eligible Individual selected by the Administrator pursuant to Section 3.2(a)(i) shall be eligible to receive an Award.

Granting of Awards.

The Administrator shall from time to time, in its absolute discretion, and subject to applicable limitations of the Plan:

determine which Eligible Individuals should be granted Awards;

determine the number of Shares to be subject to such Awards; and

determine the terms and conditions of such Awards, consistent with the Plan.

Upon the selection of a Participant to be granted an Award, the Administrator shall instruct the Secretary of the Company to issue the Award and may impose such conditions on the grant of the Award as it deems appropriate.

Notwithstanding Section 3.2(a) and (b), no Award shall be granted to any Participant to the extent that the grant of such Award could, at the time of grant or afterwards, impair the Company's status as a real estate investment trust within the meaning of the Code or result in a violation of any of the stock ownership and transfer restrictions imposed under the Company's Articles of Incorporation, as amended.

Notwithstanding Section 3.2 (a) and (b), no Dividend Equivalents and no SARs are permitted to be granted to any Participant unless and until the Common Stock is listed on a national securities exchange.

STOCK OPTIONS

Option Agreement. The Administrator may from time to time grant to Eligible Individuals Awards of Incentive Stock Options or Non-Qualified Stock Options; *provided, however*, that Awards of Incentive Stock Options shall be limited to employees of the Company or of any current or hereafter existing Related Corporation, and any other Eligible Individuals who are eligible to receive Incentive Stock Options under the provisions of Section 422 of the Code. Each Option shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine consistent with the Plan. No Option shall be an Incentive Stock Option unless so designated by the Administrator at the time of grant or in the applicable Award Agreement.

Exercise Price. The exercise price per Share of the Shares subject to each Option shall be set by the Administrator; *provided, however*, that such exercise price shall not be less than the Fair Market Value of a Share on the date the Option is granted.

Option Term. The term of an Option shall be set by the Administrator in its absolute discretion; provided, however, that no Option shall be granted with a term greater than the later of (i) five years from the date of a Liquidity Event or (ii) ten years from the date the Option is granted; *provided, further*, that no Option shall have a term of more than ten years from the date the Option is granted. The Administrator may extend the term of any outstanding Option in connection with any Termination of Service of the Participant, or amend any other term or condition of such Option relating to such a termination.

Option Vesting.

The period during which the right to exercise an Option in whole or in part vests in the Participant shall be set by the Administrator and the Administrator may determine that an Option may not be exercised in whole or in part for a specified period after it is granted; *provided, however*, that, unless the Administrator otherwise provides in the terms of the Award Agreement or otherwise, no Option shall be exercisable by any Participant who is then subject to Section 16 of the Exchange Act within the period ending six months and one day after the date the Option is granted. The vesting of an Option may be made subject to the attainment of one or more performance goals.

No portion of an Option which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator in any Award Agreement or by action of the Administrator following the grant of the Option.

Partial Exercise. An Option may be exercised in whole or in part; however, an Option shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Award Agreement, a partial exercise be allowed only with respect to a minimum number of Shares.

Manner of Exercise. All or a portion of an Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company (or such other officer as identified in the applicable Award Agreement) with a copy of such documents delivered concurrently to the Secretary of the Participant's Employer:

a written notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised, and such notice shall be signed by the Participant or other person then entitled to exercise the Option or such portion of the Option;

such representations and documents as the Administrator, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as amended, and any other federal or state securities laws or regulations; *provided*, the Administrator may, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

in the event that the Option shall be exercised by any person or persons other than the Participant, as determined pursuant to Section 12.2, appropriate proof of the right of such person or persons to exercise the Option; and

full satisfaction of the exercise price for the Shares with respect to which the Option, or portion thereof, is exercised; *provided*, that in the discretion of the Administrator and subject to the terms set forth in the applicable Award Agreement, the exercise price for Shares subject to an Option may be paid (i) in cash or cash equivalents, (ii) by an exchange of Shares previously owned by the Participant, (iii) through a "broker cashless exercise" procedure approved by the Administrator (to the extent permitted by law), (iv) by having Shares with an aggregate Fair Market Value on the date of exercise equal to the aggregate exercise price withheld by the Company or (v) a combination of the above, in any case in an amount having a combined value equal to such exercise price.

STOCK APPRECIATION RIGHTS

In General. An SAR may be granted as a stand-alone Award or in tandem with an Option; provided, that, an SAR shall not be granted unless and until the Common Stock is listed on a national securities exchange. An SAR (i) granted in tandem with an Option may be granted at the time of grant of the related Option or at any time thereafter or (ii) granted in tandem with an Incentive Stock Option may only be granted at the time of grant of the related Incentive Stock Option. An SAR granted in tandem with an Option shall be exercisable only to the extent the underlying Option is exercisable. Payment of a SAR may be made in cash, Shares, or other property as specified in the Award Agreement or determined by the Administrator.

SAR Agreement. Each SAR shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine consistent with the Plan.

Right Conferred. An SAR shall confer on the Participant a right to receive an amount with respect to each Share subject thereto, upon exercise thereof, equal to the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the SAR (which in the case of an SAR granted in tandem with an Option shall be equal to the exercise price of the underlying Option).

Grant Price. The grant price per share of the Shares subject to each SAR shall be set by the Administrator; provided, however, that such grant price shall not be less than the Fair Market Value of a Share on the date the SAR is granted.

SAR Term. The term of an SAR shall be set by the Administrator in its absolute discretion; provided, however, that no SAR shall be granted with a term of more than the later of (i) five years from the date of a Liquidity Event, or (ii) ten years from the date the SAR is granted; provided, further, that no SAR shall have a term of more than ten years from the date the SAR is granted. The Administrator may extend the term of any outstanding SAR in connection with any Termination of Service of the Participant, or amend any other term or condition of such SAR relating to such a termination.

SAR Vesting.

The period during which the right to exercise an SAR in whole or in part vests in the Participant shall be set by the Administrator and the Administrator may determine that an SAR may not be exercised in whole or in part for a specified period after it is granted; provided, however, that, unless the Administrator otherwise provides in the terms of the Award Agreement or otherwise, no SAR shall be exercisable by any Participant who is then subject to Section 16 of the Exchange Act within the period ending six months and one day after the date the SAR is granted. The vesting of an SAR may be made subject to the attainment of one or more performance goals.

No portion of an SAR which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator in any Award Agreement or by action of the Administrator following the grant of the SAR.

Partial Exercise. An SAR may be exercised in whole or in part; however, an SAR shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Award Agreement, a partial exercise be allowed only with respect to a minimum number of Shares.

Manner of Exercise. All or a portion of an SAR shall be deemed exercised upon delivery of all of the following to the Secretary of the Company (or such other officer as identified in the applicable Award Agreement) with a copy of such documents delivered concurrently to the Secretary of the Participant's Employer:

a written notice complying with the applicable rules established by the Administrator stating that the SAR, or a portion thereof, is exercised, and such notice shall be signed by the Participant or other person then entitled to exercise the SAR or such portion of the SAR;

such representations and documents as the Administrator, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as amended, and any other federal or state securities laws or regulations; provided, the Administrator may, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars; and

in the event that the SAR shall be exercised by any person or persons other than the Participant, as determined pursuant to Section 12.2, appropriate proof of the right of such person or persons to exercise the SAR.

RESTRICTED STOCK

Restricted Stock. The Administrator is authorized to grant Restricted Stock to Eligible Individuals on the following terms and conditions:

Restricted Stock Agreement. Each Restricted Stock Award shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine consistent with the Plan.

Issuance and Restrictions. Restricted Stock shall be subject to such restrictions on transferability and other restrictions, if any, as the Administrator may impose at the date of grant or thereafter, which restrictions may lapse separately or in combination at such times, under such circumstances, in such installments, or otherwise, as the Administrator may determine. The Administrator may place restrictions on Restricted Stock that shall lapse, in whole or in part, only upon the attainment of performance goals. Except to the extent restricted under the Award Agreement relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a stockholder including, without limitation, the right to vote Restricted Stock and the right to receive dividends thereon.

Forfeiture. Upon Termination of Service during the applicable restriction period, Restricted Stock and any accrued but unpaid dividends that are then subject to restrictions shall be forfeited; provided, that the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock.

Certificates for Stock. Certificates representing Restricted Stock granted under the Plan may be evidenced in such manner as the Administrator shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, such certificates shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company shall retain physical possession of the certificate.

Dividends. Dividends paid on Restricted Stock shall be either paid at the dividend payment date, or deferred for payment to such date as determined by the Administrator, in cash or in unrestricted Shares having a Fair Market Value equal to the amount of such dividends. Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Shares or other property has been distributed.

DIRECTOR RESTRICTED STOCK

Eligibility. Only directors of the Company who at the time Director Restricted Stock is granted under this Article VII are “non-employee directors” within the meaning of Rule 16b-3 or any similar rule which may subsequently be in effect (“Non-Employee Directors”) shall be eligible to receive Director Restricted Stock under this Article VII.

Award of Restricted Stock.

Each Non-Employee Director who satisfies the conditions set forth in Section 7.1 may be awarded Shares of Director Restricted Stock (subject to adjustment pursuant to Section 2.4) at the discretion of the Administrator. Effective on the date of each Annual Meeting of Stockholders of the Company (an “Annual Meeting”), each Non-Employee Director then in office may be awarded, at the discretion of the Administrator, Shares of Director Restricted Stock (subject to adjustment pursuant to Section 2.4).

Notwithstanding any other provision of the Plan, the number of Shares of Director Restricted Stock to be issued pursuant to this Article VII shall be reduced or eliminated to the extent that the issuance of such Shares of Director Restricted Stock would otherwise (i) enable the Independent Directors as a group to hold more than 10% of the outstanding Shares if such Shares of Director Restricted Stock were fully vested; (ii) result in the Company being “closely-held” within the meaning of Section 856(h) of the Code; (iii) cause the Company to own, directly or constructively, 10% or more of the ownership interests in a tenant of the property of the Company (or of the property of one or more partnerships in which the Company is a partner), within the meaning of Section 856(d)(2)(B) of the Code; (iv) result in a violation of any of the stock ownership and transfer restrictions imposed under the Company’s Articles of Incorporation, as amended; or (v) cause, in the opinion of counsel to the Company, the Company to fail to qualify (or create, in the opinion of counsel to the Company, a risk that the Company would no longer qualify) as a real estate investment trust within the meaning of the Code.

Except as provided otherwise in this Plan, the Director Restricted Stock shall be subject to the same terms and conditions as are applicable to the Restricted Stock.

RESTRICTED STOCK UNITS

Restricted Stock Units. The Administrator is authorized to grant Restricted Stock Units to Eligible Individuals, subject to the terms and conditions contained in the Plan and the applicable Award Agreement.

Restricted Stock Unit Agreement. Each Restricted Stock Unit Award shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine consistent with the Plan.

Award and Restrictions. Delivery of Shares or cash, as determined by the Administrator, will occur upon expiration of the deferral period specified for Restricted Stock Units by the Administrator. The Administrator may place restrictions on Restricted Stock Units that shall lapse, in whole or in part, upon the attainment of performance goals.

Forfeiture. Upon Termination of Service during the applicable deferral period or portion thereof to which forfeiture conditions apply, or upon failure to satisfy any other conditions precedent to the delivery of Shares or cash to which such Restricted Stock Units relate, all Restricted Stock Units shall be forfeited; provided, that the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock Units will be waived in whole or in part in the event of termination resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock Units.

Dividend Equivalents. Dividend Equivalents shall not be granted unless and until the Common Stock is listed on a national securities exchange. Unless otherwise determined by the Administrator at the date of grant, any Dividend Equivalents that are granted with respect to any Restricted Stock Unit shall be either (A) paid with respect to such Restricted Stock Unit at the dividend payment date in cash or in Shares of unrestricted Common Stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Restricted Stock Unit and the amount or value thereof automatically deemed

reinvested in additional Restricted Stock Units, other Awards or other investment vehicles, as the Administrator shall determine or permit the Participant to elect. The applicable Award Agreement shall specify whether any Dividend Equivalents shall be paid at the dividend payment date, deferred or deferred at the election of the Participant (subject to the requirements of Section 409A of the Code).

OTHER AWARDS

Other Share-Based Awards. The Administrator shall have the authority to grant Awards to Eligible Individuals in the form of Other Share-Based Awards, as deemed by the Administrator to be consistent with the purposes of the Plan. Each Other Share-Based Award shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine. Awards granted pursuant to this Article IX may be granted with value and payment contingent upon the attainment of one or more performance goals. The Administrator shall determine the terms and conditions of such Awards at the date of grant or thereafter.

CONDITIONS TO ISSUANCE OF SHARES

Issuance. The Company shall not be required to issue or deliver any Shares purchased upon the grant, vesting and/or exercise of any Award, or portion thereof, prior to fulfillment of all of the following conditions:

the registration of such Shares for listing on all stock exchanges on which the Shares are then listed;

the completion of any registration or other qualification of such Shares under any state or federal law, or under the rulings of regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Administrator shall, in its absolute discretion, deem necessary or advisable;

the obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;

the lapse of such reasonable period of time following the grant, vesting and/or exercise of the Award as the Administrator may establish from time to time for reasons of administrative convenience; and

full satisfaction of the exercise or purchase price for such Shares, plus satisfaction of any Employer applicable withholding tax obligations, in either case, in accordance with the terms of the Plan and the applicable Award Agreement.

ADMINISTRATION

Administration. The Plan shall be administered by the Board or, if the Board so delegates its authority, by the Compensation Committee. If the Board administers the Plan, all references herein to the "Administrator" shall be references to the Board. If the Compensation Committee is appointed to administer the Plan, all references herein to the "Administrator" shall be references to the Compensation Committee. The Administrator shall have the authority in its absolute discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Awards; to determine the Eligible

Individuals to whom and the time or times at which Awards shall be granted; to determine the type and number of Awards to be granted, the number of Shares to which an Award may relate and the terms, conditions, restrictions and performance criteria relating to any Award; to accelerate the vesting of any Award at any time; and to determine whether, to what extent, and under what circumstances an Award may be settled, cancelled, forfeited, exchanged, or surrendered; to make adjustments in the terms and conditions of, and the performance goals (if any) included in, Awards; to construe and interpret the Plan and any Award; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the Award Agreements (which need not be identical for each Participant); and to make all other determinations deemed necessary or advisable for the administration of the Plan.

Notwithstanding the foregoing, neither the Board, the Compensation Committee nor their respective delegates shall have the authority to reprice (or cancel and regrant) any Option or, if applicable, other Award at a lower exercise, grant or purchase price without first obtaining the approval of the Company's stockholders.

In addition, an Award shall not be granted, become vested, be exercised or paid if, in the sole and absolute discretion of the Administrator, the grant, vesting, exercise or payment of such Award could result in any of the following:

the Participant's or any other person's ownership of Shares being in violation of any of the stock ownership and transfer restrictions imposed under the Company's Articles of Incorporation, as amended;

the Shares being deemed to not be transferable within the meaning of Section 856 of the Code;

income to the Company or any other result that could impair the Company's status as a real estate investment trust within the meaning of the Code.

Duties and Powers of Administrator. The Administrator may appoint a chairperson and a secretary and may make such rules and regulations for the conduct of its business as it shall deem advisable, and shall keep minutes of its meetings. All determinations of the Administrator shall be made by a majority of its members either present in person or participating by conference telephone at a meeting or by written consent. The Administrator may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, and the Administrator or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Administrator or such person may have under the Plan. All decisions, determinations and interpretations of the Administrator shall be final and binding on all persons, including but not limited to the Company, any parent or subsidiary of the Company or any Participant (or any person claiming any rights under the Plan from or through any Participant) and any stockholder.

Professional Assistance; Good Faith Actions. The Administrator may employ attorneys, consultants, accountants, appraisers, brokers, or other persons. The Administrator, the Company and the Company's officers shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon all Participants, the Company, stockholders and all other interested persons. No members of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan and all members of the Administrator and shall be fully protected by the Company in respect of any such action, determination or interpretation.

Delegation of Authority to Grant Awards. The Administrator may, but need not, delegate from time to time to a committee consisting of one or more of the Company's officers authority to grant Awards under the Plan to Eligible Individuals; provided, however, that each such Eligible Individual must be an individual other than an "officer," "director" or "beneficial owner of more than ten per cent of any class of

any equity security” of the Company within the meaning of each such term as it is used under Section 16(b) of the Exchange Act. Any delegation hereunder shall be subject to the restrictions and limits that the Administrator specifies at the time of such delegation of authority and may be rescinded at any time by the Administrator. At all times, any subcommittee appointed under this Section 11.4 shall serve in such capacity at the pleasure of the Administrator.

MISCELLANEOUS PROVISIONS

Rights as Stockholders. Except as determined by the Administrator and set forth in an Award Agreement, the holders of Awards shall not be, nor have any of the rights or privileges of, stockholders of the Company in respect of any Shares subject to an Award unless and until such Shares have been issued by the Company to such holders.

Not Transferable. Awards granted under the Plan may not be sold, pledged, assigned, or transferred in any manner other than by will or applicable laws of descent and distribution. No Award holder shall be liable for the debts, contracts or engagements of the Participant or his or her successors-in-interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

During the lifetime of the Participant, only he or she may exercise an Option or SAR (or any portion thereof) granted to him or her under the Plan. After the death of the Participant, any exercisable portion of the Option or SAR may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his or her personal representative or by any person empowered to do so under the deceased Participant’s will or under the then applicable laws of descent and distribution.

The restrictions set forth in this Section 12.2 shall not preclude the transfer of any Shares delivered pursuant to any Award to the extent that the Shares are no longer subject to any risk of forfeiture or other restriction under any Award Agreement or any other provision of the Plan or any restrictions required by applicable federal and state securities laws.

No Right to Employment or Other Service Relationship. Nothing in the Plan or in any Award Agreement hereunder shall (i) confer upon any Participant any right to (a) continue in the employ of his or her Employer or to provide services to the Company, or (b) receive any severance pay from the Company or his or her Employer, or (ii) interfere with or restrict in any way the rights of the Company or his or her Employer, which are hereby expressly reserved, to terminate the services of any Participant at any time for any reason whatsoever, with or without Cause.

Term of Plan. Unless earlier terminated by the Board, the Plan shall automatically expire and terminate on the tenth anniversary of the date on which it was adopted by the Company. The expiration or other termination of the Plan shall have no adverse affect on any Awards that are outstanding on the date of such expiration or other termination.

Amendment, Suspension or Termination of the Plan. The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board; provided, however, that unless otherwise determined by the Board, an amendment that requires stockholder approval in order for the Plan to continue to comply with applicable law, regulation or stock exchange requirement shall not be effective unless approved by the requisite vote of stockholders.

Notwithstanding the foregoing, no amendment, suspension or termination of the Plan shall, without the consent of the holder of an Award, alter or impair any rights or obligations under such Award theretofore granted or awarded unless the Award Agreement itself otherwise expressly so provides, and no amendment shall be made that could jeopardize the status of the Company as a real estate investment trust under the Code. No Awards may be granted or awarded during any period of suspension or after termination of the Plan.

Change in Control and Other Corporate Events.

Subject to Section 12.6(b), in the event of any Change in Control or other transaction or event described in Section 2.4 or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, the Administrator is hereby authorized to take any action with respect to Awards at such time and on such terms and conditions as the Administrator determines in its absolute direction to be desirable, which action(s) may include, without limitation:

a determination that the Company shall pay to the holder of any Award, in consideration for the cancellation of such Award, an amount of cash equal to the amount that could have been attained upon the vesting or exercise of such Award had such Award been currently exercisable or payable or fully vested, as applicable, or the replacement of such Award with other rights or property selected by the Administrator;

a determination that Awards cannot vest, be exercised or become payable after such event, provided that such determination may not conflict with anything to the contrary in an Award Agreement;

a determination that all or some Awards shall become immediately vested and/or exercisable either prior to or as of such event, or that for a specified period of time prior to a transaction or event, an Option or SAR shall be exercisable as to all Shares covered thereby;

a determination that upon such event, such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares or other property and prices which are the subject of such Award; or

a determination to make adjustments to Awards consistent with Section 2.4.

With respect to Awards, no adjustment or action described in this Section 12.6 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions. The number of Shares subject to any Option shall always be rounded to the next whole number.

[Intentionally Omitted]

Tax Withholding. The Company shall be entitled to require of each Participant satisfaction of the Employer's withholding obligations under federal, state or local tax law with respect to the issuance, vesting, exercise or payment of any Award, and the Company may defer such issuance, vesting, exercise or payment unless indemnified to its satisfaction. The Administrator shall provide in the applicable Award Agreement the acceptable methods of satisfying such withholding obligations, which may include: (i) deducting such amounts from other compensation otherwise payable to the Participant; (ii) having Shares otherwise issuable hereunder withheld, the Fair Market Value of which is sufficient to satisfy the

Participant's minimum estimated tax obligations associated with the transaction; (iii) tendering back to the Company previously acquired Shares or (iv) a combination of the foregoing.

Forfeiture Provisions. Pursuant to its general authority to determine the terms and conditions applicable to Awards granted under the Plan, the Administrator shall have the right to provide, in the terms of an Award Agreement, or by separate written instrument, that (i) any proceeds, gains or other economic benefit actually or constructively received by a Participant upon the receipt or exercise of the Award, or upon the receipt or resale of any Shares underlying such Award, must be paid to the Company, and (ii) the Award shall terminate and any outstanding portion of such Award (whether or not vested) shall be forfeited, if (a) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (b) the Participant, at any time, or during a specified time period, engages in any activity in competition with his or her Employer or the Company, or which is inimical, contrary or harmful to the interests of his or her Employer or the Company, as may be further defined from time to time by the Administrator.

Limitations Applicable to Section 16. Notwithstanding any other provision of the Plan, the Plan, and any Award granted to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

Effect of Plan Upon Other Equity and Compensation Plans. The adoption of the Plan shall not affect any other equity- or cash-based compensation or incentive plans in effect for the Company from time to time.

Nothing in the Plan shall be construed to limit the right of the Company (i) to establish any other forms of incentives or compensation for employees of the Company, the Advisor or other Plan Related Parties, or (ii) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including, but not by way of limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

Section 83(b) Election Prohibited. No Participant may make an election under Section 83(b) of the Code with respect to any Award granted under the Plan without the Company's consent, which consent may be granted in the terms of an Award Agreement or in any other written instrument. At the sole and absolute discretion of the Administrator, an Award shall be void and forfeited if a Participant makes an election under Section 83(b) of the Code with respect to any Award granted under the Plan in violation of this Section 12.12.

Compliance with Laws. This Plan, the granting and vesting of Awards under the Plan, the issuance and delivery of Shares, and the payment of money or other consideration allowable under the Plan or under Awards granted hereunder are subject to compliance with all applicable federal and state laws, rules and regulations (including, but not limited to, state and federal securities laws and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Board, the Compensation Committee or the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Board, the Compensation Committee or the Company may deem necessary or desirable to assure compliance with all applicable legal requirements.

To the extent permitted by applicable law, the Plan shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

Governing Law. This Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Colorado without regard to conflicts of laws provisions thereof.

Code Section 409A.

The Award Agreement for any Award that the Administrator reasonably determines to constitute a “nonqualified deferred compensation plan” under Section 409A of the Code (a “Section 409A Plan”), and the provisions of the Plan applicable to that Award, shall be construed in a manner consistent with the applicable requirements of Section 409A of the Code, and the Administrator, in its sole discretion and without the consent of any Participant, may amend any Award Agreement (and the provisions of the Plan applicable thereto) if and to the extent that the Administrator determines that such amendment is necessary or appropriate to comply with the requirements of Section 409A of the Code. Any payments described in an Award Agreement that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise.

If any Award constitutes a Section 409A Plan, then the Award shall be subject to the following additional requirements, if and to the extent required to comply with Section 409A of the Code:

Payments under the Section 409A Plan may only be made upon (u) the Participant’s “separation from service”, (v) the date the Participant becomes “disabled”, (w) the Participant’s death, (x) a “specified time (or pursuant to a fixed schedule)” specified in the Award Agreement at the date of the deferral of such compensation, (y) a “change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets” of the Company, or (z) the occurrence of an “unforeseeable emergency”; *provided, however*, that the Administrator, in its discretion and without the Participant’s consent may exercise its discretion to accelerate the payment or settlement of an Award where such payment or settlement constitutes deferred compensation within the meaning of Code section 409A if and solely to the extent that such accelerated payment or settlement is permissible under Treasury Regulation section 1.409A-3(j)(4) or any successor thereto;

The time or schedule for any payment of the deferred compensation may not be accelerated, except to the extent provided in applicable Treasury Regulations or other applicable guidance issued by the Internal Revenue Service;

Any elections with respect to the deferral of such compensation or the time and form of distribution of such deferred compensation shall comply with the requirements of Section 409A(a)(4) of the Code; and

In the case of any Participant who is a “specified employee”, a distribution on account of a “separation from service” may not be made before the date which is six months after the date of the Participant’s “separation from service” (or, if earlier, the date of the Participant’s death).

For purposes of this Section 12.16(b), the terms in quotations shall have the same meanings as those terms have for purposes of Section 409A of the Code, and the limitations set forth herein shall be applied in such manner (and only to the extent) as shall be necessary to comply with any requirements of Section 409A of the Code that are applicable to the Award.

For purposes of any Award that constitutes a Section 409A Plan, each amount to be paid or benefit to be provided to a Participant that constitutes deferred compensation subject to Section 409A of the Code shall be construed as a separate identified payment for purposes of Section 409A of the Code.

For purposes of Section 409A of the Code, the payment of Dividend Equivalents under any Award shall be construed as earnings and the time and form of payment of such Dividend Equivalents shall be treated separately from the time and form of payment of the underlying Award.

Notwithstanding the foregoing, none of the Company or its Affiliates, or the Plan Related Parties or any of their Affiliates, make any representation to any Participant or Beneficiary that any Awards made pursuant to this Plan are exempt from, or satisfy, the requirements of Section 409A of the Code, and none of the Company or its Affiliates, or the Plan Related Parties or any of their Affiliates, shall have any liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur in the event that any provision of this Plan, or any Award Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
SECOND AMENDED AND RESTATED
PRIVATE PLACEMENT EQUITY INCENTIVE PLAN**

ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC., a Maryland corporation (the “Company”), adopted the Amended and Restated Private Placement Equity Incentive Plan (the “Prior Plan”) effective July 1, 2021, for the benefit of the eligible officers, other employees, advisors and consultants providing services to the Company. Effective February 11, 2022, the Board adopted this Second Amended and Restated Private Placement Equity Incentive Plan (the “Plan”) to amend and restate the Prior Plan in its entirety.

The purpose of the Plan is to enable the Company, the Advisor and other Plan Related Parties to obtain and retain the services of eligible individuals who are important to the long range success of the Company, by offering such individuals an opportunity to participate in the Company’s growth through the ownership of stock in the Company.

DEFINITIONS

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise.

“Administrator” shall mean the Board or, if the Board so delegates its authority, the Compensation Committee.

“Advisor” shall mean Ares Commercial Real Estate Management LLC, a Delaware limited liability company.

“Affiliate” or “Affiliated” means, as to any individual, corporation, partnership, trust, limited liability company or other legal entity (i) any person or entity directly or indirectly through one or more intermediaries controlling, controlled by or under common control with another person or entity; (ii) any person or entity directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of another person or entity; (iii) any officer, director, general partner or trustee of such person or entity; (iv) any person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held, with power to vote, by such other person; and (v) if such other person or entity is an officer, director, general partner or trustee of a person or entity, the person or entity for which such person or entity acts in any such capacity.

“Award” shall mean any grant of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Dividend Equivalents, or Other Share-Based Awards under the Plan.

“Award Agreement” shall mean the written document(s), including an electronic writing acceptable to the Administrator, and any notice, addendum, amendment or supplement thereto, memorializing the terms and conditions of an Award granted pursuant to the Plan and which shall incorporate the terms of the Plan.

“Beneficial Owner” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

“Board” shall mean the Board of Directors of the Company.

“Cause” shall mean:

(a) Participant’s breach of any provision of this Plan or Participant’s material breach of any other written agreement between Participant and the Company or any Plan Related Party which results in termination of such Participant’s employment with the Company or any Plan Related Party, including, without limitation, the

confidentiality, non-solicitation, certification requirements, clawback and non-compete (if applicable) provisions thereof;

(b) Participant's failure to adhere to any written policy of the Company or any Plan Related Party if Participant has been given a reasonable opportunity to comply with such policy or cure his or her failure to comply;

(c) the appropriation (or attempted appropriation) of a material business opportunity of the Company or any Plan Related Party, including attempting to secure or securing any personal profit or benefit in connection with any transaction entered into on behalf of the Company or any Plan Related Party;

(d) the misappropriation (or attempted misappropriation) of any of funds or property of the Company or any Plan Related Party;

(e) the conviction of, the indictment for (or its procedural equivalent), or the entering of a guilty plea or plea of no contest with respect to, a felony, the equivalent thereof, or any other crime with respect to which imprisonment is a possible punishment; or

(f) The involuntary revocation of a license necessary for the job which Participant is performing for the Company or a Plan Related Party at the time of revocation.

"Change in Control" shall mean any of the following transactions:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities (a "Controlling Interest"), excluding (i) any acquisition by any Person that on the Effective Date is the Beneficial Owner of a Controlling Interest; (ii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company; or (iii) any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (c) below; or

(b) a change in the composition of the Board over a period of 36 consecutive months (or less) such that a majority of the Board members (rounded up to the nearest whole number) ceases, by reason of one or more proxy contests for the election of Board members, to be comprised of individuals who either (i) have been Board members continuously since the beginning of such period or (ii) have been elected or nominated for election as Board members during such period by at least two-thirds (2/3) of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board; or

(c) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other entity, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred (i) solely as the result of a public offering or (ii) by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Common Stock” shall mean the common stock of the Company, par value \$0.01 per share, issued or authorized to be issued in the future, but excluding any preferred stock and any warrants, options or other rights to purchase Common Stock.

“Company” shall mean Ares Industrial Real Estate Income Trust Inc., a Maryland corporation.

“Compensation Committee” shall mean the compensation committee of the Board, which shall at all times consist of two or more persons who are (i) “non-employee directors” within the meaning of Rule 16b-3 and (ii) Independent Directors.

“Dividend Equivalent” shall mean a right to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares.

“Eligible Individual” shall mean any person, trust, association or entity to which the Administrator desires to grant an award.

“Employer” shall mean either the Company or a Related Corporation, or any Plan Related Party, as the context may require.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Fair Market Value” on any date shall mean the Closing Price (as defined below) per Share on such date if such date is a Trading Day or, if such date is not a Trading Day, the Trading Day immediately prior to such date. The “Closing Price” on any date shall mean the last sale price, regular way (as defined below), or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange on which the Shares are listed or admitted to trading or, if the Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by The NASDAQ Stock Market, Inc. (“NASDAQ”) or, if NASDAQ is no longer in use, the principal automated quotation system that may then be in use or, if the Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market-maker authorized to make a market in the Shares selected by the Board or, if there is no professional market maker making a market in the Shares, the price at which the Company is then offering shares to the public if the Company is then engaged in a public offering of Shares, or if the Company is not then offering shares to the public, the fair market value of a Share as determined by the Board, in its absolute discretion.

“Independent Director” shall mean a member of the Board who is not, and within the last two years has not been, directly or indirectly, associated with the Advisor or any of its Affiliates by virtue of (i) ownership of an interest in the Advisor or any of its Affiliates, (ii) employment by the Advisor or any of its Affiliates, (iii) service as an officer or director of the Advisor or any of its Affiliates, (iv) performance of services, other than as a director, for the Company, (v) service as a director or trustee of more than three real estate investment trusts advised by the Advisor or its Affiliates, or (vi) maintenance of a material business or professional relationship with the Advisor or any of its Affiliates. An indirect relationship shall include circumstances in which a director’s spouse, parents, children, siblings, mother- or father-in-law, sons- or daughters-in-law or brothers- or sisters-in-law is or has been associated with the Advisor or any of its Affiliates. A business or a professional relationship is considered material if gross income derived by the director from the Advisor or Affiliates thereof exceeds five percent (5%) of either the director’s annual gross income during either of the last two years or the director’s net worth determined on a fair market value basis.

“Liquidity Event” shall mean a transaction or series of transactions that provide liquidity to the Company’s stockholders and shall include, but shall not be limited to, (i) a listing of the Shares on a national securities exchange, (ii) a sale, merger or other transaction in which the Company’s stockholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company, and (iii) the sale of all or substantially all of the Company’s assets where the Company’s stockholders either receive, or have the option to receive, cash or other consideration.

“Non-Qualified Stock Option” shall mean an Option which is not intended to be an “incentive stock option” within the meaning of Section 422 of the Code.

“Option” shall mean a stock option granted under Article IV.

“Other Share-Based Award” shall mean an Award granted under Article IX.

“Participant” shall mean an Eligible Individual who is granted an Award.

“Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

“Plan” shall mean this Amended and Restated Private Placement Equity Incentive Plan of Ares Industrial Real Estate Income Trust Inc., as it may be amended from time to time.

“Plan Related Party” shall mean any entity or entities which are controlled by or majority owned by Ares Management Corporation, Ares Holdings L.P. or their respective Affiliates (each an “Ares Entity” and collectively, the “Ares Entities”) or by any partnership, trust or other entity which an Ares Entity controls or majority owns and specifically shall include (whether within the foregoing definition or not), without limitation, the Company, the Advisor, the Ares Entities, and any entity or entities presently in existence or to be formed in the future which are controlled by, under common control with, or controlling an Ares Entity, the Advisor or the Company.

“Related Corporation” shall mean a parent or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code.

“Restricted Stock” shall mean an Award of Shares granted under Article VI.

“Restricted Stock Unit” shall mean an Award of a Unit granted under Article VIII.

“Rule 16b-3” shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Shares” shall mean shares of Common Stock issuable upon the grant, vesting, and/or exercise and/or settlement of Awards under the Plan.

“Stock Appreciation Right” or “SAR” shall mean an Award granted under Article V.

“Termination of Service” shall mean the time when the service provider/service recipient relationship between a Participant and the Employer is terminated for any reason, with or without Cause, including, but not by way of limitation, a termination by resignation, discharge, death, disability or retirement; but, provided it does not conflict with any terms in an Award Agreement, excluding (i) at the absolute discretion of the Administrator, termination where there is a simultaneous reemployment or continuing employment of a Participant by another Employer or, in the absolute discretion of the Administrator, an Affiliate of another Employer, (ii) at the absolute

discretion of the Administrator, terminations which result in a temporary severance of the service provider/service recipient relationship, and (iii) at the absolute discretion of the Administrator, terminations which are followed by the simultaneous establishment of a consulting relationship with the Participant by an Employer. Provided it does not conflict with any terms in an Award Agreement, the Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Service, including, but not by way of limitation, the question of whether a Termination of Service resulted from a discharge for "Cause," and all questions or whether a particular leave of absence constitutes a Termination of Service. Notwithstanding the foregoing, with respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, "Termination of Service" shall mean a "separation from service" as defined under Section 409A of the Code to the extent required by Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code.

"Trading Day" shall mean a day on which the principal national securities exchange or national automated quotation system on which the Shares are listed or admitted to trading is open for the transaction of business or, if the Shares are not listed or admitted to trading on any national securities exchange or national automated quotation system, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Colorado are authorized or obligated by law or executive order to close. The term "regular way" means a trade that is effected in a recognized securities market for clearance and settlement pursuant to the rules and procedures of the National Securities Clearing Corporation, as opposed to a trade effected "ex-clearing" for same day or next day settlement.

"Unit" shall mean a unit, the value of which shall always be equal to the value of one Share.

SHARES SUBJECT TO PLAN

Shares Subject to Plan. The aggregate number of Shares which may be issued upon grant, vesting, exercise or settlement of Awards under the Plan shall not exceed two million (2,000,000), subject to adjustment as provided herein; *provided, however*, that in no event may the aggregate number of Shares which may be issued upon grant, vesting or exercise of Awards under the plan exceed ten percent (10%) of the Company's outstanding Shares on a fully diluted basis. The Shares issuable under the Plan may be either previously authorized but unissued shares or treasury shares.

[Intentionally Omitted]

Expired Awards and Other Rights. If any shares subject to an Award are forfeited, cancelled, exchanged or surrendered or if an Award terminates or expires without a distribution of shares to the Participant, or if Shares are surrendered or withheld as payment of either the exercise price of an Award and/or withholding taxes in respect of an Award, the Shares with respect to such Award shall, to the extent of any such forfeiture, cancellation, exchange, surrender, withholding, termination or expiration, again be available for Awards under the Plan. Upon the exercise of any Award granted in tandem with any other Award, such related Award shall be cancelled to the extent of the number of Shares as to which the Award is exercised and, notwithstanding the foregoing, such number of Shares shall no longer be available for Awards under the Plan.

Adjustments to Shares, Awards. In the event that the Administrator shall determine that any dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, stock split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event, affects the Shares such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Plan, then the Administrator shall make such equitable changes or adjustments as it deems necessary or appropriate to any or all of (i) the number and kind of Shares or other property (including cash) that may thereafter be issued in connection with Awards, (ii) the number and kind of Shares or other property (including cash) issued or issuable in respect of outstanding Awards, (iii) the exercise price, grant price, or purchase price relating to any Award; and (iv) the performance goals applicable to outstanding Awards.

GRANTING OF AWARDS

Eligibility. Any Eligible Individual selected by the Administrator pursuant to Section 3.2(a)(i) shall be eligible to receive an Award.

Granting of Awards.

The Administrator shall from time to time, in its absolute discretion, and subject to applicable limitations of the Plan:

determine which Eligible Individuals should be granted Awards;

determine the number of Shares to be subject to such Awards; and

determine the terms and conditions of such Awards, consistent with the Plan.

Upon the selection of a Participant to be granted an Award, the Administrator shall instruct the Secretary of the Company to issue the Award and may impose such conditions on the grant of the Award as it deems appropriate.

Notwithstanding Section 3.2(a) and (b), no Award shall be granted to any Participant to the extent that the grant of such Award could, at the time of grant or afterwards, impair the Company's status as a real estate investment trust within the meaning of the Code or result in a violation of any of the stock ownership and transfer restrictions imposed under the Company's Articles of Incorporation, as amended.

Notwithstanding Section 3.2(a) and (b), no Dividend Equivalents and no SARs are permitted to be granted to any Participant unless and until the Common Stock is listed on a national securities exchange.

STOCK OPTIONS

Option Agreement. The Administrator may from time to time grant to Eligible Individuals Awards of Non-qualified Stock Options. Each Option shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine consistent with the Plan.

Exercise Price. The exercise price per Share of the Shares subject to each Option shall be set by the Administrator; *provided, however*, that such exercise price shall not be less than the Fair Market Value of a Share on the date the Option is granted.

Option Term. The term of an Option shall be set by the Administrator in its absolute discretion; *provided, however*, that no Option shall be granted with a term greater than the later of (i) five years from the date of a Liquidity Event or (ii) ten years from the date the Option is granted; *provided, further*, that no Option shall have a term of more than ten years from the date the Option is granted. The Administrator may extend the term of any outstanding Option in connection with any Termination of Service of the Participant, or amend any other term or condition of such Option relating to such a termination.

Option Vesting.

The period during which the right to exercise an Option in whole or in part vests in the Participant shall be set by the Administrator and the Administrator may determine that an Option may not be exercised in whole or in part for a specified period after it is granted; *provided, however*, that, unless the Administrator otherwise provides in the terms of the Award Agreement or otherwise, no Option shall be exercisable by any Participant who is then subject to Section 16 of the Exchange Act within the period ending six months and one day after the date the Option is granted. The vesting of an Option may be made subject to the attainment of one or more performance goals.

No portion of an Option which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator in any Award Agreement or by action of the Administrator following the grant of the Option.

Partial Exercise. An Option may be exercised in whole or in part; however, an Option shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Award Agreement, a partial exercise be allowed only with respect to a minimum number of Shares.

Manner of Exercise. All or a portion of an Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company (or such other officer as identified in the applicable Award Agreement) with a copy of such documents delivered concurrently to the Secretary of the Participant's Employer:

a written notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised, and such notice shall be signed by the Participant or other person then entitled to exercise the Option or such portion of the Option;

such representations and documents as the Administrator, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as amended, and any other federal or state securities laws or regulations; provided, the Administrator may, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

in the event that the Option shall be exercised by any person or persons other than the Participant, as determined pursuant to Section 12.2, appropriate proof of the right of such person or persons to exercise the Option; and

full satisfaction of the exercise price for the Shares with respect to which the Option, or portion thereof, is exercised; provided, that in the discretion of the Administrator and subject to the terms set forth in the applicable Award Agreement, the exercise price for Shares subject to an Option may be paid (i) in cash or cash equivalents, (ii) by an exchange of Shares previously owned by the Participant, (iii) through a "broker cashless exercise" procedure approved by the Administrator (to the extent permitted by law), (iv) by having Shares with an aggregate Fair Market Value on the date of exercise equal to the aggregate exercise price withheld by the Company or (v) a combination of the above, in any case in an amount having a combined value equal to such exercise price.

STOCK APPRECIATION RIGHTS

In General. An SAR may be granted as a stand-alone Award or in tandem with an Option; provided, that, an SAR shall not be granted unless and until the Common Stock is listed on a national securities exchange. An SAR granted in tandem with an Option may be granted at the time of grant of the related Option or at any time thereafter. An SAR granted in tandem with an Option shall be exercisable only to the extent the underlying Option is exercisable. Payment of a SAR may be made in cash, Shares, or other property as specified in the Award Agreement or determined by the Administrator.

SAR Agreement. Each SAR shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine consistent with the Plan.

Right Conferred. An SAR shall confer on the Participant a right to receive an amount with respect to each Share subject thereto, upon exercise thereof, equal to the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the SAR (which in the case of an SAR granted in tandem with an Option shall be equal to the exercise price of the underlying Option).

Grant Price. The grant price per share of the Shares subject to each SAR shall be set by the Administrator; *provided, however,* that such grant price shall not be less than the Fair Market Value of a Share on the date the SAR is granted.

SAR Term. The term of an SAR shall be set by the Administrator in its absolute discretion; *provided, however,* that no SAR shall be granted with a term of more than the later of (i) five years from the date of a Liquidity Event, or (ii) ten years from the date the SAR is granted; *provided, further,* that no SAR shall have a term of more

than ten years from the date the SAR is granted. The Administrator may extend the term of any outstanding SAR in connection with any Termination of Service of the Participant, or amend any other term or condition of such SAR relating to such a termination.

SAR Vesting.

The period during which the right to exercise an SAR in whole or in part vests in the Participant shall be set by the Administrator and the Administrator may determine that an SAR may not be exercised in whole or in part for a specified period after it is granted; *provided, however*, that, unless the Administrator otherwise provides in the terms of the Award Agreement or otherwise, no SAR shall be exercisable by any Participant who is then subject to Section 16 of the Exchange Act within the period ending six months and one day after the date the SAR is granted. The vesting of an SAR may be made subject to the attainment of one or more performance goals.

No portion of an SAR which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator in any Award Agreement or by action of the Administrator following the grant of the SAR.

Partial Exercise. An SAR may be exercised in whole or in part; however, an SAR shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Award Agreement, a partial exercise be allowed only with respect to a minimum number of Shares.

Manner of Exercise. All or a portion of an SAR shall be deemed exercised upon delivery of all of the following to the Secretary of the Company (or such other officer as identified in the applicable Award Agreement) with a copy of such documents delivered concurrently to the Secretary of the Participant's Employer:

a written notice complying with the applicable rules established by the Administrator stating that the SAR, or a portion thereof, is exercised, and such notice shall be signed by the Participant or other person then entitled to exercise the SAR or such portion of the SAR;

such representations and documents as the Administrator, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as amended, and any other federal or state securities laws or regulations; provided, the Administrator may, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars; and

in the event that the SAR shall be exercised by any person or persons other than the Participant, as determined pursuant to Section 12.2, appropriate proof of the right of such person or persons to exercise the SAR.

RESTRICTED STOCK

Restricted Stock. The Administrator is authorized to grant Restricted Stock to Eligible Individuals on the following terms and conditions:

Restricted Stock Agreement. Each Restricted Stock Award shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine consistent with the Plan.

Issuance and Restrictions. Restricted Stock shall be subject to such restrictions on transferability and other restrictions, if any, as the Administrator may impose at the date of grant or thereafter, which restrictions may lapse separately or in combination at such times, under such circumstances, in such installments, or otherwise, as the Administrator may determine. The Administrator may place restrictions on Restricted Stock that shall lapse, in whole or in part, only upon the attainment of performance goals. Except to the extent restricted under the Award Agreement relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a stockholder including, without limitation, the right to vote Restricted Stock and the right to receive dividends thereon.

Forfeiture. Upon Termination of Service during the applicable restriction period, Restricted Stock and any accrued but unpaid dividends that are then subject to restrictions shall be forfeited; provided, that the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock.

Certificates for Stock. Certificates representing Restricted Stock granted under the Plan may be evidenced in such manner as the Administrator shall determine or the Administrator, in its discretion, may register such Shares in book-entry form. If certificates representing Restricted Stock are registered in the name of the Participant, such certificates shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company shall retain physical possession of the certificate.

Dividends. Dividends paid on Restricted Stock shall be either paid at the dividend payment date, or deferred for payment to such date as determined by the Administrator, in cash or in unrestricted Shares having a Fair Market Value equal to the amount of such dividends. Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Shares or other property has been distributed.

[INTENTIONALLY OMITTED]

RESTRICTED STOCK UNITS

Restricted Stock Units. The Administrator is authorized to grant Restricted Stock Units to Eligible Individuals, subject to the terms and conditions contained in the Plan and the applicable Award Agreement.

Restricted Stock Units Agreement. Each Restricted Stock Unit Award shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine consistent with the Plan.

Award and Restrictions. Delivery of Shares or cash, as determined by the Administrator, will occur upon expiration of the deferral period specified for Restricted Stock Units by the Administrator or at such later time as specified in the applicable Award Agreement. The Administrator may place restrictions on Restricted Stock Units that shall lapse, in whole or in part, upon the attainment of performance goals.

Forfeiture. Upon Termination of Service during the applicable deferral period or portion thereof to which forfeiture conditions apply, or upon failure to satisfy any other conditions precedent to the delivery of Shares or cash to which such Restricted Stock Units relate, all Restricted Stock Units shall be forfeited; provided, that the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock Units will be waived in whole or in part in the event of termination resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock Units.

Dividend Equivalents. Dividend Equivalents shall not be granted unless and until the Common Stock is listed on a national securities exchange. Unless otherwise determined by the Administrator at the date of grant, any Dividend Equivalents that are granted with respect to any Restricted Stock Unit shall be either (A) paid with respect to such Restricted Stock Unit at the dividend payment date in cash or in Shares of unrestricted Common Stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Restricted Stock Unit and the amount or value thereof automatically deemed reinvested in additional Restricted Stock Units, other Awards or other investment vehicles, as the Administrator shall determine or permit the Participant to elect. The applicable Award Agreement shall specify whether any Dividend Equivalents shall be paid at the dividend payment date, deferred or deferred at the election of the Participant (subject to the requirements of Section 409A of the Code).

OTHER AWARDS

Other Share-Based Awards. The Administrator shall have the authority to grant Awards to Eligible Individuals in the form of Other Share-Based Awards, as deemed by the Administrator to be consistent with the purposes of the Plan.

Each Other Share-Based Award shall be evidenced by a written Award Agreement, which shall be executed by the Participant and an authorized officer of the Company and which shall contain such terms and conditions as the Administrator shall determine. Awards granted pursuant to this Article IX may be granted with value and payment contingent upon the attainment of one or more performance goals. The Administrator shall determine the terms and conditions of such Awards at the date of grant or thereafter.

CONDITIONS TO ISSUANCE OF SHARES

Issuance. The Company shall not be required to issue or deliver any Shares purchased upon the grant, vesting and/or exercise of any Award, or portion thereof, prior to fulfillment of all of the following conditions:

the registration of such Shares for listing on all stock exchanges on which the Shares are then listed;

the completion of any registration or other qualification of such Shares under any state or federal law, or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Administrator shall, in its absolute discretion, deem necessary or advisable;

the obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;

the lapse of such reasonable period of time following the grant, vesting and/or exercise of the Award as the Administrator may establish from time to time for reasons of administrative convenience; and

full satisfaction of the exercise or purchase price for such Shares, plus satisfaction of any Employer applicable withholding tax obligations, in either case, in accordance with the terms of the Plan and the applicable Award Agreement.

ADMINISTRATION

Administration. The Plan shall be administered by the Board or, if the Board so delegates its authority, by the Compensation Committee. If the Board administers the Plan, all references herein to the "Administrator" shall be references to the Board. If the Compensation Committee is appointed to administer the Plan, all references herein to the "Administrator" shall be references to the Compensation Committee. The Administrator shall have the authority in its absolute discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Awards; to determine the Eligible Individuals to whom and the time or times at which Awards shall be granted; to determine the type and number of Awards to be granted, the number of Shares to which an Award may relate and the terms, conditions, restrictions and performance criteria relating to any Award; to accelerate the vesting of any Award at any time; and to determine whether, to what extent, and under what circumstances an Award may be settled, cancelled, forfeited, exchanged, or surrendered; to make adjustments in the terms and conditions of, and the performance goals (if any) included in, Awards; to construe and interpret the Plan and any Award; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the Award Agreements (which need not be identical for each Participant); and to make all other determinations deemed necessary or advisable for the administration of the Plan. Notwithstanding the foregoing, neither the Board, the Compensation Committee nor their respective delegates shall have the authority to reprice (or cancel and regrant) any Option or, if applicable, other Award at a lower exercise, grant or purchase price without first obtaining the approval of the Company's stockholders.

In addition, an Award shall not be granted, become vested, be exercised or paid if, in the sole and absolute discretion of the Administrator, the grant, vesting, exercise or payment of such Award could result in any of the following:

the Participant's or any other person's ownership of Shares being in violation of any of the stock ownership and transfer restrictions imposed under the Company's Articles of Incorporation as amended;

the Shares being deemed to not be transferable within the meaning of Section 856 of the Code;

income to the Company or any other result that could impair the Company's status as a real estate investment trust within the meaning of the Code.

Duties and Powers of Administrator. The Administrator may appoint a chairperson and a secretary and may make such rules and regulations for the conduct of its business as it shall deem advisable, and shall keep minutes of its meetings. All determinations of the Administrator shall be made by a majority of its members either present in person or participating by conference telephone at a meeting or by written consent. The Administrator may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, and the Administrator or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Administrator or such person may have under the Plan. All decisions, determinations and interpretations of the Administrator shall be final and binding on all persons, including but not limited to the Company, any parent or subsidiary of the Company or any Participant (or any person claiming any rights under the Plan from or through any Participant) and any stockholder.

Professional Assistance; Good Faith Actions. The Administrator may employ attorneys, consultants, accountants, appraisers, brokers, or other persons. The Administrator, the Company and the Company's officers shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon all Participants, the Company, stockholders and all other interested persons. No members of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan and all members of the Administrator and shall be fully protected by the Company in respect of any such action, determination or interpretation.

Delegation of Authority to Grant Awards. The Administrator may, but need not, delegate from time to time to a committee consisting of one or more of the Company's officers authority to grant Awards under the Plan to

Eligible Individuals; *provided, however*, that each such Eligible Individual must be an individual other than an “officer,” “director” or “beneficial owner of more than ten per cent of any class of any equity security” of the Company within the meaning of each such term as it is used under Section 16(b) of the Exchange Act. Any delegation hereunder shall be subject to the restrictions and limits that the Administrator specifies at the time of such delegation of authority and may be rescinded at any time by the Administrator. At all times, any subcommittee appointed under this Section 11.4 shall serve in such capacity at the pleasure of the Administrator.

MISCELLANEOUS PROVISIONS

Rights as Stockholders. Except as determined by the Administrator and set forth in an Award Agreement, the holders of Awards shall not be, nor have any of the rights or privileges of, stockholders of the Company in respect of any Shares subject to an Award unless and until such Shares have been issued by the Company to such holders.

Not Transferable. Awards granted under the Plan may not be sold, pledged, assigned, or transferred in any manner other than by will or applicable laws of descent and distribution. No Award holder shall be liable for the debts, contracts or engagements of the Participant or his or her successors-in-interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. During the lifetime of the Participant, only he or she may exercise an Option or SAR (or any portion thereof) granted to him or her under the Plan. After the death of the Participant, any exercisable portion of the Option or SAR may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his or her personal representative or by any person empowered to do so under the deceased Participant’s will or under the then applicable laws of descent and distribution.

No Right to Employment or Other Service Relationship. Nothing in the Plan or in any Award Agreement hereunder shall (i) confer upon any Participant any right to (a) continue in the employ of his or her Employer or to provide services to the Company, or (b) receive any severance pay from the Company or his or her Employer, or (ii) interfere with or restrict in any way the rights of the Company or his or her Employer, which are hereby expressly reserved, to terminate the services of any Participant at any time for any reason whatsoever, with or without Cause.

Term of Plan. Unless earlier terminated by the Board, the Plan shall automatically expire and terminate on the tenth anniversary of the date on which it was adopted by the Company. The expiration or other termination of the Plan shall have no adverse effect on any Awards that are outstanding on the date of such expiration or other termination.

Amendment, Suspension or Termination of the Plan. The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board; *provided, however*, that unless otherwise determined by the Board, an amendment that requires stockholder approval in order for the Plan to continue to comply with applicable law, regulation or stock exchange requirement shall not be effective unless approved by the requisite vote of stockholders. Notwithstanding the foregoing, no amendment, suspension or termination of the Plan shall, without the consent of the holder of an Award, alter or impair any rights or obligations under such Award theretofore granted or awarded unless the Award Agreement itself otherwise expressly so provides, and no amendment shall be made that could jeopardize the status of the Company as a real estate investment trust under the Code. No Awards may be granted or awarded during any period of suspension or after termination of the Plan.

Change in Control and Other Corporate Events.

Subject to Section 12.6(b), in the event of any Change in Control or other transaction or event described in Section 2.4 or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, the Administrator is hereby authorized to take any action with respect to Awards without the

consent of the holders of the Awards at such time and on such terms and conditions as the Administrator determines in its absolute direction to be desirable, which action(s) may include, without limitation:

a determination that the Company shall pay to the holder of any Award, in consideration for the cancellation of such Award, an amount of cash equal to the amount that could have been attained upon the vesting or exercise of such Award had such Award been currently exercisable or payable or fully vested, as applicable, or the replacement of such Award with other rights or property selected by the Administrator;

a determination that Awards cannot vest, be exercised or become payable after such event, provided that such determination may not conflict with anything to the contrary in an Award Agreement;

a determination that all or some Awards shall become immediately vested and/or exercisable either prior to or as of such event, or that for a specified period of time prior to a transaction or event, an Option or SAR shall be exercisable as to all Shares covered thereby;

a determination that upon such event, such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares or other property and prices which are the subject of such Award; or

a determination to make adjustments to Awards consistent with Section 2.4.

With respect to Awards, no adjustment or action described in this Section 12.6 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions. The number of Shares subject to any Option shall always be rounded to the next whole number.

[Intentionally Omitted]

Tax Withholding. The Company shall be entitled to require of each Participant satisfaction of the Employer's withholding obligations under federal, state or local tax law with respect to the issuance, vesting, exercise or payment of any Award, and the Company may defer such issuance, vesting, exercise or payment unless indemnified to its satisfaction.

The Administrator shall provide in the applicable Award Agreement the acceptable methods of satisfying such withholding obligations, which may include: (i) deducting such amounts from other compensation otherwise payable to the Participant; (ii) having Shares otherwise issuable hereunder withheld, the Fair Market Value of which is sufficient to satisfy the Participant's minimum estimated tax obligations associated with the transaction; (iii) tendering back to the Company previously acquired Shares or (iv) a combination of the foregoing.

Forfeiture Provisions. Pursuant to its general authority to determine the terms and conditions applicable to Awards granted under the Plan, the Administrator shall have the right to provide, in the terms of an Award Agreement, or by separate written instrument, that (i) any proceeds, gains or other economic benefit actually or constructively received by a Participant upon the receipt or exercise of the Award, or upon the receipt or resale of any Shares underlying such Award, must be paid to the Company, and (ii) the Award shall terminate and any outstanding portion of such Award (whether or not vested) shall be forfeited, if (a) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (b) the Participant, at any time, or during a specified time period, engages in any activity in competition with his or her Employer or the Company, or which is inimical, contrary or harmful to the interests of his or her Employer or the Company, as may be further defined from time to time by the Administrator.

Limitations Applicable to Section 16. Notwithstanding any other provision of the Plan, the Plan, and any Award granted to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

Effect of Plan Upon Other Equity and Compensation Plans. The adoption of the Plan shall not affect any other equity- or cash-based compensation or incentive plans in effect for the Company from time to time. Nothing in the Plan shall be construed to limit the right of the Company (i) to establish any other forms of incentives or compensation for employees of the Company, the Advisor or other Plan Related Parties, or (ii) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including, but not by way of limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

Section 83(b) Election Prohibited. No Participant may make an election under Section 83(b) of the Code with respect to any Award granted under the Plan without the Company's consent, which consent may be granted in the terms of an Award Agreement or in any other written instrument. At the sole and absolute discretion of the Administrator, an Award shall be void and forfeited if a Participant makes an election under Section 83(b) of the Code with respect to any Award granted under the Plan in violation of this Section 12.12.

Compliance with Laws. This Plan, the granting and vesting of Awards under the Plan, the issuance and delivery of Shares, and the payment of money or other consideration allowable under the Plan or under Awards granted hereunder are subject to compliance with all applicable federal and state laws, rules and regulations (including, but not limited to, state and federal securities laws and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Board, the Compensation Committee or the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Board, the Compensation Committee or the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

Governing Law. This Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Colorado without regard to conflicts of laws provisions thereof.

Code Section 409A.

The Award Agreement for any Award that the Administrator reasonably determines to constitute a "nonqualified deferred compensation plan" under Section 409A of the Code (a "Section 409A Plan"), and the provisions of the Plan applicable to that Award, shall be construed in a manner consistent with the applicable requirements of Section 409A of the Code, and the Administrator, in its sole discretion and without the consent of any Participant, may amend any Award Agreement (and the provisions of the Plan applicable thereto) if and to the extent that the Administrator determines that such amendment is necessary or appropriate to comply with the requirements of Section 409A of the Code. Any payments described in an Award Agreement that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise.

If any Award constitutes a Section 409A Plan, then the Award shall be subject to the following additional requirements, if and to the extent required to comply with Section 409A of the Code:

Payments under the Section 409A Plan may only be made upon (u) the Participant's "separation from service", (v) the date the Participant becomes "disabled", (w) the Participant's death, (x) a "specified time (or pursuant to a fixed schedule)" specified in the Award Agreement at the date of the deferral of such compensation, (y) a "change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets" of the Company, or (z) the occurrence of an "unforeseeable emergency"; *provided, however*, that the Administrator, in its discretion and without the Participant's consent may exercise its discretion to accelerate the payment or settlement of an Award where such payment or settlement constitutes deferred compensation within the

meaning of Code section 409A if and solely to the extent that such accelerated payment or settlement is permissible under Treasury Regulation section 1.409A-3(j)(4) or any successor thereto;

The time or schedule for any payment of the deferred compensation may not be accelerated, except to the extent provided in applicable Treasury Regulations or other applicable guidance issued by the Internal Revenue Service;

Any elections with respect to the deferral of such compensation or the time and form of distribution of such deferred compensation shall comply with the requirements of Section 409A(a)(4) of the Code; and

In the case of any Participant who is a "specified employee", a distribution on account of a "separation from service" may not be made before the date which is six months after the date of the Participant's "separation from service" (or, if earlier, the date of the Participant's death).

For purposes of this Section 12.16(b), the terms in quotations shall have the same meanings as those terms have for purposes of Section 409A of the Code, and the limitations set forth herein shall be applied in such manner (and only to the extent) as shall be necessary to comply with any requirements of Section 409A of the Code that are applicable to the Award.

For purposes of any Award that constitutes a Section 409A Plan, each amount to be paid or benefit to be provided to a Participant that constitutes deferred compensation subject to Section 409A of the Code shall be construed as a separate identified payment for purposes of Section 409A of the Code.

For purposes of Section 409A of the Code, the payment of Dividend Equivalents under any Award shall be construed as earnings and the time and form of payment of such Dividend Equivalents shall be treated separately from the time and form of payment of the underlying Award.

Notwithstanding the foregoing, none of the Company or its Affiliates, or the Plan Related Parties or any of their Affiliates, make any representation to any Participant or Beneficiary that any Awards made pursuant to this Plan are exempt from, or satisfy, the requirements of Section 409A of the Code, and none of the Company or its Affiliates, or the Plan Related Parties or any of their Affiliates, shall have any liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur in the event that any provision of this Plan, or any Award Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

**ARES INDUSTRIAL REAL ESTATE INCOME TRUST INC.
SUBSIDIARY LIST AS OF DECEMBER 31, 2021**

NAME	JURISDICTION
AIREX 1031 Lender LLC	Delaware
AIREX Advisor LLC	Delaware
BC Industrial Exchange Manager LLC	Delaware
BC Industrial Exchange Master Tenant LLC	Delaware
BC Industrial Exchange Portfolio I DST	Delaware
BC Industrial Exchange Portfolio I Manager LLC	Delaware
BC Industrial Exchange Portfolio I Master Tenant LLC	Delaware
BC Industrial Exchange Portfolio I TRS LLC	Delaware
BC Industrial Exchange Portfolio II DST	Delaware
BC Industrial Exchange Portfolio II Manager LLC	Delaware
BC Industrial Exchange Portfolio II Master Tenant LLC	Delaware
BC Industrial Exchange Portfolio II TRS LLC	Delaware
BCG BTC II Investors LLC	Delaware
BCI IV 1 Stanley Drive Holdco I LLC	Delaware
BCI IV 1 Stanley Drive Holdco II LLC	Delaware
BCI IV 1 Stanley Drive Holdco LLC	Delaware
BCI IV 1 Stanley Drive LLC	Delaware
BCI IV 355 Logistics Center LLC	Delaware
BCI IV 395 DC LLC	Delaware
BCI IV 485 DC LLC	Delaware
BCI IV 7A DC II LLC	Delaware
BCI IV 7A DC LLC	Delaware
BCI IV Acquisitions LLC	Delaware
BCI IV Addison DC II LLC	Delaware
BCI IV Air Commerce Center LLC	Delaware
BCI IV Airpark International Logistics Center LLC	Delaware
BCI IV Airport IC GP LLC	Delaware
BCI IV Airport IC LP	Delaware
BCI IV Arrow Route DC LLC	Delaware
BCI IV Auburn 167 IC LLC	Delaware
BCI IV Aurora Corporate Center LLC	Delaware
BCI IV Avenue B Industrial Center LLC	Delaware
BCI IV Beltway Logistics Center LLC	Delaware
BCI IV Bishops Gate DC LLC	Delaware
BCI IV BR LLC	Delaware
BCI IV Brodhead DC Holdco I LLC	Delaware
BCI IV Brodhead DC Holdco II LLC	Delaware
BCI IV Brodhead DC Holdco LLC	Delaware
BCI IV Brodhead DC LLC	Delaware

NAME	JURISDICTION
BCI IV California Business Center LLC	Delaware
BCI IV Cameron BC LLC	Delaware
BCI IV Carlstadt IC LLC	Delaware
BCI IV Chicago IC LLC	Delaware
BCI IV Clackamas IC LLC	Delaware
BCI IV Colony Crossing GP LLC	Delaware
BCI IV Colony Crossing LP	Delaware
BCI IV Commerce Farms Logistics Center LLC	Delaware
BCI IV Demarest DC LLC	Delaware
BCI IV Drew Court CC Holdco I LLC	Delaware
BCI IV Drew Court CC Holdco II LLC	Delaware
BCI IV Drew Court CC Holdco LLC	Delaware
BCI IV Drew Court CC LLC	Delaware
BCI IV Eaglepoint LC LLC	Delaware
BCI IV Edison DC LLC	Delaware
BCI IV Eldorado BP LLC	Delaware
BCI IV Etiwanda DC GP LLC	Delaware
BCI IV Etiwanda DC LP	Delaware
BCI IV Executive Airport DC II Holdco LLC	Delaware
BCI IV Executive Airport DC II LLC	Delaware
BCI IV Executive Airport DC III LLC	Delaware
BCI IV Fontana DC GP LLC	Delaware
BCI IV Fontana DC LP	Delaware
BCI IV Gilbert Commerce Park LLC	Delaware
BCI IV Gothard IC GP LLC	Delaware
BCI IV Gothard IC LP	Delaware
BCI IV Greater Boston IC I LLC	Delaware
BCI IV Greater Boston IC II LLC	Delaware
BCI IV Harvill Business Center GP LLC	Delaware
BCI IV Harvill Business Center LP	Delaware
BCI IV Harvill Industrial Center GP LLC	Delaware
BCI IV Harvill Industrial Center LP	Delaware
BCI IV Hayward Logistics Center LLC	Delaware
BCI IV Hebron Airpark Logistics Center LLC	Delaware
BCI IV Hebron LC LLC	Delaware
BCI IV I-24 IC LLC	Delaware
BCI IV I-80 DC LLC	Delaware
BCI IV Intermodal Logistics Center GP LLC	Delaware
BCI IV Intermodal Logistics Center LP	Delaware
BCI IV Iron Run DC II Holdco I LLC	Delaware
BCI IV Iron Run DC II Holdco II LLC	Delaware

NAME	JURISDICTION
BCI IV Iron Run DC II Holdco LLC	Delaware
BCI IV Iron Run DC II LLC	Delaware
BCI IV Iron Run DC LLC	Delaware
BCI IV Kelly Trade Center GP LLC	Delaware
BCI IV Kelly Trade Center LP	Delaware
BCI IV Kent IP LLC	Delaware
BCI IV King of Prussia Industrial Center LLC	Delaware
BCI IV Lanham DC LLC	Delaware
BCI IV LaPorte DC GP LLC	Delaware
BCI IV LaPorte DC LP	Delaware
BCI IV LC 33 Holdco 1 LLC	Delaware
BCI IV LC 33 Holdco 2 LLC	Delaware
BCI IV LC 33 Holdco LLC	Delaware
BCI IV Legacy Logistics Center LLC	Delaware
BCI IV Lima DC LLC	Delaware
BCI IV LOC Lender LLC	Delaware
BCI IV Lodi DC LLC	Delaware
BCI IV Logistics Center at 33 LLC	Delaware
BCI IV Madison DC LLC	Delaware
BCI IV Marigold DC GP LLC	Delaware
BCI IV Marigold DC LP	Delaware
BCI IV Mechanicsburg DC Holdco I LLC	Delaware
BCI IV Mechanicsburg DC Holdco II LLC	Delaware
BCI IV Mechanicsburg DC Holdco LLC	Delaware
BCI IV Mechanicsburg DC LLC	Delaware
BCI IV Medley IC LLC	Delaware
BCI IV Midway IC LLC	Delaware
BCI IV Miraloma IC GP LLC	Delaware
BCI IV Miraloma IC LP	Delaware
BCI IV Monte Vista IC GP LLC	Delaware
BCI IV Monte Vista IC LP	Delaware
BCI IV Monument BP GP LLC	Delaware
BCI IV Monument BP LP	Delaware
BCI IV Nelson Industrial Center GP LLC	Delaware
BCI IV Nelson Industrial Center LP	Delaware
BCI IV Norcross Industrial Center LLC	Delaware
BCI IV North County Commerce Center GP LLC	Delaware
BCI IV North County Commerce Center LP	Delaware
BCI IV Northgate DC Holdco LLC	Delaware
BCI IV Northgate DC LLC	Delaware
BCI IV Ontario DC GP LLC	Delaware

NAME	JURISDICTION
BCI IV Ontario DC LP	Delaware
BCI IV Ontario IC GP LLC	Delaware
BCI IV Ontario IC LP	Delaware
BCI IV Operating Partnership LP	Delaware
BCI IV Otay Logistics Center LLC	Delaware
BCI IV Palm Beach CC LLC	Delaware
BCI IV Park 100 DC LLC	Delaware
BCI IV Peachtree DC LLC	Delaware
BCI IV Pennsy Logistics Center LLC	Delaware
BCI IV Performance DC GP LLC	Delaware
BCI IV Performance DC LP	Delaware
BCI IV Pescadero DC GP LLC	Delaware
BCI IV Pescadero DC LP	Delaware
BCI IV Pioneer DC LLC	Delaware
BCI IV Pioneer Parking Lot DC LLC	Delaware
BCI IV Pompano IC LLC	Delaware
BCI IV Port 146 DC GP LLC	Delaware
BCI IV Port 146 DC LP	Delaware
BCI IV Port Crossing LC GP LLC	Delaware
BCI IV Port Crossing LC LP	Delaware
BCI IV Portfolio Real Estate Holdco LLC	Delaware
BCI IV Princess Logistics Center LLC	Delaware
BCI IV Property Management LLC	Delaware
BCI IV Quakerbridge DC LLC	Delaware
BCI IV Rancho Cucamonga BC GP LLC	Delaware
BCI IV Rancho Cucamonga BC LP	Delaware
BCI IV Renton DC LLC	Delaware
BCI IV Richmond Logistics Center LLC	Delaware
BCI IV Riggs Hill Industrial Center LLC	Delaware
BCI IV Robbinsville DC LLC	Delaware
BCI IV Salt Lake City DC II LLC	Delaware
BCI IV Salt Lake City DC LLC	Delaware
BCI IV Services LLC	Delaware
BCI IV Silicon Valley IC LLC	Delaware
BCI IV Southpark CC I LLC	Delaware
BCI IV Southpark CC II LLC	Delaware
BCI IV Stockton DC GP LLC	Delaware
BCI IV Stockton DC II GP LLC	Delaware
BCI IV Stockton DC II LP	Delaware
BCI IV Stockton DC LP	Delaware
BCI IV Stockton Industrial Center GP LLC	Delaware



NAME	JURISDICTION
BCI IV Stockton Industrial Center LP	Delaware
BCI IV Stonewood Logistics Center LLC	Delaware
BCI IV Stonewood Logistics LC Holdco 1 LLC	Delaware
BCI IV Stonewood Logistics LC Holdco 2 LLC	Delaware
BCI IV Stonewood Logistics LC Holdco LLC	Delaware
BCI IV Tacoma CC LLC	Delaware
BCI IV Tacoma Logistics Center LLC	Delaware
BCI IV Totowa CC LLC	Delaware
BCI IV Tracy DC GP LLC	Delaware
BCI IV Tracy DC II GP LLC	Delaware
BCI IV Tracy DC II LP	Delaware
BCI IV Tracy DC III LLC	Delaware
BCI IV Tracy DC LP LLC	Delaware
BCI IV Trade Zone IC LLC	Delaware
BCI IV TRS Corp.	Delaware
BCI IV Tuscany IC II GP LLC	Delaware
BCI IV Tuscany IC II LP	Delaware
BCI IV Upland DC LLC	Delaware
BCI IV Valencia IP GP LLC	Delaware
BCI IV Valencia IP LP	Delaware
BCI IV Valwood Crossroads DC GP LLC	Delaware
BCI IV Valwood Crossroads DC LP	Delaware
BCI IV Valwood IC GP LLC	Delaware
BCI IV Valwood IC LP	Delaware
BCI IV Walker Mill IC LLC	Delaware
BCI IV West Valley DC II LLC	Delaware
BCI IV Westlake IC LLC	Delaware
BCI IV Weston BC LLC	Delaware
BCI IV Windward Ridge BC LLC	Delaware
BCI IV York DC Holdco I LLC	Delaware
BCI IV York DC Holdco II LLC	Delaware
BCI IV York DC Holdco LLC	Delaware
BCI IV York DC LLC	Delaware
BCIX 1031 Lender LLC	Delaware
BCIX 1031 Lender Portfolio I LLC	Delaware
BCIX 1031 Lender Portfolio II LLC	Delaware
Black Creek Industrial Exchange LLC	Delaware
BTC I REIT B LLC	Delaware
BTC II CA Line Holdco LLC	Delaware
BTC II Holdco LLC	Delaware
BTC II Line Holdco LLC	Delaware



NAME	JURISDICTION
BTC II PA Allentown DC Holdco LLC	Delaware
BTC II PA Allentown DC II Holdco LLC	Delaware
BTC II PA Heritage Logistics Center Holdco LLC	Delaware
Build-To-Core Industrial Partnership II LP	Delaware
Industrial Property Advisors Sub III LLC	Delaware
Industrial Property Advisors Sub IV LLC	Delaware
IPT Allentown DC II LLC	Delaware
IPT Allentown DC LLC	Delaware
IPT Aurora DC II LLC	Delaware
IPT Avenel DC Urban Renewal LLC	Delaware
IPT BTC I GP LLC	Delaware
IPT BTC I LP LLC	Delaware
IPT BTC II GP LLC	Delaware
IPT BTC II LP LLC	Delaware
IPT Corona Commerce Center LLC	Delaware
IPT Douglas Hill Logistics Center II LLC	Delaware
IPT Douglas Hill Logistics Center LLC	Delaware
IPT Enterprise Business Center LLC	Delaware
IPT Florence West Urban Renewal LLC	Delaware
IPT Heritage Logistics Center LLC	Delaware
IPT Kingsbridge Business Center LLC	Delaware
IPT Lakewood Logistics Center I LLC	Delaware
IPT Lakewood Logistics Center II LLC	Delaware
IPT Lakewood Logistics Center III LLC	Delaware
IPT Lakewood Logistics Center IV LLC	Delaware
IPT Lakewood Logistics Center V LLC	Delaware
IPT Mercure Logistics Center LLC	Delaware
IPT Naperville DC LLC	Delaware
IPT Newark Airport Logistics Center Urban Renewal LLC	Delaware
IPT O'Hare DC III LLC	Delaware
IPT Perris DC III LLC	Delaware
IPT Railroad Logistics Center LLC	Delaware
IPT Real Estate Holdco LLC	Delaware
IPT Richmond DC III LLC	Delaware
IPT Riverbridge Urban Renewal LLC	Delaware
IPT Riverside Logistics Center I LLC	Delaware
IPT Riverside Logistics Center II LLC	Delaware
IPT San Antonio Logistics Center LLC	Delaware
IPT Southmeadow DC LLC	Delaware
IPT Southpark Logistics Center LLC	Delaware
IPT Tualatin DC LLC	Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-228818) on Form S-8 of our report dated March 9, 2022, with respect to the consolidated financial statements and financial statement schedule III of Ares Industrial Real Estate Income Trust Inc. (formerly known as Black Creek Industrial REIT IV Inc.).

/s/KPMG LLP

Denver, Colorado

March 9, 2022

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey W. Taylor, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ares Industrial Real Estate Income Trust Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

March 9, 2022

/s/ JEFFREY W. TAYLOR

Jeffrey W. Taylor
Managing Director, Co-President
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Scott A. Seager, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ares Industrial Real Estate Income Trust Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

March 9, 2022

/s/ SCOTT A. SEAGER

Scott A. Seager
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Certification of Principal Executive Officer

In connection with the Annual Report on Form 10-K of Ares Industrial Real Estate Income Trust Inc. (the “Company”) for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey W. Taylor, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 9, 2022

/s/ JEFFREY W. TAYLOR

Jeffrey W. Taylor
Managing Director, Co-President
(Principal Executive Officer)

Certification of Principal Financial Officer

In connection with the Annual Report on Form 10-K of Ares Industrial Real Estate Income Trust Inc. (the “Company”) for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott A. Seager, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 9, 2022

/s/ SCOTT A. SEAGER

Scott A. Seager
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

CONSENT OF INDEPENDENT VALUATION FIRM

We hereby consent to the reference to our name and the description of our role in the valuation process described under the heading “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Net Asset Value Calculation” in Part II, Item 5 of the Annual Report on Form 10-K for the period ended December 31, 2021 of Ares Industrial Real Estate Income Trust Inc. (the “Company”), filed by the Company with the Securities and Exchange Commission on the date hereof, being included or incorporated by reference in the Company’s Registration Statement on Form S-8 (File No. 333-228818). We also hereby consent to the same information and the reference to our name under the caption “Experts” being included or incorporated by reference in the Company’s Registration Statement on Form S-11 (File No. 333-255376) and the related prospectus and prospectus supplements that are a part thereof. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933.

March 9, 2022

/s/ Altus Group U.S., Inc.

Altus Group U.S., Inc.

NET ASSET VALUE CALCULATION AND VALUATION PROCEDURES

Overview

Our board of directors, including a majority of our independent directors, has adopted these valuation procedures, as amended from time to time, that contain a comprehensive set of methodologies to be used in connection with the calculation of our NAV. As a public company, we are required to issue financial statements generally based on historical cost in accordance with GAAP. To calculate our NAV for the purpose of establishing a purchase and redemption price for our shares, we have adopted policies and procedures, which adjust the values of certain of our assets and liabilities from historical cost to fair value, as described below. As a result, our NAV may differ from the amount reported as stockholders' equity on the face of our financial statements prepared in accordance with GAAP. The fair values of our assets and certain liabilities are determined using widely accepted methodologies and, as appropriate, the GAAP principles within the FASB Accounting Standards Codification under Topic 820, Fair Value Measurements and Disclosures and are used by ALPS in calculating our NAV and NAV per share. However, our valuation procedures and our NAV are not subject to GAAP and will not be subject to independent audit. Our NAV may differ from total equity or stockholders' equity reflected on our audited financial statements, even if we are required to adopt a fair value basis of accounting for GAAP financial statement purposes in the future. Furthermore, no rule or regulation requires that we calculate NAV in a certain way. Although we believe our NAV calculation methodologies are consistent with standard industry principles, there is no established practice among public REITs, whether listed or not, for calculating NAV in order to establish a purchase and redemption price. As a result, other public REITs may use different methodologies or assumptions to determine NAV.

Independent Valuation Advisor

With the approval of our board of directors, including a majority of our independent directors, we have engaged our Independent Valuation Advisor with respect to providing monthly real property appraisals, reviewing annual third-party real property appraisals, reviewing the Advisor's internal valuations of debt-related assets and liabilities, helping us administer the valuation and review process described under "Real Property" below for the real properties in our portfolio, and assisting in the development and review of the valuation procedures contained herein. Altus Group is a multidisciplinary provider of independent, commercial real estate appraisal, consulting, technology, and advisory services with multiple offices around the world, including in the United States, Canada, Europe and Asia Pacific. Altus Group is not affiliated with us or the Advisor. The compensation we pay to our Independent Valuation Advisor is not based on the estimated values of our assets or liabilities. Our board of directors, including a majority of our independent directors, may replace our Independent

Valuation Advisor at any time. We will promptly disclose any changes to the identity or role of our Independent Valuation Advisor in this prospectus and in reports we publicly file with the SEC.

Altus Group discharges its responsibilities with respect to real property appraisals in accordance with our real property valuation procedures described below and with the oversight of our board of directors. Our board of directors is not involved in the day-to-day valuation of the real properties in our portfolio, but periodically receives and reviews such information about the valuations of the real properties as it deems necessary to exercise its oversight responsibility. While our Independent Valuation Advisor is responsible for providing monthly appraisals of our real properties and reviews of third-party appraisals, our Independent Valuation Advisor is not responsible for nor does it prepare our monthly NAV.

Our Independent Valuation Advisor performs other roles under our valuation procedures as described herein and may be engaged to provide additional services, including providing an independent appraisal of any of our other assets or liabilities (contingent or otherwise). Our Independent Valuation Advisor may, from time to time, perform other commercial real estate and financial advisory services for our Advisor and its related parties, or in transactions related to the properties that are the subject of appraisals being performed for us, or otherwise, so long as such other services do not adversely affect the independence of the applicable appraiser as certified in the applicable appraisal report or the independence of our Independent Valuation Advisor.

Valuation of Consolidated Assets and Liabilities

Our NAV will reflect our pro rata ownership share of the fair values of certain consolidated assets and liabilities, as described below.

Real Property

The overarching principle of the real property appraisal process is to produce real property appraisals that represent credible estimates of fair value. The estimate of fair value developed in the appraisals of our real properties may not always reflect the value of, or may materially differ from, the value at which we would agree to buy or sell such assets. Further, we do not undertake to disclose the value at which we would be willing to buy or sell our real properties to any prospective or existing investor.

Excluding real properties that are bought or sold during a given calendar year, each real property is appraised by a Third-Party Appraisal Firm at least once per calendar year and such appraisal is reviewed by the Advisor and our Independent Valuation Advisor. We seek to schedule the appraisals by Third-Party Appraisal Firms evenly throughout the calendar year, such that an approximately equal portion of the real properties in our portfolio are appraised by a Third-Party Appraisal Firm each month, although we may have more or fewer appraisals in an

individual month. In its review, our Independent Valuation Advisor, will provide an opinion as to the reasonableness of each appraisal report from Third-Party Appraisal Firms as well as provide a second, independent appraisal as part of its regular monthly appraisal duties, as described below. Valuation discrepancies between the appraisal provided by the Third-Party Appraisal Firm and the appraisal provided by our Independent Valuation Advisor are subject to our valuation dispute resolution procedures. Under these procedures, if the Third-Party Appraisal Firm and our Independent Valuation Advisor are unable to reconcile the key differences between the two appraisals, we will use the appraisal from our Independent Valuation Advisor in the calculation of our NAV until a new appraisal from a different Third-Party Appraisal Firm is obtained, reviewed for reasonableness by the Independent Valuation Advisor and used as the appraised value.

Additionally, each real property is appraised each calendar month by our Independent Valuation Advisor, and such appraisals are reviewed by the Advisor. As described above, our Independent Valuation Advisor will review the appraisals from the Third-Party Appraisal Firms and provide an opinion as to the reasonableness of each appraisal report before reflecting any valuation change in its monthly appraisals of the real properties in our portfolio.

Notwithstanding, newly acquired real properties are initially valued at cost, which is expected to represent fair value at that time. Each newly acquired real property will be appraised by the Independent Valuation Advisor within three months following the month of acquisition, and thereafter will be subject to the regular monthly appraisal process described above. Additionally, each newly acquired real property will first be appraised by a Third-Party Appraisal Firm in the calendar year following the year of acquisition.

All appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices, or USPAP, the real estate appraisal industry standards created by The Appraisal Foundation and the Code of Ethics & Standards of Professional Practice of the Appraised Institute. Each appraisal must be reviewed, approved, and signed by an individual with the professional MAI designation of the Appraisal Institute. Real property appraisals are reported on a free-and-clear basis (for example, no mortgage), irrespective of any property-level financing that may be in place. Such property-level debt or other financing ultimately are factored in and do impact our NAV in a manner described in more detail below.

We rely on the income approach as the primary methodology used by the Third Party Appraisal Firms and our Independent Valuation Advisor (together, the “Independent Appraisal Firms”) in valuing the real properties in our portfolio, whereby value is derived by determining the present value of a real property’s future cash flows (for example, discounted cash flow analysis). Consistent with industry practices, the income approach incorporates subjective judgments regarding comparable property rental rates and operating expense data, the appropriate capitalization and discount rates, and projections of future income and expenses

based on market derived data and trends. Other methodologies that may also be used to value properties include sales comparisons and cost approaches. Because the real property appraisals involve significant professional judgment in the application of both observable and unobservable inputs, the estimated fair values of our real properties may differ from their actual realizable values or future appraised values. Our real property valuations may not reflect the liquidation value or net realizable value of our real properties because the valuations performed by our Independent Appraisal Firms involve subjective judgments about competitive market behavior and do not reflect transaction costs that would be incurred if we were to dispose of our real properties today. Transaction costs related to an acquisition or disposition will generally be factored into our NAV no later than the closing date for such transaction, and in some circumstances such as when an asset is anticipated to be acquired or disposed, we may factor into our NAV calculation a portion of the potential transaction price and related closing costs given the likelihood that the transaction will close.

Our Independent Appraisal Firms request and collect all reasonably available information that they deem relevant in valuing the real properties in our portfolio from a variety of sources including, but not limited to information from management and other information derived through our Independent Appraisal Firm's database and other industry and market data. The Independent Appraisal Firms rely in part on property-level information provided by the Advisor, including: (i) historical and budgeted operating revenues and expenses of the property; (ii) lease agreements on the property; and (iii) information regarding recent or planned capital expenditures.

In conducting their investigation and analyses, our Independent Appraisal Firms take into account customary and accepted financial and commercial procedures and considerations as they deem relevant, which may include, without limitation, the review of documents, materials and information relevant to valuing the real properties that are provided by us or our Advisor. Although our Independent Appraisal Firms may review the information supplied or otherwise made available by us or our Advisor for reasonableness, they assume and rely upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to them by any other party and do not undertake any duty or responsibility to verify independently any of such information. With respect to operating or financial forecasts and other information and data to be provided to or otherwise to be reviewed by or discussed with our Independent Appraisal Firms, our Independent Appraisal Firms assume that such forecasts and other information and data were reasonably prepared in good faith reflecting the best currently available estimates and judgments of our management, board of directors and Advisor, and rely upon us to advise our Independent Appraisal Firms promptly if any material information previously provided becomes inaccurate or is required to be updated during the valuation period.

In performing their analyses, our Independent Appraisal Firms make numerous other assumptions with respect to the behavior of market participants, industry performance, general

business, economic and regulatory conditions and other matters, many of which are beyond their control and our control, as well as certain factual matters. For example, unless specifically informed to the contrary, our Independent Appraisal Firms may assume that we have clear and marketable title to each real property valued, that no title defects exist, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. Furthermore, our Independent Appraisal Firms' analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing at or prior to the appraisal, and any material change in such circumstances and conditions may affect our Independent Appraisal Firms' analysis and conclusions. Our Independent Appraisal Firms' appraisal reports may contain other assumptions, qualifications and limitations set forth in the respective appraisal reports that qualify the analysis, opinions and conclusions set forth therein.

Our Independent Appraisal Firms' valuation reports are addressed solely to us and not to the public, may not be relied upon by any other person to establish an estimated value of our common stock, and will not constitute a recommendation to any person to purchase or sell any shares of our common stock. In preparing their appraisal reports, our Independent Appraisal Firms do not solicit third-party indications of interest for our common stock in connection with possible purchases thereof or the acquisition of all or any part of our company.

Upon becoming aware of the occurrence of a material event impacting a real property, the Advisor will promptly notify our Independent Valuation Advisor. Our Independent Valuation Advisor determines the appropriate adjustment, if any, to be made to its estimated fair value of the real property during a given month and then updates its appraisal on the asset. For example, changes to underlying property fundamentals and overall market conditions, which may include: (i) an unexpected termination or renewal of a material lease; (ii) a material change in vacancy levels; (iii) an unanticipated structural or environmental event at a real property; or (iv) material capital markets events, any of which may cause the value of a real property to change materially. Furthermore, the values of our real properties are determined on an unencumbered basis. The effect of any property-level debt on our NAV is discussed further below.

Investments in land and development assets will be valued by our Independent Valuation Advisor monthly at estimated fair value. Land cost and other factors such as the status of land entitlements, permitting, jurisdictional approvals, estimated overall development completion, and estimated development profit are considered in determining estimates of fair value. Upon the earlier of three months following the month of stabilization or twelve months after substantial completion, we will obtain an appraisal from a Third-Party Appraisal Firm, and thereafter the valuation process will follow the regular valuation process described above.

Real Estate-Related Assets and Other Assets

Real Estate-Related Assets that are not restricted as to salability or transferability are fair valued monthly based on publicly available information. Generally, to the extent the information is available, such Real Estate-Related Assets are valued at the last trade of such securities that was executed at or prior to closing on the valuation day or, in the absence of such trade, the last “bid” price. The value of these Real Estate-Related Assets that are restricted as to salability or transferability may be adjusted by the pricing source for a liquidity discount. In determining the amount of such discount, consideration is given to the nature and length of such restriction and the relative volatility of the market price of the asset.

Other assets include, but may not be limited to, derivatives (other than interest rate hedges), credit rated government securities, cash and cash equivalents and accounts receivable. Estimates of the fair values of other assets are determined using widely accepted methodologies and, where available, on the basis of publicly available pricing quotations and information.

Other assets also include individual investments in mortgages, mortgage participations, mezzanine loans (collectively, “Loan Assets”), and loans associated with our DST Program (as described under the “Valuation of Assets and Liabilities Associated with the DST Program” heading below) that are included in our determination of NAV at estimated fair value using widely accepted valuation methodologies.

Pursuant to our valuation procedures, our board of directors, including a majority of our independent directors, approves the pricing sources of our Real Estate-Related Assets and other assets. In general, these sources are third parties other than our Advisor. However, we may utilize the Advisor or an Ares affiliate as a pricing source if the asset is not considered material to the Company or there are no other pricing sources reasonably available, and provided that our board of directors, including a majority of our independent directors, must approve the initial valuation performed by our Advisor and any subsequent material adjustments made by our Advisor.

The Independent Valuation Advisor provides the monthly valuations of Loan Assets. The Independent Valuation Advisor generally does not act as the third-party pricing source for the remaining other assets described in this section, although it may, under certain circumstances, be engaged to do so.

Liabilities, Excluding Property-Level Mortgages, Corporate-Level Credit Facilities and Interest Rate Hedges

Except as noted below, we include an estimate of the fair values of our liabilities as part of our NAV calculation. These liabilities include, but may not be limited to, fees and reimbursements payable to the Advisor and its affiliates, accounts payable and accrued expenses, and other liabilities. Pursuant to our valuation procedures, our board of directors, including a

majority of our independent directors, approves the pricing sources of our liabilities which may include third parties or our Advisor or its affiliates.

Under applicable GAAP, we record liabilities for distribution fees (i) that we currently owe the Dealer Manager under the terms of our dealer manager agreement and (ii) for an estimate that we may pay to our Dealer Manager in future periods. However, we do not deduct the liability for estimated future distribution fees in our calculation of NAV since we intend for our NAV to reflect our estimated value on the date that we determine our NAV. Accordingly, our estimated NAV at any given time does not include consideration of any estimated future distribution fees that may become payable after such date.

The estimated fair values of these liabilities may be determined by our Advisor or another suitable pricing source. Our Independent Valuation Advisor is not responsible for appraising or reviewing these liabilities.

Liabilities - Property-Level Mortgages, Corporate-Level Credit Facilities and Interest Rate Hedges

Our property-level mortgages and corporate-level credit facilities that are intended to be held to maturity, including those subject to interest rate hedges, are valued at par (i.e. at their respective outstanding balances) by the Advisor. Because we often utilize interest rate hedges to stabilize interest payments (i.e. to fix all-in interest rates through interest rate swaps or to limit interest rate exposure through interest rate caps) on individual loans, each loan and associated interest rate hedge are treated as one financial instrument which are valued at par if intended to be held to maturity (which for fixed rate debt not subject to interest rate hedges may be the date near maturity at which time the debt will be eligible for prepayment at par for purposes herein). This policy of valuing at par will apply regardless of whether any given interest rate hedge is considered as an asset or liability for GAAP purposes. Notwithstanding, if we acquire an investment and assume associated in-place debt from the seller that is above or below market, then consistent with how we recognize assumed debt for GAAP purposes when acquiring an asset with pre-existing debt in place, the liabilities used in the determination of our NAV will include the market value of such debt. The associated premium or discount on such debt as of closing that is reflected in our liabilities will then be amortized through loan maturity. Per the Real Property valuation policy described above, the corresponding investment is valued on an unlevered basis for purposes of determining NAV. Accordingly, all else equal, we would not recognize an immediate gain or loss to our NAV upon acquisition of an investment whereby we assume associated pre-existing debt that is above or below market.

Our property-level mortgages and corporate-level credit facilities that are not intended to be held to maturity (in conjunction with any associated interest rate hedges that are not intended to be held to maturity) are fair valued by the Advisor using widely accepted valuation

methodologies based on information provided by various qualified third-party valuation experts and data sources. Our Independent Valuation Advisor will review the Advisor's fair value estimates for the property-level mortgages and corporate-level credit facilities that are not intended to be held to maturity, excluding any impacts from interest rate hedges.

Estimated prepayment penalties will not factor into the valuation of our debt unless an interest rate hedge is definitively not intended to be held to maturity, in which case a hedge mark to market adjustment will be made at such time using a third-party pricing source.

Debt that is not intended to be held to maturity means any property-level mortgages that we definitively intend to prepay in association with any asset considered as held-for-sale from a GAAP perspective, other property-level mortgages or corporate-level credit facilities that we definitively intend to prepay, or any interest rate hedge that we definitively intend to terminate.

In addition, for non-recourse mortgages and interest rate hedges, the combined value of the net liability for each mortgage and associated interest rate hedge is limited to the value of the underlying asset(s), so as to not make the equity of such asset(s) less than zero.

Costs and expenses incurred to secure financings are amortized over the life of the applicable loan. Unless costs can be specifically identified, we allocate the financing costs and expenses incurred with obtaining multiple loans that are not directly related to any single loan among the applicable loans, generally pro rata based on the amount of proceeds from each loan.

Valuation of Assets and Liabilities Associated with the DST Program

We have initiated a program (the "DST Program") to raise capital in private placements through the sale of beneficial interests in specific Delaware statutory trusts holding real properties (each a "DST Property" and collectively, the "DST Properties"). DST Properties may be sourced from real properties currently indirectly owned by the Operating Partnership or may be newly acquired. Pursuant to the DST Program, we, through a subsidiary of our Operating Partnership, will hold a long-term leasehold interest in each DST Property pursuant to a master lease that is guaranteed by the Operating Partnership, while third-party investors own some or all of the DST Property through a Delaware statutory trust. Under the master lease, the Operating Partnership acts as a landlord to the occupying tenants and is responsible for subleasing the DST Property to such tenants, which means that we bear the risk that the underlying cash flow received by us from the DST Property may be less than the master lease payments made by us. Additionally, the Operating Partnership will retain a fair market value purchase option giving it the right, but not the obligation, to acquire the beneficial interests in the Delaware statutory trusts from the investors at a later time in exchange for units in the Operating Partnership (the "FMV Option").

Due to our continuing involvement with the DST Properties through the master lease arrangements and the FMV Options, we will include DST Properties in our determination of

NAV at fair market value in the same manner as described under “Real Property” above. In addition, the cash received by us or a DST Investor Loan made by us in exchange for the sale of interests in a DST Property will be valued as assets and shall initially equal the value of the real property subject to the master lease, which will be valued as a liability. Accordingly, the sale of interests in a DST Property has no initial net effect to our NAV. Thereafter, our Independent Valuation Advisor will value the real property subject to the master lease liability quarterly using a discounted cash flow methodology, and the Advisor may value the real property subject to master lease liability for purposes of determining our NAV in interim months. Therefore, any differences between the fair value of the underlying real property and the fair value of the real property subject to the master lease obligations will accrue into our NAV not less frequently than quarterly. The Advisor will value any loan assets used to purchase interests in the DST Program using widely accepted methodologies for determining fair values for debt assets and debt liabilities, with such values reviewed for reasonableness by our Independent Valuation Advisor.

Estimated NAV of Unconsolidated Investments

Excluding real properties that are bought or sold during a given calendar year, each real property held through a joint venture or partnership that is considered an unconsolidated investment will be appraised by a Third-Party Appraisal Firm at least once per calendar year for purposes of determining our NAV. For valuations during interim periods, either the Advisor will determine the estimated fair value of the real properties owned by unconsolidated affiliates or we will utilize interim valuations determined pursuant to valuation policies and procedures for such joint ventures or partnerships. The Advisor will also determine on a monthly basis the fair value of any other applicable assets and liabilities of the joint venture using similar practices that we utilize for our consolidated portfolio. Once the associated fair values of assets and liabilities are determined, the value of our interest in any joint venture or partnership is then determined by using a hypothetical liquidation calculation based on our ownership percentage of the joint venture or partnership’s estimated NAV. If deemed an appropriate alternative to fair valuing applicable assets and liabilities individually, unconsolidated assets and liabilities held in a joint venture or partnership that acquires multiple real properties over time may be valued as a single investment. The value of our interest in any joint venture or partnership that is a minority interest or is restricted as to salability or transferability may reflect or be adjusted for a minority or liquidity discount. In determining the amount of such discount, consideration may be given to a variety of factors, including, without limitation, the nature and length of such restriction.

Our Independent Valuation Advisor is generally not responsible for providing monthly appraisals of unconsolidated real properties, reviewing third-party appraisals of unconsolidated real properties, or valuing our unconsolidated investments per these valuation procedures; however, it may be engaged to do so.

Probability-Weighted Adjustments

In certain circumstances, such as in an acquisition or disposition process, we may be aware of a contingency or contingencies that could impact the value of our assets, liabilities, income or expenses for purposes of our NAV calculation. For example, we may be party to an agreement to sell a property at a value different from the property value being used in our current NAV calculation. The same agreement may require the buyer to assume a related mortgage loan with a fair value that is different from the value of the loan being used in our current NAV calculation. The transaction may also involve costs for brokers, transfer taxes, and other items upon a successful closing. The Advisor may take such contingencies into account when determining the values of certain components of our NAV (such as the carrying value of our liabilities or expense accruals) for purposes of our NAV calculation. These adjustments may be made either in whole or in part over a period of time, and the Advisor may take into account (a) the estimated probability of the contingencies occurring and (b) the estimated impact to NAV if the contingencies were to occur when determining the timing and magnitude of any adjustments to NAV.

NAV and NAV per Share Calculation

Our NAV per share is calculated as of the last calendar day of each month for each of our outstanding classes of stock, and is available generally within 15 calendar days after the end of the applicable month. Our NAV per share is calculated by ALPS, a third-party firm approved by our board of directors, including a majority of our independent directors. Our board of directors, including a majority of our independent directors, may replace ALPS or any other party involved in our valuation procedures with another party, including our Advisor, if it is deemed appropriate to do so.

Each month, before taking into consideration accrued dividends or class-specific distribution fee accruals, any change in the Aggregate Fund NAV of our outstanding shares of common stock, along with the OP Units held by third parties from the prior month (whether an increase or decrease) is allocated among each class or series of Fund Interest based on each class's or series's relative percentage of the previous Aggregate Fund NAV. Changes in the Aggregate Fund NAV reflect factors including, but not limited to, unrealized/realized gains (losses) on the value of our real property portfolio, increases or decreases in Real Estate-Related Assets and other assets and liabilities, and monthly accruals for income and expenses (including accruals for performance based fees, if any, advisory fees and distribution fees) and distributions to investors.

Our most significant source of income is property-level net operating income. We accrue revenues and expenses on a monthly basis based on actual leases and operating expenses in that month. For the first month following a real property acquisition, we will calculate and accrue net

operating income with respect to such property based on the performance of the property before the acquisition and the contractual arrangements in place at the time of the acquisition, as identified and reviewed through our due diligence and underwriting process in connection with the acquisition. For NAV calculation purposes, organization and offering costs incurred as part of our corporate-level expenses related to our primary offering reduce NAV as incurred. Organization and offering costs incurred as part of our corporate-level expenses related to the DST Program reduce NAV on a monthly basis over a two-year period following the completion of each DST offering.

Following the calculation and allocation of changes in the Aggregate Fund NAV as described above, NAV for each class is adjusted for accrued dividends and ongoing distribution fees that are currently payable, to determine the monthly NAV. Ongoing distribution fees are allocated on a class-specific basis and borne by all holders of the applicable class. These class-specific fees may differ for each class, even when the NAV of each class is the same. We normally expect that the allocation of ongoing distribution fees on a class-specific basis will result in different amounts of distributions being paid with respect to each class of shares. However, if no distributions are authorized for a certain period, or if they are authorized in an amount less than the allocation of class-specific fees with respect to such period, then pursuant to these valuation procedures, the class-specific fee allocations may lower the NAV of a share class. Therefore, as a result of the different ongoing fees allocable to each share class, each share class could have a different NAV per share. If the NAV of our classes are different, then changes to our assets and liabilities that are allocable based on NAV may also be different for each class. Because the purchase price of shares in the primary offering is equal to the transaction price, which generally equals the most recently disclosed monthly NAV per share, plus the upfront selling commissions and dealer manager fees, which are effectively paid by purchasers of shares at the time of purchase, the upfront selling commissions and dealer manager fees have no effect on the NAV of any class.

NAV per share for each class is calculated by dividing such class's NAV at the end of each month by the number of shares outstanding for that class on such day.

NAV of our Operating Partnership and OP Units

Our valuation procedures include the following methodology to determine the monthly NAV of our Operating Partnership and the OP Units. Our Operating Partnership has certain classes or series of OP Units that are each economically equivalent to a corresponding class of shares. Accordingly, on the last day of each month, for such classes or series of OP Units, the NAV per OP Unit equals the NAV per share of the corresponding class. Certain other classes or series of OP Units may not be economically equivalent to a class of shares. The NAV of these classes or series of OP Units shall initially be set at a specified value, and thereafter adjusted as described above under "NAV and NAV per Share Calculation" as if they were a separate class of

shares, taking into account their specific economic terms (specifically, their specific dividends and ongoing distribution fees). The NAV of our Operating Partnership on the last day of each month equals the sum of the NAVs of each outstanding OP Unit on such day.

Oversight by our Board of Directors

All parties engaged by us in connection with our valuation procedures, including Altus Group, ALPS and our Advisor, are subject to the oversight of our board of directors. As part of this process, our Advisor reviews the estimates of the fair values of our real properties, Real Estate-Related Assets, and other assets and liabilities within our portfolio for consistency with our valuation guidelines and the overall reasonableness of the valuation conclusions, and informs our board of directors of its conclusions. Although Third-Party Appraisal Firms, our Independent Valuation Advisor, or other pricing sources may consider any comments received from us or our Advisor or other valuation sources for their individual valuations, the final estimated fair values of our real properties are determined by our Independent Valuation Advisor, and the final estimates of fair values of our Real Estate-Related Assets, our other assets, and our liabilities are determined by the applicable pricing source as described above. With respect to the valuation of our real properties, our Independent Valuation Advisor provides our board of directors with periodic valuation reports and is available to meet with our board of directors to review valuation information, as well as our valuation guidelines and the operation and results of the valuation process generally. Our board of directors has the right to engage additional valuation firms and pricing sources to review the valuation process or valuations, if deemed appropriate.

Review of and Changes to Our Valuation Procedures

At least once each calendar year, our board of directors, including a majority of our independent directors, reviews the appropriateness of our valuation procedures with input from our Independent Valuation Advisor.

From time to time, our board of directors, including a majority of our independent directors, may adopt changes to the valuation procedures if it: (1) determines that such changes are likely to result in a more accurate reflection of NAV or a more efficient or less costly procedure for the determination of NAV without having a material adverse effect on the accuracy of such determination; or (2) otherwise reasonably believes a change is appropriate for the determination of NAV.

We will publicly announce material changes to our valuation procedures.

Limitations on the Calculation of NAV

The most significant component of our NAV consists of the estimated fair values of real properties and, as with any real property valuation protocol, the estimated fair values of real

properties are based on a number of judgments, assumptions or opinions about future events that may or may not prove to be correct. The use of different judgments, assumptions or opinions could result in a different estimate of the value of our real properties. Although the methodologies contained in the valuation procedures are designed to operate reliably within a wide variety of circumstances, it is possible that in certain unanticipated situations or after the occurrence of certain extraordinary events (such as a terrorist attack or an act of nature), our ability to implement and coordinate our NAV procedures may be impaired or delayed, including in circumstances where there is a delay in accessing or receiving information from vendors or other reporting agents. Further, the NAV per share should not be viewed as being determinative of the value of our common stock that may be received in a sale to a third party or the value at which our stock would trade on a national stock exchange. Our board of directors may suspend this offering and the share redemption program if it determines that the calculation of NAV may be materially incorrect or there is a condition that restricts the valuation of a material portion of our assets.
