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

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d)**
**of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): April 11, 2016**

# REXFORD INDUSTRIAL REALTY, INC.
**(Exact name of registrant as specified in its charter)**

| **Maryland** | **001-36008** | **46-2024407** |
|---|---|---|
| **(State or other jurisdiction of incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |

| **11620 Wilshire Boulevard, Suite 1000, Los Angeles, California** | **90025** |
|---|---|
| **(Address of principal executive offices)** | **(Zip Code)** |

**Registrant's telephone number, including area code: (310) 966-1680**

**N/A**
**(Former name or former address, if changed since last report.)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2.):

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 Entry into a Material Definitive Agreement.**

**Purchase Agreement**

On April 11, 2016, we entered into a purchase agreement (the "Purchase Agreement") pursuant to which our operating partnership will acquire a private real estate investment trust ("REIT") that owns a portfolio of nine industrial properties totaling approximately 1.53 million rentable square feet (the "REIT Portfolio"), from a third-party seller in exchange for approximately $191.0 million in cash, exclusive of closing costs (the "REIT Portfolio Acquisition"). Pursuant to the Purchase Agreement, we will acquire 100% of the private REIT's common stock and 575 of 700 issued and outstanding shares of the private REIT'S 12.5% preferred stock (the "preferred stock"). The remaining 125 shares of the preferred stock are held by unaffiliated third parties and will remain outstanding in order to help us comply with federal income tax regulations applicable to REITs. These shares of preferred stock may be redeemed by us at any time, subject to procedural requirements, for an aggregate price of approximately $125,000 plus any dividends thereon that have accrued but have not been repaid at the time of such redemption. We have no current plans to redeem these shares of preferred stock, and upon the closing of the REIT Portfolio Acquisition, we expect to continue to operate the REIT Portfolio as a subsidiary REIT in the immediate term.

Pursuant to the Purchase Agreement, our operating partnership is entitled to customary indemnification for breaches of representations and warranties, covenants and pre-closing income taxes, subject to negotiated limitations. The purchase price for the REIT Portfolio is also subject to post-closing adjustments pursuant to customary real estate proration provisions contained in the Purchase Agreement. The REIT Portfolio Acquisition is not subject to a diligence condition. The REIT Portfolio Acquisition, however, is subject to customary closing requirements and conditions. While we expect to close the REIT Portfolio Acquisition in the second quarter of 2016, there can be no assurance that the REIT Portfolio Acquisition will close, or if it will close on our expected schedule.

The foregoing summary of the Purchase Agreement and the REIT Portfolio Acquisition does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Purchase Agreement, a copy of which is filed as Exhibit 2.1 to this Current Report on Form 8-K.

**Item 7.01 Regulation FD.**

On April 11, 2016, the Company issued a press release announcing the planned acquisition of the REIT Portfolio. A copy of the press release is furnished with this Current Report as Exhibit 99.1 and is incorporated herein by reference.

The information included in this Current Report under this Item 7.01 (including Exhibit 99.1 hereto) is being "furnished" and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of Section 18, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such filing. The information included in this Current Report under this Item 7.01 (including Exhibit 99.1 hereto) will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD.

**Item 8.01 Other Events.**

**Acquisitions**

***8525 Camino Santa Fe***

On March 15, 2016, we acquired in an off-market transaction, an industrial property located in San Diego, California, which is part of the Central San Diego submarket for $8.5 million. The property contains 59,399 square feet and is 100% leased to four tenants at below market rents, with over a third of the leases expiring within six months. The acquisition was funded with cash on hand and borrowings under our unsecured revolving credit facility.

***28454 Livingston Avenue***

On March 29, 2016, we acquired in an off-market transaction, an industrial property located in Valencia, California, which is part of the San Fernando Valley submarket, for $16.0 million. The property contains 134,287 square feet and is 100% leased to a single tenant under a long term lease. The acquisition was funded with cash on hand and borrowings under our unsecured revolving credit facility.

**Term Loan**

We intend to exercise in full the accordion feature on our $125.0 million senior unsecured term loan facility, which will establish a new incremental term loan in an aggregate principal amount of $100.0 million (the "Incremental Term Loan"). We intend to use the proceeds of the Incremental Term Loan to partially fund the acquisition of the REIT Portfolio which is discussed in further detail below.

**Information About the REIT Portfolio**

The REIT Portfolio is comprised of nine industrial properties totaling approximately 1.53 million rentable square feet. The majority of the properties are newly constructed or renovated within the prior three years. The average age of the properties in the REIT Portfolio is 12.5 years. As of March 31, 2016, the properties in the REIT Portfolio were 100% leased (giving effect to leases signed but not commenced as of that date) and 86% occupied. The average tenant size of the REIT Portfolio as of March 31, 2016, is 127,500 square feet, including the impact of an approximately 212,660 square foot lease at the REIT Portfolio property located at 15996 Jurupa Avenue that commenced April 1, 2016, as compared to 8,300 square feet for our in-place portfolio, as of December 31, 2015. All the properties in the REIT Portfolio are located in Southern California. As of March 31, 2016, including the impact of an approximately 212,660 square foot lease at the REIT Portfolio property located at 15996 Jurupa Avenue that commenced April 1, 2016, the weighted average remaining lease term for the REIT Portfolio was approximately 4.5 years.

The table below sets forth relevant information with respect to the properties in the REIT Portfolio as of March 31, 2016.

| Property Address | Sub Market | Number of Buildings | Built / Renovated | Asset Type | Rentable Square Feet | Number of Leases | Leased %(1) | Annualized Base Rent(2) | Percentage of Total Annualized Base Rent (3) | Total Annualized Base Rent per Square Foot(4) |
|---|---|---|---|---|---|---|---|---|---|---|
| 12131 Western Ave | West Orange County | 1 | 1987 / 2007 | Warehouse / Distribution / Manufacturing | 207,953 | 1 | 100% | $ 2,020,083 | 19% | $ 9.71 |
| 2811 S Harbor Blvd(5) | OC Airport | 1 | 1977 / 2015 | Manufacturing | 126,796 | 1 | 100% | 958,578 | 9% | 7.56 |
| 2700-2722 S Fairview St | OC Airport | 1 | 1964 / 1984 | Manufacturing / Office | 116,575 | 2 | 100% | 1,095,842 | 10% | 9.40 |
| 9 Holland | South Orange County | 1 | 1980 / 2013 | Manufacturing / Distribution | 180,981 | 2 | 100% | 1,262,884 | 12% | 6.98 |
| 20 Icon | South Orange County | 1 | 1999 / 2015 | Distribution | 102,299 | 1 | 100% | 1,141,657 | 10% | 11.16 |
| 11127 Catawba Ave | Inland Empire West | 1 | 2015 | Distribution | 145,750 | 1 | 100% | 752,070 | 7% | 5.16 |
| 15996 Jurupa Ave | Inland Empire West | 1 | 2015 | Warehouse / Distribution | 212,660 | 1 | 100% | 1,096,128 | 10% | 5.15 |
| 16425 Gale Ave | San Gabriel Valley | 1 | 1976 | Warehouse / Distribution | 325,800 | 2 | 100% | 1,396,397 | 13% | 4.29 |
| 13550 Stowe Dr | Central San Diego | 1 | 1991 | Warehouse | 112,000 | 1 | 100% | 1,075,200 | 10% | 9.60 |
| Total / Weighted Average | | 9 | | | 1,530,814 | 12 | 100% | $10,798,839 | 100% | $ 7.05 |

(1) Represents the percentage of rentable square feet leased at such property as of March 31, 2016. Includes an approximately 212,660 square foot lease at 15996 Jurupa Avenue that commenced April 1, 2016.

(2) Calculated as monthly contracted base rent per the terms of the lease(s) at such property as of March 31, 2016, multiplied by 12. Includes the impact of an approximately 212,660 square foot lease at 15996 Jurupa Avenue that commenced April 1, 2016. Excludes two cell tower leases at 2700-2722 S Fairview St, rent abatements and expense reimbursements from tenants.

(3) Calculated as annualized base rent for such property divided by annualized base rent for the REIT Portfolio as of March 31, 2016. Includes the impact of an approximately 212,660 square foot lease at 15996 Jurupa Avenue that commenced April 1, 2016.
(4) Calculated as annualized base rent for such property divided by leased square feet for such property as of March 31, 2016. Includes the impact of an approximately 212,660 square foot lease at 15996 Jurupa Avenue that commenced April 1, 2016.
(5) The seller of the REIT Portfolio has previously granted the current tenant an option to purchase this property for $18,700,000. The tenant has indicated that it intends to exercise its option in 2017.

The table below sets forth a summary schedule of lease expirations for leases in place in the REIT Portfolio as of March 31, 2016, plus available space, for the final three quarters of 2016 and each of the 10 full calendar years beginning January 1, 2017. The information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

| Year of Lease Expiration | Number of Leases Expiring | Total Rentable Square Feet | Annualized Base Rent(1) | Percentage of Annualized Base Rent(2) | Annualized Base Rent per Square Foot(3) |
|---|---|---|---|---|---|
| Q2, Q3, Q4 2016 | 2 | 300,548 | $ 2,453,428 | 23% | $ 8.16 |
| 2017 | — | — | — | — | — |
| 2018 | — | — | — | — | — |
| 2019 | 1 | 112,000 | 1,075,200 | 10% | 9.60 |
| 2020 | 2 | 292,007 | 1,520,496 | 14% | 5.21 |
| 2021 | 4 | 518,482 | 3,528,254 | 32% | 6.80 |
| 2022 | 2 | 180,981 | 1,262,884 | 12% | 6.98 |
| 2023 | — | — | — | — | — |
| 2024 | — | — | — | — | — |
| 2025 | 1 | 126,796 | 958,578 | 9% | 7.56 |
| 2026 | — | — | — | — | — |
| Thereafter | — | — | — | — | — |
| **Total Portfolio** | 12 | 1,530,814 | $10,798,839 | 100% | $ 7.05 |

(1) Calculated as monthly contracted base rent per the terms of the lease(s) at such property as of March 2016, multiplied by 12. Includes the impact of an approximately 212,660 square foot lease at 15996 Jurupa Avenue that commenced April 1, 2016. Excludes two cell tower leases at 2700-2722 S Fairview St, rent abatements and expense reimbursements from tenants.
(2) Calculated as annualized base rent for such property divided by annualized base rent for the total portfolio as of March 31, 2016. Includes the impact of an approximately 212,660 square foot lease at 15996 Jurupa Avenue that commenced April 1, 2016.
(3) Calculated as annualized base rent for such property divided by leased square feet for such property as of March 31, 2016. Includes the impact of an approximately 212,660 square foot lease at 15996 Jurupa Avenue that commenced April 1, 2016.

As a part of our standard due diligence process in connection with the REIT Portfolio Acquisition, we analyzed the approximate anticipated initial full year unlevered cash net operating income yield we expect to derive from the REIT Portfolio. We define anticipated unlevered cash net operating income yield as the percentage of the purchase price represented by the expected annual cash net operating income from the REIT Portfolio. We calculated the expected cash net operating income by subtracting the anticipated initial full year operating expenses (before interest expense and depreciation and amortization) of the REIT Portfolio from the initial anticipated initial full year cash income from the REIT Portfolio. On this basis, we estimate that the approximate anticipated initial full year unlevered cash net operating income yield for the REIT Portfolio to be approximately 5.3%. Based upon our due diligence, we also believe that the unlevered cash net operating income yield for the REIT Portfolio has the potential to increase appreciably in the near to medium term.

We caution you not to place undue reliance on our approximate anticipated initial full year unlevered cash net operating income yield for the REIT Portfolio because it is based solely on data made available to us in the diligence process in connection with the REIT Portfolio Acquisition and is calculated on a non-GAAP basis. Our experience operating the REIT Portfolio may change our expectations with respect to the anticipated initial full year or go-forward unlevered cash net operating income yield. In addition, the actual initial full year unlevered cash net operating income yield for the REIT Portfolio may differ from our expectations based on numerous other factors, including the results of our final purchase price allocation, difficulties collecting anticipated rental revenues, tenant bankruptcies, property tax reassessments and unanticipated expenses at the properties that we cannot pass on to tenants, as well as the risk factors set forth in this Current Report on Form 8-K.

**Risk Factors**

There are a number of significant risks related to the REIT Portfolio Acquisition, including the risk factors enumerated below and the risk factors contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2105.

***Risks Related to the REIT Portfolio Acquisition***

*We cannot assure you that the proposed REIT Portfolio Acquisition will be completed on a timely basis or at all.*

The REIT Portfolio Acquisition may not be completed, or may not be completed in the time frame, on the terms or in the manner currently anticipated, as a result of a number of factors, including the failure of the parties to satisfy one or more of the conditions to closing. There can be no assurance that the conditions to closing of the REIT Portfolio Acquisition will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the REIT Portfolio Acquisition. We have incurred significant expenses in connection with the REIT Portfolio Acquisition and delays in closing the REIT Portfolio Acquisition or the failure to close the REIT Portfolio Acquisition at all may result in our incurring significant additional costs in connection with such delay or termination of the Purchase Agreement, including the payment by us of certain costs, including the potential forfeiture by us, under certain circumstances, of a $5,750,000 deposit. If we do not close the REIT Portfolio Acquisition, we will have no designated use for a substantial portion of the proceeds from this offering, which could result in significant dilution to our stockholders and adversely affect the trading price of our common stock.

*The REIT Portfolio Acquisition may not achieve its intended benefits.*

There can be no assurance that we will be able to successfully realize the expected benefits of the REIT Portfolio Acquisition. Our ability to realize the anticipated benefits of the REIT Portfolio Acquisition will depend, in part, on our ability to integrate the REIT Portfolio with our existing business. Integrating the REIT Portfolio and leveraging our existing property management platform to service these new properties and tenants will require significant time and focus from our management team and may divert attention from the day-to-day operations of the combined business, which could delay the achievement of our broader strategic objectives. In addition, the acquisition of the REIT Portfolio and the integration of these new properties into our existing business may result in material unanticipated problems, expenses and liabilities as a result of a number of factors, including:

- market conditions in the submarkets in which the REIT Portfolio properties are located may result in higher than expected vacancy rates and lower than expected rental rates;
- the REIT Portfolio's properties may be subject to reassessment, which may result in higher than expected tax payments; and
- we may have underestimated the costs to make any necessary improvements to the REIT Portfolio's properties.

Many of these risks will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenue and diversion of our management's time and energy, which would adversely affect our business, financial condition, results of operations and/or cash flows.

*We may be subject to unknown or contingent liabilities related to the REIT Portfolio for which we may have no or limited recourse against the sellers.*

The REIT Portfolio may be subject to unknown or contingent liabilities for which we may have no or limited recourse against the sellers. Unknown or contingent liabilities might include liabilities for clean-up or remediation of environmental conditions, claims of customers, vendors or other persons dealing with the acquired entities and other liabilities whether incurred in the ordinary course of business or otherwise. The prior owners of the REIT Portfolio have agreed to indemnify us for any breaches of the representations and warranties in the Purchase Agreement. However, any such recovery is subject to a cap of $7,640,000 and a one to two year cut-off date depending on the specific representation or warranty, which may not be sufficient to satisfy the contingent liabilities that we may incur.

*The unaudited pro forma condensed combined financial information included in this Current Report under Item 9.01 (including Exhibit 99.3 hereto) is presented for illustrative purposes only and is not necessarily indicative of what our financial position, operating results and other data would have been if the REIT Portfolio Acquisition and other events adjusted for therein had actually been completed on the dates indicated and is not intended to project such information for any future date or for any future period, as applicable.*

The unaudited pro forma financial information included in this Current Report under Item 9.01 (including Exhibit 99.3 hereto) is based on numerous assumptions and estimates underlying the adjustments described in the accompanying notes, which are based on available information and assumptions that our management considers reasonable. In addition, such unaudited pro forma financial information does not reflect adjustments for other developments in our business or the REIT Portfolio seller's business after December 31, 2015. As a result, the unaudited pro forma financial information does not purport to represent what our financial condition actually would have been had the acquisition of the REIT Portfolio and the related borrowings under our unsecured revolving credit facility and the Incremental Term Loan as if such transactions had occurred on December 31, 2015, or represent what the results of our operations actually would have been had these events occurred on January 1, 2015 or project our financial position or results of operations as of any future date or for any future period, as applicable.

*We may incur adverse tax consequences if the REIT Portfolio has failed or fails to qualify as a REIT for U.S. federal income tax purposes.*

As a condition to closing the REIT Portfolio Acquisition, we will receive an opinion of the REIT Portfolio's counsel to the effect that, commencing with its initial taxable year, the REIT Portfolio was organized and has operated in conformity with the requirements for qualification and taxation as a REIT, and its method of operation up to the closing of the REIT Portfolio Acquisition has enabled and will enable it to meet the requirements for qualification and taxation as a REIT up to the closing of the REIT Portfolio Acquisition, determined as if the REIT Portfolio's taxable year ended as of the closing of the REIT Portfolio Acquisition. This opinion is not binding on the Internal Revenue Service, or IRS, or any court, and there can be no assurance that the IRS will not take a contrary position or that such position would not be sustained. If the REIT Portfolio has failed or fails to qualify as a REIT for U.S. federal income tax purposes, we may inherit or incur significant tax liabilities. In addition, the failure of the REIT Portfolio to qualify as a REIT could cause us to lose our own status as a REIT particularly if we discover such failure after our acquisition of the REIT Portfolio.

**Leasing Activity**

The following table provides a summary of our GAAP re-leasing spreads for the quarterly periods shown below.

| Leasing Spreads(1) | Three Months Ended December 31, 2014 | Three Months Ended March 31, 2015 | Three Months Ended June 30, 2015 | Three Months Ended September 30, 2015 | Three Months Ended December 31, 2015 |
|---|---|---|---|---|---|
| New Leases | 10.7% | 15.1% | 14.4% | 18.0% | 17.6% |
| Renewal Leases | 12.4% | 10.2% | 15.9% | 15.5% | 9.8% |

(1) Compares the first month cash rent excluding any abatement on new leases to the last month rent for the most recent expiring lease for properties with leasing activity in the period. Generally excludes properties under repositioning, short-term leases, and space that has been vacant for over one year.

**Portfolio Update**

As of December 31, 2015, the weighted average monthly base rent per square foot for our consolidated portfolio was $8.79. Since our IPO, we have expanded our portfolio over 120.4% in less than three years through the acquisition of 68 properties for an aggregate of $752.5 million, and disposition of 5 properties for an aggregate of $70.8 million. We believe approximately 69% of the acquisitions completed by us since our initial public offering ("IPO") were off-market or lightly marketed transactions compared to approximately 53% prior to our IPO. Off-market and lightly marketed transactions are characterized by either a lack of a formal marketing process or a lack of widely disseminated marketing materials.

**Description of the Partnership Agreement of Rexford Industrial Realty, L.P.**

The information included on this Current Report on Form 8-K under this heading "Description of the Partnership Agreement of Rexford Industrial Realty, L.P." and the information on Exhibit 99.4 hereto supersedes and replaces, in their entirety, the discussion under the heading "Description of the Partnership Agreement of Rexford Industrial Realty, L.P." in the prospectus dated October 5, 2014, which is a part of the Company's Registration Statement on Form S-3 (File No. 333-197849) filed with the Securities and Exchange Commission (the "SEC") on August 5, 2014 and declared effective on August 12, 2014.

**U.S. Federal Income Tax Considerations**

The information included on this Current Report on Form 8-K under this heading "U.S. Federal Income Tax Considerations" and the information on Exhibit 99.5 hereto supersedes and replaces, in its entirety, the discussion under the heading "U.S. Federal Income Tax Considerations" in the prospectus dated October 5, 2014, which is a part of the Company's Registration Statement on Form S-3 (File No. 333-197849) filed with the Securities and Exchange Commission (the "SEC") on August 5, 2014 and declared effective on August 12, 2014.

**Forward Looking Statements**

This Current Report on Form 8-K contains forward-looking statements which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Such forward looking statements include statements related to the closing of the acquisition of the REIT Portfolio Acquisition and the anticipated unlevered cash net operating income yield. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions that do not relate solely to historical matters are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements are subject to risks, uncertainties and assumptions and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We do not guarantee that the transactions and events described in this Current Report on Form 8-K will happen as described (or that they will happen at all).

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a further discussion of these and other factors that could impact our future results, performance, liquidity or transactions, see our reports and other filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2015.

**Item 9.01 Financial Statements and Exhibits.**

(a) Financial Statements of the REIT Portfolio Under Rule 3-14 of Regulation S-X
Report of Independent Auditors
Statements of Revenues and Certain Expenses for the year ended December 31, 2015
Notes to the Statements of Revenues and Certain Expenses

(b) Pro Forma Financial Information
Unaudited Pro Forma Condensed Consolidated Balance Sheet as of December 31, 2015
Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended December 31, 2015
Notes to the Pro Forma Consolidated Financial Statements

(d) Exhibits.

| | |
|---|---|
| 2.1 | Stock Purchase Agreement by and among Atlantic CT Holdings, LLC, Atlantic CT REIT, Inc. and Rexford Industrial Realty, L.P., dated April 11, 2016. |
| 23.1 | Consent of Ernst & Young LLP, independent registered public accounting firm |
| 99.1 | Press Release dated April 11, 2016. |
| 99.2 | Financial Statements of the REIT Portfolio under Rule 3-14 of Regulation S-X. |
| 99.3 | Unaudited pro forma financial information of Rexford Industrial Realty, Inc. as of December 31, 2015. |
| 99.4 | Description of the Partnership Agreement of Rexford Industrial Realty, L.P. |
| 99.5 | U.S. Federal Income Tax Considerations |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto authorized.

Rexford Industrial Realty, Inc.

April 11, 2016

/s/ Michael S. Frankel

Michael S. Frankel
Co-Chief Executive Officer
(Principal Executive Officer)

Rexford Industrial Realty, Inc.

April 11, 2016

/s/ Howard Schwimmer

Howard Schwimmer
Co-Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT INDEX**

| Exhibit Number | Description |
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| 99.3 | Unaudited pro forma financial information of Rexford Industrial Realty, Inc. as of December 31, 2015. |
| 99.4 | Description of the Partnership Agreement of Rexford Industrial Realty, L.P. |
| 99.5 | U.S. Federal Income Tax Considerations |

**Exhibit 2.1**

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**STOCK PURCHASE AGREEMENT**

by and among

**ATLANTIC CT HOLDINGS, LLC,**
as the Seller,

**ATLANTIC CT REIT, INC.,**
as the Company

and

**REXFORD INDUSTRIAL REALTY, L.P.,**
as the Buyer

**Dated April 11, 2016**

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**EXHIBITS**



**SCHEDULES**

**STOCK PURCHASE AGREEMENT**

This STOCK PURCHASE AGREEMENT is dated as of April 11, 2016 (this "Agreement"), by and among Atlantic CT Holdings, LLC, a Delaware limited liability company (the "Seller"), Atlantic CT REIT, Inc., a Delaware corporation (the "Company") and Rexford Industrial Realty, L.P., a Maryland limited partnership (the "Buyer").

**RECITALS**

WHEREAS, the Company is a real estate investment trust engaged in the business of developing, owning and operating industrial properties, located in Southern California;

WHEREAS, the Company's issued and outstanding equity consists of common stock, par value $0.01 per share (the "Common Shares") and 12.5% Series A Cumulative Non-Voting Preferred Stock, par value $0.01 per share (the "Series A Preferred Shares");

WHEREAS, the Seller owns all of the Common Shares and 575 shares of the Series A Preferred Shares (the "Owned Preferred Shares", and together with the Common Shares, the "Shares");

WHEREAS, the Seller wishes to sell to the Buyer and the Buyer wishes to purchase from the Seller, the Shares upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, as an inducement to the Buyer to enter into this Agreement, simultaneously with the Closing, a limited guarantee will be executed and delivered to the Buyer pursuant to which the guarantor named therein has agreed to guarantee certain obligations of the Seller hereunder (the "Limited Guaranty").

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

**ARTICLE I**
**DEFINITIONS**

Section 1.1. Certain Defined Terms. For purposes of this Agreement, the following terms have the following respective meanings.

"Access Agreement" means that certain Access and Exclusivity Agreement dated March 1, 2016, between the Seller and the Buyer.

"Accountants" has the meaning set forth in Section 6.10 *(Audit Cooperation)*.

"Accounting Firm" has the meaning set forth in Section 2.4(d) *(Purchase Price Adjustment)*.

"Action" means any action, suit, arbitration, investigation or proceeding by or before any Governmental Authority.

"Acquisition Engagement" has the meaning set forth in Section 10.16(a) *(Acquisition Engagement)*.

"Adjustment Time" means 12:01 a.m. Pacific Time on the Closing Date.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with such first Person; provided, that, for the avoidance of doubt, (i) prior to the Closing none of the Company and the Company's Subsidiaries will be deemed to be an Affiliate of the Buyer and (ii) after the Closing, none of the Company and the Company Subsidiaries will be deemed to be an Affiliate of the Seller.

"Agreement" has the meaning set forth in the Preamble.

"Balance Sheet" has the meaning set forth in Section 4.5(a) *(Financial Statements; No Undisclosed Liabilities; No Material Adverse Effect)*.

"Balance Sheet Date" has the meaning set forth in Section 4.5(a) *(Financial Statements; No Undisclosed Liabilities; No Material Adverse Effect)*.

"Basket" has the meaning set forth in Section 8.4(a) *(Limitations on Indemnification)*.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to close in Cambridge, Massachusetts, or Los Angeles, California.

"Buyer" has the meaning set forth in the Preamble.

"Buyer Indemnitees" has the meaning set forth in Section 8.2(a) *(Indemnification Obligations)*.

"Buyer Material Adverse Effect" means any event, effect, occurrence, development, state of circumstances, change, fact or condition that will or reasonably would be expected to prevent, materially delay or materially impede the performance by the Buyer of its obligations under this Agreement or the consummation of the transactions contemplated hereby.

"Buyer Representations" has the meaning set forth in Section 8.1(a) *(Survival)*.

"Cap" has the meaning set forth in Section 8.4(b) *(Limitations on Indemnification)*.

"Casualty Dispute Notice" has the meaning set forth in Section 9.2(a) *(Casualty)*.

"Casualty/Condemnation Arbitration" has the meaning set forth in Section 9.2(c) *(Arbitration)*.

"Claims Notice" has the meaning set forth in Section 8.3(a) *(Claims for Indemnification)*.

"Condemnation Dispute Notice" has the meaning set forth in Section 9.2(b) *(Condemnation)*.

"Closing" has the meaning set forth in Section 2.3(a) *(Closing)*.

"Closing Adjustment Amount" means the positive or negative amount that results from each of the following items being adjusted as set forth below and being added to or deducted from the Purchase Price, as the case may be (without duplication as to any of the items in clauses (i)-(vii) below):

(i) real estate and personal property Taxes and assessments (including special assessments) due and payable by the Company or any of the Company Subsidiaries (that are not paid by the tenants directly) for a Tax period that includes (but does not end on) the Closing Date will be prorated as of the Adjustment Time and (a) the Seller will bear the proportion of such real estate and personal property Taxes and assessments equal to a fraction, the numerator of which is equal to the number of days that have elapsed from the beginning of the applicable Tax period through the day prior to the Closing Date and the denominator of which is equal to the number of days in the entire applicable Tax period and (b) the Buyer will bear the remainder of such real estate and personal property Taxes and assessments; provided, that the methodology for proration of real property taxes for the Company Properties with addresses (x) 16425 Gale Avenue, City of Industry, California, and (y) 20 Icon, Lake Forest, California will be as set forth on Schedule 2.4(a);

(ii) insurance premiums, utility payments, common area maintenance and other expenses incurred in operating the Company Properties that are not paid by the tenants directly, and any other costs incurred in the course of business or the management and operation of the Company Properties not so paid by tenants, will be prorated as of the Adjustment Time on an accrual basis with the Seller bearing all such expenses that accrue prior to the Closing Date and the Buyer bearing all such expenses that accrue from and after the Closing Date, and the Seller and the Buyer obtaining billings and meter readings as close to the Closing Date as reasonably practicable to aid in such prorations;

(iii) rental income (including but not limited to base rents, additional rents, common area maintenance charges, expense reimbursements, property tax charges, insurance charges and other tenant charges, but excluding all delinquent rents for the period prior to the Closing) due and payable to the

Company or any of the Company Subsidiaries will be prorated as of the Adjustment Time and (a) the Seller will be credited with a proportion of such non-delinquent rental income equal to a fraction, the numerator of which is equal to the number of days that have elapsed from the beginning of the calendar month during which the Closing occurs through, but excluding, the Closing Date and the denominator of which is equal to the number of days in the entire calendar month during which the Closing occurs and (b) the Buyer will be credited with the remainder of such rental income; provided, that (A) the Buyer will receive a credit in an amount equal to all prepaid rental income or other tenant charges for periods after the Closing and all refundable cash security deposits (and interest accrued thereon (if any)) which have not been previously applied in accordance with the terms of the applicable Lease and (B) with respect to all delinquent rents received by the Buyer or the Seller after the Closing Date, such delinquent rents will be applied first to current rentals, then to delinquent rents accruing in the month of Closing, and then to delinquent rents accruing prior to the Closing Date, and subject to the foregoing, the Seller will cause to be paid or turned over to the Buyer all rents, if any, received by the Seller after Closing and the Buyer will cause to be paid or turned over to the Seller all rents, if any, received by the Buyer after the Closing and attributable to any period prior to the Closing in accordance with the foregoing;

(iv) any unpaid and/or unfunded tenant improvement allowances, leasing commissions or construction costs to the extent set forth on Schedule 4.7(b) that are identified therein as "Vested" and which are outstanding as of the Closing will be charged against the Seller;

(v) prepaid charges, payments and accrued charges made by the Company or any of the Company Subsidiaries under any contracts to which any of them is party will be prorated as of the Adjustment Time and (a) the Seller will be credited with a proportion of such charges equal to a fraction, the numerator of which is equal to the number of days that have elapsed from the beginning of the calendar month during which the Closing occurs through, but excluding, the Closing Date and the denominator of which is equal to the number of days in the entire calendar month during which the Closing occurs and (b) the Buyer will be credited with the remainder of such charges; provided, that notwithstanding anything to the contrary contained herein, there will be no proration of any amounts payable by the Company or any of the Company Subsidiaries under any property management agreements or Related Party Agreements, it being understood that all such property management agreements and Related Party Agreements will be terminated prior to the Closing Date at the sole cost and expense of the Seller;

(vi) the costs and fees imposed on the Parties pursuant to the terms of this Agreement, including Section 3.6 (*Seller's Brokers*), Section 5.8 (*Buyer's Brokers*) and Section 10.2 (*Fees and Expenses; Transfer Taxes*) will be allocated to the Buyer or the Seller, as applicable; and

(vii) those additional credits set forth on Schedule 1.1(a) that the Seller has agreed to provide to the Buyer.

"Closing Cash" means the sum of the fair market value (expressed in Dollars) of cash and cash equivalents (including marketable securities, short term investments and any uncashed checks payable to the Company or any of the Company Subsidiaries) of the Company and the Company Subsidiaries, net of any outstanding checks by the Company and the Company Subsidiaries, as of the Adjustment Time; provided, that "Closing Cash" will not include any amounts included as Reserves or in the calculation of the Closing Adjustment Amount.

"Closing Date" has the meaning set forth in Section 2.3(a) *(Closing)*.

"Closing Indebtedness" means the aggregate amount of Indebtedness of the Company and the Company Subsidiaries as of the Adjustment Time; provided, that "Closing Indebtedness" will not include any amounts included in the calculation of the Closing Adjustment Amount.

"Closing Statement" has the meaning set forth in Section 2.4(b) (*Closing)*.

"Code" means the Internal Revenue Code of 1986, as amended and the Treasury Regulations promulgated thereunder.

"Commission Agreements" has the meaning set forth in Section 4.7(c) (*Leases)*.

"Common Shares" has the meaning set forth in the Recitals.

"Company" has the meaning set forth in the Preamble.

"Company Material Adverse Effect" means any event, effect, occurrence, development, state of circumstances, change, fact or condition that has or reasonably would be expected to have a material adverse effect on the business, assets, liabilities, properties (including the value or use thereof or access thereto), financial condition or results of operations of the Company and the Company Subsidiaries, taken as a whole, but does not include any fact, circumstance or condition (and no such fact, circumstance or condition may be taken into account in determining whether there has been a Company Material Adverse Effect) that (i) results from the execution or announcement of this Agreement and the transactions contemplated by this Agreement or from the performance of and compliance with the terms of this Agreement, (ii) is generally applicable in the industrial properties industry, the U.S. or global economy or the U.S. or global financial or capital markets, including changes in interest or exchange rates, (iii) results from, or relates to, U.S. or international political or social conditions, including any outbreak or escalation of hostilities or war or any act of terrorism, (iv) results from a change in Law or applicable accounting requirements or principles or interpretations thereof or (v) results from the failure to meet any forecasts or revenue or earnings projections (but not from the underlying sources or causes of such failure); provided, that any such fact, circumstance or condition referred to in clauses (ii) through (iv) immediately above will be taken into account in determining whether a Material Adverse Effect has occurred to the extent that such event or occurrence has a materially disproportionate effect on the Company as compared to other participants in the industrial property industry.

"Company Properties" has the meaning set forth in Section 4.6 *(Real Property)*.

"Company Representations" has the meaning set forth in Section 8.1(a) *(Survival)*.

"Company Subsidiary" means a Subsidiary of the Company, including any TRS or QRS, if applicable.

"Company Transaction Expenses" means (a) all fees, costs and expenses incurred by (or the payment of which has been assumed or guaranteed by) the Company or any of the Company Subsidiaries in connection with this Agreement and the transactions contemplated hereby and which remain unpaid as of the Closing, including any such amounts owed to attorneys, accountants, brokers and other advisors; provided, that the amounts set forth on Schedule 1.1(b) will not constitute Company Transaction Expenses; (b) any amount payable by the Company or any of the Company Subsidiaries to any Person other than the Company or any of the Company Subsidiaries under any property management agreement or Related Party Agreement which remains unpaid as of the Closing; and (c) without duplication of any amounts payable pursuant to Section 8.2(a)(v) (*Indemnification Obligations*) or any amounts withheld or to be withheld pursuant to Section 2.6 (*Withholding*), any Taxes payable at or after the Closing by the Company or any of the Company Subsidiaries in respect of the amounts set forth in the immediately preceding clause (a) or (b) above.

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

"Cut-Off Date" has the meaning set forth in Section 8.1(c) *(Survival)*.

"Data Room" means the electronic data room hosted by the Seller's Brokers, as of 11:30 a.m. Pacific Time on April 8, 2016. Each of the Seller and the Buyer will be entitled to make an electronic copy of the contents of Data Room as of such date and time.

"Deposit" has the meaning set forth in Section 2.1 (*Deposit)*.

"Deposit Escrow Agent" means Chicago Title Insurance Company, 700 S. Flower Street, Suite 800, Los Angeles, CA 90017, Attn: Michael Slinger.

"Deposit Escrow Agreement" means the Deposit Escrow Agreement dated as of April 8, 2016, by and among the Seller, the Buyer, the Company and the Deposit Escrow Agent.

"Deposit Escrow Funds" has the meaning set forth in Section 2.1 (*Deposit)*.

"Disclosed Information" means the information disclosed in the Disclosure Schedules and in the Data Room.

"Disclosure Schedules" means the schedules delivered by the Seller and the Company to the Buyer concurrently with or before the execution and delivery of this Agreement (as such schedules may be supplemented or amended in accordance with this Agreement prior to the Closing Date), setting forth, among other things, items the disclosure of which is required under this Agreement, either in response to an express disclosure requirement contained in a provision of this Agreement or as an exception to one or more of the representations, warranties, covenants or agreements contained in this Agreement.

"Encumbrance" means any charge, claim, mortgage, deed of trust, lien, option, right of first offer or refusal, pledge, security interest or other restriction of any kind, other than those (a) arising under applicable securities Laws or (b) established by or through the Buyer or any of its Affiliates.

"Environmental Laws" means all Laws, binding and enforceable guidelines, including any judicial or administrative order, consent decree or judgment, in each case to the extent binding, relating to the environment, the protection of health or Hazardous Materials, including the Comprehensive Environmental Response Compensation and Liability Act, 42 USC §9601 et seq.; the Resource Conservation and Recovery Act, 42 USC §6901 et seq.; the Federal Water Pollution Control Act, 33 USC §1251 et seq.; the Toxic Substances Control Act, 15 USC §2601 et seq.; the Clean Air Act, 42 USC §7401 et seq.; the Safe Drinking Water act, 42 USC §3803 et seq.; the Oil Pollution Act of 1990, 33 USC §2701 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 USC §11001 et seq.; the Hazardous Material Transportation Act, 49 USC §1801 et seq.; and the Occupational Safety and Health Act, 29 USC §651 et seq. (to the extent it regulates occupational exposure to Hazardous Materials); any state, local or foreign counterparts or equivalents, in each case as amended from time to time.

"Environmental Permits" means all Permits under any Environmental Law.

"Estimated Closing Statement" has the meaning set forth in Section 2.4(a) *(Purchase Price Adjustment)*.

"Estimated Purchase Price" has the meaning set forth in Section 2.4(a) *(Purchase Price Adjustment)*.

"Exclusivity Period" has the meaning set forth in the Access Agreement.

"Existing Indebtedness" means all items set forth on Schedule 1.1(c).

"Express Seller/Company Obligations" has the meaning set forth in Section 4.19 (*AS-IS; WHERE IS*).

"Fundamental Representations" has the meaning set forth in Section 8.1(a) *(Survival)*.

"GAAP" means generally accepted accounting principles for financial reporting in the United States of America as in effect on the date of this Agreement.

"Governmental Authority" means any government, governmental agency, department, bureau, office, commission, board, authority, instrumentality, court of competent jurisdiction or arbitral tribunal, in each case, whether foreign or U.S. federal, state or local, including the New York Stock Exchange and the Financial Industry Regulatory Authority.

"Hazardous Materials" means (i) substances that are defined or listed in, or otherwise classified pursuant to, any applicable Law as "hazardous substances," hazardous materials," "hazardous wastes," "toxic substances," "pollutants," "contaminants" or other similar term intended to define, list or classify a substance by reason of such substance's ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity or "EP toxicity" and (ii) oil, petroleum or petroleum derive substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources.

"Indebtedness" means, with respect to any Person, without duplication, (i) indebtedness for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money, (ii) indebtedness evidenced by any note, bond, debenture, mortgage, deed of trust or other debt instrument or debt security, (iii) liabilities in respect of drawn letters of credit and "swaps" of interest and currency exchange rates (and other interest and currency rate hedging agreements), (iv) liabilities for the payment of money as a lessee under leases that are, or that are required to be in accordance with GAAP, recorded as capital leases, (v) any obligations of such Person to pay the deferred purchase price of property, goods or services other than those trade payables incurred in the ordinary course of business, (vi) all liabilities of such Person for cash / book overdrafts, (vii) any liabilities or obligations described in clauses (i) through (vi) above guaranteed as to payment of principal or interest by such Person and (viii) all accrued interest on any of the foregoing, if any, and any termination fees, prepayment penalties, "breakage" costs or similar payments associated with the repayments of any of the foregoing on the Closing Date.

"Indemnification Period" means the period commencing on the Closing Date and ending on the date that is twelve (12) months after the Closing Date.

"Indemnitees" has the meaning set forth in Section 8.2(b) *(Indemnification Obligations)*.

"Indemnitor" has the meaning set forth in Section 8.3(a) (*Claims for Indemnification*).

"Individual" has the meaning set forth in Section 5.9 *(Ownership)*.

"Inspections" has the meaning set forth the Access Agreement.

"Intellectual Property Rights" means intellectual property rights of any type or nature, however denominated, throughout the world, including (i) patents of all types, (ii) trademarks, service marks, trade dress, domain names, logos, trade names and corporate names, (iii) proprietary works of authorship, including copyrights and proprietary designs, (iv) rights of publicity, (v) trade secrets and other proprietary rights in data, know-how and confidential or proprietary information (including any business plans, designs, technical data, customer data, financial information, pricing and cost information, bills of material and other similar information) and (vi) all applications for the registration, issuance or perfection of any of the foregoing and all claims and causes of action arising therefrom or relating thereto.

"Knowledge", with respect to the Company, means the actual knowledge of Marc Belluomini, Dominic Petrucci and Carter Ewing, solely in their capacities as officers of the manager of the Company, and without personal liability.

"Law" means any domestic or foreign statute, law, ordinance, regulation, rule, code, injunction, judgment, decree or order enacted, issued, adopted, promulgated or applied by any Governmental Authority, including any restrictions imposed by any Governmental Authority pursuant to any site plan approvals, zoning or subdivision regulations, urban redevelopment plans, judgments, decrees, injunctions, permits, licenses, authorizations, directions, land use, building and environmental laws, including landmark designations and all zoning variances and special exceptions.

"Lease" means any lease agreement that permits the use and occupancy of a Company Property or portion thereof.

"Liability Policies" means the insurance policies listed as Item 3 and Item 4 on Schedule 4.12.

"Limited Guaranty" has the meaning set forth in the Recitals.

"Local Market Expert Brokers" means those certain individual brokers engaged by, or acting for or on behalf of, the Seller in local markets in connection with the negotiation, execution or performance of the contracts to purchase the Company Properties, the Leases and this Agreement.

"Loss" means any direct, actual loss, liability, demand, claim, action, cause of action, cost, damage, interest, penalty, fine or expense (including interest, penalties, reasonable attorneys' fees and expenses and all amounts paid in investigation, defense or settlement of any of the foregoing, but not including internal management, administrative or overhead costs incurred in connection with any of the foregoing); provided, that Losses will not include any punitive damages unless specifically awarded to a third party in connection with a Third-Party Claim or claims in respect of any Action involving fraud.

"Material Contracts" has the meaning set forth in Section 4.15(a) (*Material Contracts*).

"Material Lease" means, with respect to any Company Property, any Lease relating to at least 10,000 rentable square feet.

"Notice of Disagreement" has the meaning set forth in Section 2.4(c) *(Purchase Price Adjustment)*.

"Organizational Documents" means, with respect to any Person (other than an individual) as applicable, any certificates or articles of incorporation, organization and designation, any limited liability company, operating, voting, stockholder and partnership agreements, by-laws and any equivalent documents, instruments and agreements relating to the organization or governance of such Person, in each case, as amended or supplemented.

"Outside Date" has the meaning set forth in Section 9.1(a) (*Termination*).

"Owned Preferred Shares" has the meaning set forth in the Recitals.

"Party" means a party to this Agreement.

"Per Claim Minimum" has the meaning set forth in Section 8.4(a)(i) *(Limitations on Indemnification)*.

"Permit" means any permit, license, franchise, approval, certificate, consent, waiver, concession, exemption, order, registration, notice or other authorization of any Governmental Authority.

"Person" means an individual, corporation, partnership, limited liability company, limited liability partnership, joint stock company, syndicate, trust, joint venture, association, organization or other entity, whether or not a legal entity or a Governmental Authority.

"Pollution Policy" means the insurance policy listed as Item 1 on Schedule 4.12.

"Post-Closing Covenants" has the meaning set forth in Section 8.1(b) *(Survival)*.

"Pre-Closing Tax Periods" mean any taxable periods ending before the Closing Date and the portion of a Straddle Period that ends on the day before the Closing Date.

"Proforma Title Policy" means, with respect to each Company Property, the proforma ALTA Extended Coverage Owner's Policy of Title Insurance in favor of the Company or the applicable Company Subsidiary (including all endorsements attached thereto) in the form of the applicable proforma attached hereto as Exhibits B-1 through B-9 with respect to such Company Property.

"Prohibited Person" has the meaning set forth in Section 4.18 *(OFAC; Prohibited Person)*.

"Purchase Price" means $191,000,000, plus (i) the Closing Cash, plus (ii) the Reserves, plus (iii) the Closing Adjustment Amount (which may be a positive or negative number); minus (iv) the Closing Indebtedness; minus (v) the Third Party Preferred Share Amount; minus (vi) the Company Transaction Expenses.

"QRS" means a qualified REIT subsidiary within the meaning of Section 856(i)(2) of the Code.

"REIT" means a real estate investment trust within the meaning of Sections 856 through 860 of the Code.

"Related Party Agreement" has the meaning set forth in Section 4.16.

"Representatives" means, with respect to any Person, the officers, directors, partners, managers, principals, employees, agents, auditors, advisors, bankers, lenders and other representatives of that Person.

"Reserves" means the amount of any reserves established by the owner with respect to the Company Property, including reserves or deposits held by utility companies, as shown on Schedule 2.4(a); provided, that "Reserves" will not include any amounts included in the calculation of the Closing Adjustment Amount.

"Return" means any return, declaration, report, statement, information statement or other document required to be filed with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"SEC" has the meaning set forth in Section 6.5 (*Public Announcements*).

"Securities Act" means the Securities Act of 1933, as amended.

"Seller" has the meaning set forth in the Preamble.

"Seller Indemnified Parties" means the Seller, the Company, the Company Subsidiaries and all of their respective Representatives.

"Seller Indemnitees" has the meaning set forth in Section 8.2(b) *(Indemnification Obligations)*.

"Seller Material Adverse Effect" means any event, effect, occurrence, development, state of circumstances, change, fact or condition that will or reasonably would be expected to prevent, materially delay or materially impede the performance by the Seller of its obligations under this Agreement or the consummation of the transactions contemplated hereby.

"Seller Parties" has the meaning set forth in Section 10.1 *(Exculpation)*.

"Seller Party Transaction Counsel" has the meaning set forth in Section 10.16(a) *(Legal Representation)*.

"Seller's Brokers" has the meaning set forth in Section 3.6 *(Seller's Brokers)*.

"Seller Representations" has the meaning set forth in Section 8.1(a) *(Survival)*.

"Series A Preferred Shares" has the meaning set forth in the Recitals.

"Shares" has the meaning set forth in the Recitals.

"Significant Casualty" has the meaning set forth in Section 9.2(a) *(Casualty)*.

"Significant Taking" has the meaning set forth in Section 9.2(b) *(Condemnation)*.

"Straddle Period" means any taxable period beginning before the Closing Date and ending on or after the Closing Date.

"Straddle Period Returns" has the meaning set forth in Section 6.8(b) *(Other Tax Matters)*.

"Subject Policies" means the Pollution Policy and the Liability Policies.

"Subsidiary" means, with respect to any Person, (a) any other Person of which at least fifty percent (50%) of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by such first Person and/or by one or more other Subsidiaries of such Person, (b) a partnership of which such Person and/ or one or more other Subsidiaries of such Person, directly or indirectly, is the general partner and has the power to direct the policies, management and affairs of such partnership, (c) a limited liability company of which such Person and/or one or more other Subsidiaries of such Person, directly or indirectly, is the managing member and has the power to direct the policies, management and affairs of such company or (d) any other Person (other than a corporation, partnership or limited liability company) in which such Person and/or one or more other Subsidiaries of such Person, directly or indirectly, has the majority ownership and power to direct the policies, management and affairs of such Person.

"Taking" has the meaning set forth in Section 9.2(b) *(Condemnation)*.

"Tax Contest" has the meaning set forth in Section 6.8(c) *(Other Tax Matters*).

"Taxes" means any and all taxes of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority.

"Third-Party Claim" means any claim, demand, arbitration, audit or assessment for which an indemnitor may be liable to an indemnitee under this Agreement that is asserted by a third party.

"Third Party Consents" has the meaning set forth in Section 4.3(a)(iii) *(No Conflict; Required Consents)*.

"Third Party Preferred Share Amount" means $125,000, which the parties have agreed, solely for purposes of this Agreement and the transactions hereunder (and not for the benefit of any holder of such shares), is the value of the Series A Preferred Shares that will remain outstanding after the Closing.

"Title Policy" means, with respect to each Company Property, an ALTA Extended Coverage Owner's Policy of Title Insurance (including all required endorsements) issued by the Title Company effective as of the Closing in favor of the Company or Company Subsidiary, as applicable, in material conformity with the applicable Proforma Title Policy for such Company Property (collectively, the "Title Policies").

"Title Company" means Chicago Title Insurance Company in its capacity as title insurer under each Title Policy.

"Transaction Expense Invoices" means the invoices reflecting the amounts necessary to satisfy all Company Transaction Expenses in full through the Closing Date, issued by the Persons to whom such amounts are owed.

"Transfer Taxes" means all sales, use, commercial activity, registration, value added, transfer, stamp, stock transfer, property transfer, real property transfer, intangible and similar Taxes (for the avoidance of doubt, excluding any Tax imposed under Sections 897 or 1445 of the Code), together with any conveyance fees, notarial and registry fees and recording costs (including any penalties and interest thereon) imposed on the Buyer or the Seller by any taxing authority or other Governmental Authority as a result of the sale of the Shares contemplated by this Agreement.

"Treasury Regulations" means the income tax regulations, including any temporary or proposed regulations, promulgated under the Code, as such regulations may be amended from time to time.

"TRS" means a taxable REIT subsidiary within the meaning of Section 856(l) of the Code.

"Update Termination Event" has the meaning set forth in Section 6.9(b) *(Disclosure Schedules)*.

"Update Termination Notice" has the meaning set forth in Section 6.9(b) *(Disclosure Schedules)*.

"Updated Schedules" has the meaning set forth in Section 6.9(b) *(Disclosure Schedules)*.

"2015 Financial Statements" has the meaning set forth in Section 4.5(a) *(Financial Statements; No Undisclosed Liabilities; No Material Adverse Effect*).

"2014 Financial Statements" has the meaning set forth in Section 4.5(a) *(Financial Statements; No Undisclosed Liabilities; No Material Adverse Effect*).

Section 1.2. Interpretation. As used in this Agreement, unless otherwise expressly provided:

(a) the table of contents and headings are for convenience of reference purposes only and will not affect in any way the meaning or interpretation of this Agreement;

(b) each reference to a "Preamble", "Recital", "Article", "Section", "Exhibit" or "Schedule" means a preamble, recital, article or section of, or exhibit or schedule to, this Agreement;

(c) each reference to a document (including this Agreement) means that document as amended, supplemented or modified from time to time in accordance with the terms thereof;

(d) each reference to a Law means that Law as amended, modified, codified, reenacted, supplemented, or superseded in whole or in part from time to time and includes all rules and regulations promulgated thereunder;

(e) each reference to "Dollars" or "$" means U.S. Dollars;

(f) each reference to "include", "includes" or "including" is deemed to be followed by the words "without limitation";

(g) each of the words "hereof," "herein" and "hereunder" and words of similar import, refer to this Agreement as a whole and not to any particular provision in this Agreement;

(h) each of the phrases "effect on the Company" and "affecting the Company" and phrases of similar import, refer to the Company and the Company Subsidiaries taken as a whole;

(i) each reference to any gender includes each other gender;

(j) each reference to "days" means calendar days;

(k) each term defined in the singular has a comparable meaning when used in the plural and vice versa;

(l) each reference to a Person includes that Person's heirs, executors, personal representatives, administrators, successors and assigns; provided, that nothing contained in this clause (l) authorizes any assignment or transfer not otherwise permitted by this Agreement;

(m) any capitalized term used in any Exhibit or Schedule but not otherwise defined therein will have the meaning provided to that capitalized term in this Agreement;

(n) all Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein;

(o) any references hereunder to the Seller or the Company having "provided", "delivered" or "made available" any documents and information will be deemed to include and be satisfied by the posting of such documents or information in the Data Room; and

(p) the Seller, the Company and the Buyer have participated jointly in the negotiation and drafting of this Agreement and, in the event that any ambiguity or question of intent or interpretation arises, this Agreement will be construed as having been jointly drafted by the Seller, the Company and the Buyer and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the purported authorship of any provision of this Agreement.

## ARTICLE II
## PURCHASE AND SALE

Section 2.1. Deposit.

(a) Prior to the date hereof, the Buyer, the Seller and the Deposit Escrow Agent entered into the Deposit Escrow Agreement pursuant to which the Buyer deposited the sum of $5,750,000 in cash (the "Deposit"), which from and after the date hereof will be held and disbursed, together with any interest or other investment earnings thereon (collectively, the "Deposit Escrow Funds"), in accordance with the terms of this Agreement and will be non-refundable, except as set forth in Section 9.1(b) (*Termination*). The execution of this Agreement will immediately and automatically terminate the Deposit Escrow Agreement, and from and after the date hereof, the disbursement of the Deposit Escrow Funds will be governed solely pursuant to the terms hereof.

(b) The Deposit Escrow Agent currently holds the Deposit Escrow Funds in one or more interest-bearing FDIC insured account(s), the interest of which shall be held for the benefit of the Buyer unless otherwise specified in Section 9.1 (*Termination*), and will continue to do so in accordance with this Agreement. The Deposit Escrow Agent will not be responsible for any loss, diminution in value or failure to achieve a greater profit as a result of such investments, except to the extent resulting from the gross negligence or willful misconduct of Deposit Escrow Agent.

(c) Upon disbursement of the Deposit Escrow Funds in accordance with this Agreement, all obligations of Deposit Escrow Agent will be deemed to have been satisfied and neither the Buyer nor the Seller will have any recourse against the Deposit Escrow Agent. The Deposit Escrow Agent will not disburse the Deposit Escrow Funds except pursuant to the terms of this Agreement.

Section 2.2. Purchase and Sale.

(a) Upon the terms and subject to the conditions of this Agreement, at the Closing, the Seller will sell, assign, transfer, convey and deliver the Shares to the Buyer and the Buyer will purchase the Shares from the Seller, for the Purchase Price, free and clear of all Encumbrances (other than restrictions imposed under applicable securities Laws or under the Company's Organizational Documents). For purposes of filing any transfer tax statements, affidavits or similar documents and to pay any Taxes due based thereon with any applicable Governmental Authority, the Seller and the Buyer agree to use the Buyer's allocated values with respect to the Company Properties as set forth on Schedule 2.2 attached hereto.

(b) The Seller, the Buyer and the Company will treat the sale of the Shares as a sale of equity interests in the Company for all tax purposes, and will report the sale of the Shares consistently with the foregoing for all tax purposes.

Section 2.3. Closing.

(a) Subject to the terms and conditions of this Agreement, the closing of the sale and purchase of the Shares (the "Closing") will be held at 10:00 a.m., local time, on the date that is three (3) Business Days after the conditions set forth in ARTICLE VII (*Conditions to Closing*) have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), at the offices of the Deposit Escrow Agent, or at such other place or on such other date and time as the Seller and the Buyer mutually may agree in writing (the "Closing Date"). Each Party agrees to promptly notify the other Party once it believes the other Party's conditions set forth in ARTICLE VII (*Conditions to Closing*) have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date).

(b) At the Closing;

(i) the Buyer will deliver to the Deposit Escrow Agent an amount equal to the Estimated Purchase Price, less the amount of the Deposit Escrow Funds, plus the amount of the Closing Indebtedness, plus the amount of the Company Transaction Expenses, all as set forth in the Estimated Closing Statement, by wire transfer of immediately available funds to the account specified by the Deposit Escrow Agent; and

(ii) the Deposit Escrow Agent will (A) release from the amounts delivered by the Buyer pursuant to Section 2.3(b)(i) (*Closing*) above and the Deposit Escrow Funds, an amount equal to the Estimated Purchase Price to the Seller, by wire transfer of immediately available funds to an account specified in writing by the Seller, (B) release an aggregate amount equal to the Closing Indebtedness to those Persons to whom the Closing Indebtedness is owed, by wire transfer of immediately available funds to accounts specified in writing by the Seller, and (C) release an aggregate amount equal to the Company Transaction Expenses to those Persons to whom such expenses are owed, by wire transfer of immediately available funds to accounts specified in writing by the Seller and in accordance with the Transaction Expense Invoices.

Section 2.4. Purchase Price Adjustment.

(a) No later than one (1) Business Day prior to Closing, the Seller will prepare and deliver to the Buyer an estimated closing statement (the "Estimated Closing Statement"), which shall be attached hereto as Schedule 2.4(a), setting forth the Seller's good faith estimates of the amounts of Closing Cash, Reserves, Closing Indebtedness, Closing Adjustment Amount, the Company Transaction Expenses (each of which shall be evidenced by a Transaction Expense Invoice) and of the Purchase Price based on the foregoing (the "Estimated Purchase Price"); provided, that, if the Closing has not occurred by 11:59 p.m. (Pacific Time) on April 25, 2016,

Seller will deliver the Estimated Closing Statement no later than 12:00 p.m. (Pacific Time) on April 27, 2016 that assumes a Closing date of April 29, 2016, and Seller's obligation under this Schedule 2.4(a) will be satisfied. The Estimated Closing Statement shall be in the form attached hereto as Exhibit A. The Buyer hereby acknowledges receipt of such schedules and data with respect to the Estimated Closing Statement and the Seller's determination of the Estimated Purchase Price set forth therein and each component thereof as the Buyer has deemed reasonably necessary to support such amounts.

(b) The Buyer will deliver to the Seller, by no later than sixty (60) days after the Closing Date, a closing statement setting forth the Buyer's good faith calculations of the actual amounts of Closing Cash, Reserves, Closing Indebtedness and Closing Adjustment Amount and the adjusted Purchase Price based on the foregoing, together with such schedules and data with respect to the determination of each of the foregoing amounts as are reasonably necessary to support such amounts (the "Closing Statement"). If the Buyer fails to deliver the Closing Statement by the deadline set forth in the immediately preceding sentence, the Seller may prepare and deliver to the Buyer a Closing Statement. If the Seller does not deliver a Closing Statement to the Buyer within thirty (30) days after the deadline set forth in the first sentence of this Section 2.4(b) (*Purchase Price Adjustment*), then the Buyer and the Seller will be deemed to have accepted the Estimated Closing Statement in full and the Estimated Closing Statement will become final, binding and conclusive for all purposes under this Agreement.

(c) If either the Buyer or the Seller disagrees in whole or in part with the Closing Statement, then the disagreeing Party will deliver to the receiving Party, by no later than thirty (30) days after the date on which the receiving Party receives the Closing Statement, a written notice of disagreement setting forth in reasonable detail the particulars of such disagreement (a "Notice of Disagreement"). If either the Buyer or the Seller fails to deliver a Notice of Disagreement by the deadline set forth in the immediately preceding sentence, the Parties will be deemed to have accepted the Closing Statement in full and the Closing Statement will become final, binding and conclusive for all purposes under this Agreement.

(d) If either the Buyer or the Seller timely delivers a Notice of Disagreement, the Buyer and the Seller will use commercially reasonable efforts for a period of thirty (30) days, or such longer period as they may mutually agree, to resolve any disputed items. All disputed items agreed to during the foregoing period will become final, conclusive and binding on the Buyer, the Seller and the Company and will not be subject to further appeal. If, at the end of the foregoing period, there remain any unresolved disputed items, those unresolved disputed items will be referred to a nationally-recognized, U.S.-based accounting firm to be mutually agreed by the Buyer and the Seller (the "Accounting Firm"). The Buyer and the Seller will enter into reasonable and customary arrangements for the services to be rendered by the Accounting Firm under this paragraph, such services to be provided in the Accounting Firm's capacity as an accounting expert and not an arbitrator. The Accounting Firm will be directed to determine as promptly as practicable (and in any event within thirty (30) days from the date on which the dispute is submitted to the Accounting Firm), whether any of the Closing Cash, Closing Reserves, Closing Indebtedness, Closing Adjustment Amount or Purchase Price as set forth in the Closing Statement requires adjustment. The Accounting Firm will be instructed that, in making such determination, it may only consider matters still in dispute between the Buyer and the Seller and may not assign a value to any item greater than the greatest value for such item

claimed by the Buyer or the Seller or less than the smallest value for such item claimed by the Buyer or the Seller. The Buyer and the Seller each will furnish to the Accounting Firm any work papers and other documents and information relating to the disputed items and will provide any interviews and answer any questions that the Accounting Firm may reasonably request. The determination of the Accounting Firm will be final, conclusive and binding on the Buyer, the Seller and the Company. The fees and expenses for the services of the Accounting Firm will be borne pro rata between the Buyer and the Seller in proportion to the final allocation made by the Accounting Firm of the disputed items weighted in relation to the claims made by the Buyer and the Seller, such that the prevailing Party pays the lesser proportion of such fees and expenses. Subject to the immediately preceding sentence, each of the Buyer and the Seller will be responsible for its own fees and expenses incurred in connection with this paragraph.

(e) Following the agreement or determination of the Purchase Price in accordance with Section 2.4(b), Section 2.4(c) or Section 2.4(d) (*Purchase Price Adjustment*):

(i) if the Purchase Price set forth on the Closing Statement exceeds the Estimated Purchase Price, the Buyer will, within three (3) Business Days after the date of such final agreement or determination, pay the amount of such excess to the Seller, by wire transfer of immediately available funds to an account specified in writing by the Seller; and

(ii) if the Purchase Price set forth on the Closing Statement is less than the Estimated Purchase Price, the Seller will, within three (3) Business Days after the date of such final agreement or determination, pay the amount of such shortfall to the Buyer, by wire transfer of immediately available funds to an account specified in writing by the Buyer.

(f) All payments made pursuant to this Section 2.4 (*Purchase Price Adjustment*) will be treated as adjustments to the Purchase Price for U.S. federal, state and local tax purposes.

Section 2.5. Tax Opinion. At the Closing, the Seller shall deliver to the Buyer the written opinion of Ropes & Gray, tax counsel to the Company, dated the Closing Date and substantially in the form attached hereto as Exhibit C that, subject to customary exceptions, assumptions and qualifications, and based on customary factual representations contained in an officer's certificate executed by the Company, commencing with the Company's initial taxable year, the Company was organized and has operated in conformity with the requirements for qualification and taxation as a REIT, and its method of operation up to the Closing has enabled and will enable it to meet the requirements for qualification and taxation as a REIT up to the Closing, determined as if the Company's taxable year ended as of the Closing.

Section 2.6. Withholding. Each of the Buyer, the Seller, the Company and the Deposit Escrow Agent, as applicable, will be entitled to deduct and withhold from any amounts payable under this Agreement, any Taxes required under the Code or any other applicable Law to be deducted and withheld. Any such deducted and withheld Taxes (i) will be timely paid or remitted to the applicable Governmental Authority and (ii) will be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction or withholding was made.

## ARTICLE III
## REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth in the Disclosure Schedules, the Seller hereby represents and warrants to the Buyer, as of the date hereof and as of the Closing (unless otherwise expressly specified), as follows:

Section 3.1. Organization. The Seller is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.

Section 3.2. Authority. The Seller has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Seller of this Agreement, and the consummation by the Seller of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Seller. This Agreement has been duly executed and delivered by the Seller and, assuming that this Agreement constitutes the legal, valid and binding obligation of each of the other parties hereto, constitutes the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as enforcement may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and (b) general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 3.3. No Conflict; Required Consents.

(a) The execution, delivery and performance by the Seller of this Agreement, the performance by the Seller of its obligations hereunder and the consummation by the Seller of the transactions contemplated hereby, do not:

(i) conflict with or violate the Seller's organizational documents;

(ii) violate any Law applicable to the Seller or by which any property or asset of the Seller is bound; or

(iii) except as disclosed on Schedule 4.3, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, result in a breach of, or result in the creation or acceleration of any obligations under any agreement or instrument to which the Seller is party, or by which it is bound, or to which its properties are subject, except, in the case of each of clauses (ii) and (iii), for any such violations, breaches, defaults failures or other occurrences that would not, individually or in the aggregate, have a Seller Material Adverse Effect.

(b) The Seller is not required to seek or obtain any Permit in connection with the execution, delivery and performance by the Seller of this Agreement or the consummation of the transactions contemplated hereby, except (i) as have been obtained or (ii) where failure to obtain such Permit, would not, individually or in the aggregate, have a Seller Material Adverse Effect.

Section 3.4. Shares.

(a) Schedule 3.4(a) sets forth the Seller's record and beneficial ownership of the Shares. Other than the Shares listed on Schedule 3.4(a), the Seller has no equity interests or rights to acquire equity interests in the Company.

(b) The Seller is the record and beneficial owner of the Shares and has good and valid title to the Shares, free and clear of any Encumbrances, except for Encumbrances imposed under applicable securities Laws, the Company's Organizational Documents. Assuming that the Buyer has the requisite power and authority to be the lawful owner of the Shares, upon transfer to the Buyer at the Closing of the Shares, and upon the Buyer's payment of the Purchase Price, the Buyer will acquire the Shares, free and clear of any Encumbrances, except for (i) Encumbrances imposed under applicable securities Laws or under the Company's Organizational Documents and (ii) any Encumbrances created after the Closing.

(c) Except as set forth on Schedule 3.4(c), (i) the Shares are not subject to any arrangement to which the Seller is a party restricting or otherwise relating to the voting, dividend rights or disposition of the Shares and (ii) there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character under which the Seller is or may become obligated to sell, or giving any Person a right to acquire, or in any way dispose of, any of the Shares or any securities or obligations exercisable or exchangeable for, or convertible into, any of the Shares, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

Section 3.5. Litigation. There is no (a) Action by or against the Seller pending, or to the Seller's knowledge, threatened in writing or (b) outstanding orders or unsatisfied judgments from any Governmental Authority binding upon the Seller, in each case, that would have a Seller Material Adverse Effect.

Section 3.6. Seller's Brokers. Except for CB Richard Ellis, Eastdil Secured and the Local Market Expert Brokers, no broker, finder, financial advisor or investment banker has been engaged by, or acted for or on behalf of, the Seller in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated hereby and no such Person is

or will be entitled to any broker's, finder's or similar fee or other commission in connection with this Agreement or the transactions contemplated hereby. The fees and expenses of CB Richard Ellis, Eastdil Secured and the Local Market Expert Brokers (collectively, the "Seller's Brokers") pursuant to separate written agreement between the Seller's Brokers and the Seller (but not pursuant to any agreement between the Buyer and the Seller's Brokers) will be borne solely by the Seller as part of the Company Transaction Expenses and the Seller will indemnify the Buyer Indemnitees and hold the Buyer Indemnitees harmless from and against any Losses that are incurred or suffered arising out of or in connection with any claim that the Seller, the Company or any of the Company Subsidiaries has consulted, dealt or negotiated with any other real estate broker, salesperson or agent in connection with the transaction contemplated by this Agreement other than the Seller's Brokers.

Section 3.7. Non-Foreign Person. The Seller is not a "foreign person" within the meaning of Sections 1445 of the Code.

Section 3.8. No Plan Assets. The Seller is not (and, throughout the period transactions are occurring pursuant to this Agreement, will not be) an entity deemed to hold plan assets of any "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA or "plan" as defined in and subject to Section 4975 of the Code pursuant to 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA. None of the transactions contemplated by this Agreement are in violation of any statutes applicable to the Seller that regulate investments of, and fiduciary obligations with respect to, governmental plans and that are similar to the provisions of Section 406 of ERISA or Section 4975 of the Code.

## ARTICLE IV
## REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Disclosure Schedules attached hereto or, other than with respect to the representations and warranties set forth in Sections 4.1, 4.2, 4.3(a)(i) and (ii), 4.4 and 4.17, as disclosed in any information, documents or materials in the Data Room, the Company hereby represents and warrants to the Buyer, as of the date hereof and as of the Closing (unless otherwise expressly specified), as follows:

Section 4.1. Organization and Qualification. Each of the Company and the Company Subsidiaries is (a) validly existing and, if applicable, in good standing under the laws of the jurisdiction of its organization as set forth in Schedule 4.1 and has all necessary organizational power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted and (b) duly qualified as a foreign organization to do business and if applicable, is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification necessary, except, as would not have a material effect on the Company or any such Company Subsidiary. The Seller has provided the Buyer with true, correct and complete copies of the organizational documents of each of the Company and the Company Subsidiaries.

Section 4.2. Authority. The Company has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Company. This Agreement has been duly executed and delivered by the Company and, assuming that this Agreement constitutes the legal, valid and binding obligation of each of the other parties hereto, constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and (b) general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 4.3. No Conflict; Required Consents.

(a) The execution, delivery and performance by the Company of this Agreement, the performance by the Company of its obligations hereunder and the consummation by the Company of the transactions contemplated hereby do not:

(i) conflict with or violate the Company's governing documents;

(ii) violate any Law applicable to the Company or by which any property or asset of the Company is bound; or

(iii) except as set forth on Schedule 4.3 (collectively, the "Third Party Consents"), result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, result in a breach of or result in the creation or acceleration of any obligations under any agreement or instrument to which the Company is party, or by which it is bound, or to which its properties are subject, including any private restrictions imposed under any deed, CC&Rs, reciprocal easement or similar instruments.

Except, in the case of each of clauses (ii) and (iii), for any such violations, breaches, defaults, failures or other occurrences that are not material.

(b) The Company is not required to seek or obtain any Permit in connection with the execution, delivery and performance by the Company of this Agreement or the consummation of the transactions contemplated hereby, except as have been obtained.

Section 4.4. Capitalization.

(a) Schedule 4.4(a) sets forth, a complete and accurate list of the authorized and issued and outstanding equity interests of the Company (and, as of April 1, 2016, the names of the holders thereof). All of the equity interests of the Company are duly authorized, validly issued, fully paid and non-assessable, and none of such equity interests were issued in violation of any preemptive rights or any applicable Laws. Neither this Agreement nor the consummation of the transactions contemplated hereby gives any holder of any Series A Preferred Shares that are not included in the Shares the right to cause the Company or any other Person to redeem, repurchase or otherwise acquire such shares.

(b) Schedule 4.4(b) sets forth, with respect to each Company Subsidiary, the Company Subsidiary's (i) name, (ii) jurisdiction of formation and (iii) authorized and issued and outstanding equity interests (and the names of the holders thereof). All of the equity interests of the Company Subsidiaries are duly authorized, validly issued, fully paid and non-assessable, and none of such equity interests were issued in violation of any preemptive rights or any applicable Laws. All of the equity interests of the Company Subsidiaries are owned of record and beneficially by the Company or a Company Subsidiary, free and clear of any Encumbrances, except for Encumbrances imposed under applicable securities Laws or under the Company's or the relevant Company Subsidiary's Organizational Documents. Except as set forth on Schedule 4.4(b), neither the Company nor any of the Company Subsidiaries, directly or indirectly, owns any equity interests of, or any interests convertible into, or exchangeable or exercisable for, any equity interests of, any Person.

(c) Except as set forth on Schedule 4.4(c), there are no (i) (A) securities convertible into, or exchangeable or exercisable for, equity interests of the Company or any of the Company Subsidiaries or (B) options or other rights to acquire from the Company or any of the Company Subsidiaries, or obligations of the Company or any of the Company Subsidiaries to issue, any of their respective equity interests or other securities convertible into, or exchangeable or exercisable for, any of their respective equity interests or (ii) preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character with respect to any of the equity interests of the Company or any of the Company Subsidiaries.

Section 4.5. Financial Statements; No Undisclosed Liabilities; No Company Material Adverse Effect.

(a) Copies of the unaudited consolidated balance sheet of the Company and the Company Subsidiaries as of December 31, 2014 and the related unaudited consolidated statements of income and cash flows of the Company and the Company Subsidiaries, together with all related notes and supplemental schedules thereto, (collectively referred to as the "2014 Financial Statements"), the unaudited consolidated balance sheet of the Company and the Company Subsidiaries (the "Balance Sheet") as of December 31, 2015 (the "Balance Sheet Date") and the related consolidated statements of income and cash flows (collectively referred to as the "2015 Financial Statements") have been provided to the Buyer. Each of the 2014 Financial Statements and the 2015 Financial Statements fairly present, in all material respects, the consolidated financial position and operations and cash flows of the Company and the Company Subsidiaries as of the respective dates thereof and for the respective periods indicated therein, except as otherwise noted therein.

(b) Except as set forth on Schedule 4.5(b), the Company and the Company Subsidiaries do not have any Indebtedness or other liabilities, whether accrued, absolute, contingent or otherwise, except for any such Indebtedness or other liabilities (i) specifically reflected on, or reserved against, in the Financial Statements or notes thereto, (ii) incurred in the ordinary course of business since the Balance Sheet Date or in connection with the transactions contemplated by this Agreement or (iii) obligations of future performance under contracts that have been made available to the Buyer in the Data Room.

(c) Since the Balance Sheet Date, no Company Material Adverse Effect has occurred.

Section 4.6. Real Property.

(a) Schedule 4.6(a) contains a complete and accurate list of each parcel of real property owned, leased (as lessee or sublessee) or licensed (as licensee) by the Company or any Company Subsidiary as of the Closing (all such real property interests, together with all right, title and interest of the Company and any Company Subsidiary in and to (a) all buildings, structures and other improvements and fixtures located on or under such real property and (b) all easements, rights and other appurtenances to such real property (collectively the "Company Properties"). Except as set forth on Schedule 4.6(a), neither the Company nor any Company Subsidiary (x) is obligated to dispose of any Company Property or acquire any interest in real property, (y) is bound by any unexpired option to purchase, right of first refusal or first offer or any other right held by any Person to purchase, or otherwise acquire, any Company Property or Company Subsidiary, or any portion thereof or (z) owns, or has at any time prior to the Closing owned, any real property.

(b) Schedule 4.6(b) sets forth a list of all current construction projects which are ongoing at the Company Properties as of the Closing, including the budgeted cost of each such project and the amount spent as of the Closing in connection with each such project.

Section 4.7. Leases.

(a) Schedule 4.7(a) sets forth (i) all Leases, (ii) the rent payable by each tenant as of the Closing under each Lease and (iii) all security deposits held by or on behalf of the Company under the applicable Leases as of the Closing, including a breakdown of cash security deposits and any non-cash security deposits (*e.g.*, letters of credit). To the Company's Knowledge, as of the Closing, each Lease is valid and enforceable in accordance with its terms and is in full force and effect. The Company has made available to the Buyer true and complete copies of all Leases (including any and all modifications, extensions, amendments and supplements thereto and guaranties thereof). The applicable Company Subsidiary under each Material Lease has not given or received any written notice alleging any failure to perform any of its material obligations under the applicable Material Lease, which failure remains uncured, and, to the Company's Knowledge, no event has occurred that, with or without notice or passage of time or both, would or would reasonably be expected to constitute, a breach or default under any such Lease.

(b) Schedule 4.7(b) sets forth an accurate list of all unpaid and/or unfunded tenant improvement allowances, leasing commissions and unfunded construction costs with respect to each Company Property. To the Company's Knowledge, Schedule 4.7(b) sets forth (i) all tenant improvement work and tenant work allowances currently outstanding that are required to be performed or paid, as the case may be, with respect to the current terms of the Material Leases as of the date set forth in such Schedule and (ii) a true and complete list as of the date set forth thereon of the tenant arrearages at the Company Property with respect to the Material Leases.

(c) To the Company's Knowledge, except as disclosed on Schedule 4.7(c), (i) there are no lease brokerage agreements, leasing commission agreements or other agreements providing for payments of any amounts for leasing activities or procuring tenants with respect to any Leases (collectively, the "Commission Agreements") and (ii) there are no agreements that will remain in effect following the Closing relating to the management and leasing of any Company Property. Except as disclosed on Schedule 4.7(c), the Seller has paid in full all leasing commissions and brokerage fees accrued or due and payable under the Commission Agreements.

Section 4.8. Compliance with Law; Permits.

(a) To the Company's Knowledge, the Company, the Company Subsidiaries and the Company Properties are in compliance in all material respects with the Laws and all private restrictions imposed under any deed, CC&Rs, reciprocal easement or similar instruments to which they are subject. In the past three (3) years (or, if shorter than three (3) years, since the date of acquisition of an applicable Company Property), none of the Seller, the Company or any of the Company Subsidiaries has received any written notice from (i) any Governmental Authority alleging that any of them or any of the Company Property is or at any time has not been in compliance with the Laws to which they are, or such Governmental Authority alleges any of them to be, subject or (ii) any third party alleging that any of the Company Property is or at any time has not been in compliance with any and all private restrictions imposed under any deed, CC&Rs, reciprocal easement or similar instruments to which they are, or such third party alleges any of them to be, subject.

(b) To the Company's Knowledge, the Company and the Company Subsidiaries are in possession of all material Permits necessary for each of the Company and the Company Subsidiaries to own, lease and operate the Company Properties and to carry on its business as currently conducted. In the past three (3) years (or, if shorter than three (3) years, since the date of acquisition of an applicable Company Property), none of the Seller, the Company or any Company Subsidiary has received any written notice from any Governmental Authority which seeks the revocation, cancellation, suspension or adverse modification of any such Permit.

(c) No representation or warranty is made under this Section 4.8 (*Compliance with Law; Permits*) with respect to Taxes or environmental matters, which are covered exclusively by Section 4.13 (*Taxes*) and Section 4.14 (*Environmental Matters*), respectively.

Section 4.9. Litigation; Condemnation.

(a) Except as set forth on Schedule 4.9, there is, and during the past three (3) years (or, if shorter than three (3) years, since the date of acquisition of an applicable Company Property), there has been, no Action by or against the Company or any of the Company Subsidiaries or, to the Company's Knowledge, otherwise affecting the Company Property pending, or to the Company's Knowledge, threatened in writing. Neither the Company nor any of the Company Subsidiaries is subject to any unsatisfied order, judgment, injunction, ruling, decision, award or decree of any Governmental Authority.

(b) As of the Closing, neither the Company nor any Company Subsidiary has received any written notice of any pending or threatened appropriation, condemnation or like proceeding or order affecting, in any respect, any Company Property or any part thereof (or sale or other disposition of any Company Property or any part thereof in lieu of any condemnation or like action).

(c) As of the Closing, neither the Company nor any Company Subsidiary has received any written notice of any damage by fire or other casualty affecting any Company Property or any part thereof in any respect.

Section 4.10. Labor and Employment Matters. The Company and the Company Subsidiaries do not have, and have never had, any employees, nor has there been any "defined benefit plan" within the meaning of ERISA, maintained by the Company or any Company Subsidiary or any predecessor thereto.

Section 4.11. Intellectual Property.

(a) The Company and the Company Subsidiaries do not purport to own any patents, trademark registrations, copyright registrations or domain name registrations.

(b) Neither the Company nor any of the Company Subsidiaries requires any material Intellectual Property Rights that the Company and the Company Subsidiary do not already own or license, or is not able to purchase or license on commercial terms, in order to conduct the business as presently conducted by the Company and the Company Subsidiaries. The conduct of the business as presently conducted by the Company and the Company Subsidiaries does not infringe on or misappropriate any Intellectual Property Rights of others.

Section 4.12. Insurance. Schedule 4.12 sets forth a true and complete list of all insurance policies in effect with respect to the Company, all the Company Subsidiaries and all Company Properties, together with a claim history for the preceding twelve (12) months. All such insurance policies are valid and in full force and effect. During the preceding three (3) years, neither the Company nor any Company Subsidiary has received any written notice that it has failed to comply with any requirements of any such insurance policies or any notice from any insurer thereunder or any board of fire underwriters of any physical condition of any Company Property that such insurer has required correction or change of any practice of either the Company or any Company Subsidiary or refusing to renew any such insurance policies.

Section 4.13. Taxes.

(a) All income and all other material Returns required to have been filed by or with respect to the Company or the Company Subsidiaries have been timely filed (taking into account any extension of time to file granted or obtained) and such Returns are true, complete and correct in all material respects. All Taxes shown to be due and payable on such Returns have been paid and no other material Taxes are due and payable by the Company or any Company Subsidiary with respect to items or periods covered by such Returns (whether or not shown on any Return).

(b) The Company and each Company Subsidiary has timely withheld and paid to the proper Governmental Authorities all material Taxes required to be withheld and paid, including Taxes required to be withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party.

(c) There are no audits or investigations by any Governmental Authority or other proceedings pending, or to the Knowledge of the Company, threatened, with regard to any Taxes or Returns of the Company or any Company Subsidiary.

(d) No deficiency for any Tax has been asserted or assessed by a Governmental Authority in writing against the Company or any Company Subsidiary, and to the Company's Knowledge, no such deficiency has been threatened by any Governmental Authority, that has not been satisfied by payment, settled or withdrawn.

(e) Neither the Company nor any Company Subsidiary has waived any statute of limitations with respect to the assessment of Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency, nor has any request been made in writing for any such extension or waiver.

(f) Neither the Company nor any Company Subsidiary has ever been a member of an affiliated group filing a consolidated federal income tax return or any similar group for federal, state, local or foreign Tax purposes, and neither the Company nor any Company Subsidiary has any liability for the Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise.

(g) Neither the Company nor any Company Subsidiary has entered into any "closing agreement" as described in Section 7121 of the Code, or any similar arrangement.

(h) Neither the Company nor any Company Subsidiary has engaged in a "reportable transaction" as defined in Section 6706A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b).

(i) There are no material Tax liens on the assets of the Company or any Company Subsidiary, other than Encumbrances for Taxes or assessments that are not yet due or delinquent or the validity or amount of which is being contested in good faith by appropriate proceedings.

(j) Neither the Company nor any Company Subsidiary has constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (i) in the two years prior to the Closing or (ii) in a distribution which could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with transactions contemplated by this Agreement.

(k) Neither the Company nor any Company Subsidiary holds, directly or indirectly, any asset the disposition of which would be subject to taxation under Section 337(d) of the Code or subject to rules similar to Section 1374 of the Code.

(l) Neither the Company nor any Company Subsidiary is (or has ever been) a party to any tax sharing agreement or tax indemnity agreement.

(m) The Company:

(i) has been subject to taxation as a REIT, and has satisfied all requirements to qualify as a REIT, for all taxable years commencing with the Company's initial taxable year that ended December 31, 2013 through the taxable year that ended December 31, 2015;

(ii) has operated since January 1, 2016 until the Closing in a manner consistent with the requirements for qualification and taxation as a REIT (provided that the distribution requirements set forth in Section 857(a) of the Code have been determined as if the current taxable year of the Company ended as of the Closing); and

(iii) has not taken or omitted to take any action which could reasonably be expected to result in a challenge by the IRS to the Company's status as a REIT, and no such challenge is pending or to the Knowledge of the Company has been threatened.

(n) No Company Subsidiary is a corporation for U.S. federal income tax purposes other than a corporation that qualifies as a QRS or as a TRS for which a valid election to be treated as a TRS for U.S. federal income tax purposes is in place.

(o) Each Company Subsidiary, other than any Company Subsidiary that is a TRS or a QRS, has been since the date it became a Company Subsidiary, and will be as of the Closing, classified for U.S. federal income tax purposes as a partnership or a disregarded entity and not as a corporation or an association taxable as a corporation for U.S. federal income tax purposes.

(p) The Company does not have any earnings and profits attributable to any "non-REIT year" (within the meaning of Section 857 of the Code).

(q) The Company has not engaged at any time in any transaction that would give rise to "redetermined rents," "redetermined TRS service income," "redetermined deductions" or "excess interest" as described in Section 857(b)(7) of the Code.

(r) For each prior taxable year, the Company has declared dividends to its shareholders in an amount and manner sufficient to satisfy the distribution requirements set forth in Section 857(a) of the Code and avoid the imposition of income tax under Section 857(b) of the Code and the imposition of excise tax under Section 4981 of the Code.

(s) As of the Closing, the Company will have at least 100 shareholders, taking into account the sale of the Shares pursuant to this Agreement.

(t) The representations and warranties contained in this Section 4.13 (*Taxes*) are the only representations and warranties being made with respect to Taxes pursuant to this Agreement.

Section 4.14. Environmental Matters.

(a) Except as set forth on Schedule 4.14, during the preceding three (3) years (or, if shorter than three (3) years, since the date of acquisition of an applicable Company Property), the Company has received no written notice of (i) noncompliance by the Company or any Company Subsidiary with any applicable Environmental Laws or the failure to hold or be in compliance with any Environmental Permits or (ii) any claims pursuant to any Environmental Law pending or threatened against the Company or any Company Subsidiary or affecting any Company Property. To the Company's Knowledge, there are no Hazardous Materials in, on or under any Company Property and there has been no release of any Hazardous Materials at from or to any Company Property or any real property formerly owned by any Company or any Company Subsidiary, in violation of or which could be the basis of liability or obligation under any applicable Environmental Law.

(b) The representations and warranties contained in this Section 4.14 (*Environmental Matters*) are the only representations and warranties being made with respect to compliance with or liability under Environmental Laws or with respect to any environmental, health or safety matter, including natural resources, related to the Company, any Company Subsidiary or any Company Property pursuant to this Agreement.

Section 4.15. Material Contracts.

(a) Schedule 4.15(a) sets forth a complete and accurate list of the following written agreements and arrangements to which the Company or any of the Company Subsidiaries is a party, or to which any of their respective assets, property or businesses are subject, or under which the Company or any of the Company Subsidiaries has any outstanding rights or obligations (collectively, the "Material Contracts"):

(i) any mortgage, deed of trust, loan agreement, indenture, note, security agreement, installment obligation or other instrument for or relating to any borrowing of money, or extending of credit, in each case, to or from the Company or any of the Company Subsidiaries;

(ii) any guaranty, direct or indirect, primary or secondary, by the Company or any of the Company Subsidiaries of any obligation for borrowings or otherwise, excluding (A)guarantees by the Company or any of the Company Subsidiaries of the obligations of another Company Subsidiary and (B) endorsements made for collection in the ordinary course of business consistent with past practice;

(iii) any arrangement providing for the grant of any preferential rights to purchase or lease any of the assets of the Company or any of the Company Subsidiaries;

(iv) any arrangement that obligates the Company or any of the Company Subsidiaries to conduct business on an exclusive or preferential basis with any Person;

(v) any Material Lease;

(vi) any personal property leases involving, in each case, annual payments in excess of $50,000;

(vii) any arrangement not otherwise set forth on Schedule 4.15(a) requiring expenditures by or payments to the Company or any of the Company Subsidiaries in an amount in excess of $50,000 per year;

(viii) any confidentiality or non-disclosure arrangement that restricts the ability of the Company or any of the Company Subsidiaries to disclose or use any information;

(ix) any arrangement containing noncompetition, non-solicitation or other limitations restricting the ability of the Company or any of the Company Subsidiaries to compete with any Person or in any geographic area or to solicit the employees or customers of any Person;

(x) any arrangement imposing any restriction or limitation on the sale or other transfer of any of the assets or securities of the Company or any of the Company Subsidiaries;

(xi) any joint venture, partnership or similar agreements involving the sharing of profits, losses, costs or liabilities by the Company or any of the Company Subsidiaries with any third party;

(xii) any arrangement relating to an acquisition, divestiture, merger or similar transaction containing representations, covenants, indemnities or other obligations, including any "earnout" or other deferred or contingent consideration, entered into by the Company or any of the Company Subsidiaries in the past three (3) years that individually could reasonably be expected to result in future payments under such arrangement in excess of $250,000; and

(xiii) any undertaking to enter into any of the foregoing.

(b) The Company has made available to the Buyer true and complete copies of each of the Material Contracts. To the Company's Knowledge, as of the Closing, except as set forth on Schedule 4.15(b), each of the Material Contracts is in full force and effect. Except as set forth on Schedule 4.15(b), with respect to each Material Contract: (i) such Material Contract is valid and binding on the Company or the applicable Company Subsidiary and, to the Company's Knowledge, each of the other parties to such Material Contract (except to the extent that the enforceability thereof may be limited by (x) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and (y) general principles of equity (regardless of whether considered in a proceeding in equity or at law), (ii) the Company or the applicable Company Subsidiary and, to the Company's Knowledge, each of the other parties to such Material Contract, has performed all obligations required to be performed by it thereunder in all material respects and is not in breach or default thereunder in any material respect and (iii) the Company or the applicable Company Subsidiary has not received written notice of and, to the Company's Knowledge, no event has occurred that, with or without notice or passage of time or both, would or would reasonably be expected to constitute, a breach or default under such Material Contract.

Section 4.16. Related Party Transactions; PMAs. Except as set forth on Schedule 4.16, neither the Company nor any of the Company Subsidiaries is a party to (a) any agreement, arrangement or understanding (each, a "Related Party Agreement") with, or involving, the Seller, or any of its Affiliates (other than the Company or any of the Company Subsidiaries), directors or officers or (b) any property management agreements.

Section 4.17. Company's Brokers. Except for CB Richard Ellis, Eastdil Secured and the Local Market Expert Brokers, no broker, finder, financial advisor or investment banker has been engaged by, or acted for or on behalf of, the Company or any of the Company Subsidiaries in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated hereby, and no such Person is or will be entitled to any broker's, finder's or similar fee or other commission in connection with this Agreement or the transactions contemplated hereby. The fees and expenses of the Seller's Brokers pursuant to separate written agreement between the Seller's Brokers and the Seller (but not pursuant to any agreement between the Buyer and the Seller's Brokers) will be borne solely by the Seller as part of the Company Transaction Expenses and the Seller will indemnify the Buyer Indemnitees and hold the Buyer Indemnitees harmless from and against any Losses that are incurred or suffered arising out of or in connection with any claim that the Seller, the Company or any of the Company Subsidiaries has consulted, dealt or negotiated with any other real estate broker, salesperson or agent in connection with the transaction contemplated by this Agreement other than the Seller's Brokers.

Section 4.18. OFAC; Prohibited Person. None of the Company, any of the Company Subsidiaries or, to the Company's Knowledge, any of their respective Affiliates, brokers or other agents acting in any capacity in connection with the transactions contemplated by this Agreement, is (a) conducting any business or engaging in any transaction or dealing with any person appearing on the U.S. Treasury Department's OFAC list of prohibited countries, territories, SDNs or a "blocked person" (each a "Prohibited Person"), including the making or receiving of any contribution of funds, goods or services to or for the benefit of any such Prohibited Person; (b) engaging in certain dealings with countries and organizations designated under Section 311 of the USA PATRIOT Act as warranting special measures due to money laundering concerns; (c) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 dated September 24, 2001, relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism"; (d) a foreign shell bank or any person that a financial institution would be prohibited from transacting with under the USA PATRIOT Act; or (e) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempting to violate, any of the prohibitions set forth in (i) any U.S. antimony laundering law, (ii) the Foreign Corrupt Practices Act, (iii) the U.S. mail and wire fraud statutes or (iv) the Travel Act.

Section 4.19. AS-IS; WHERE-IS. EXCEPT AS EXPRESSLY SET FORTH IN THE REPRESENTATIONS AND WARRANTIES OF THE SELLER SET FORTH ARTICLE III (*REPRESENTATIONS AND WARRANTIES OF THE SELLER*) AND OF THE COMPANY SET FORTH IN THIS ARTICLE IV (*REPRESENTATIONS AND WARRANTIES OF THE COMPANY*) AND ANY CERTIFICATION DELIVERED BY THE SELLER OR THE COMPANY PURSUANT TO SECTION 7.3 *(CONDITIONS TO OBLIGATIONS OF THE BUYER)* (COLLECTIVELY, THE "EXPRESS SELLER/COMPANY OBLIGATIONS"), THE BUYER ACKNOWLEDGES AND AGREES THAT IT IS PURCHASING AN INDIRECT INTEREST IN THE COMPANY PROPERTIES BASED SOLELY UPON THE BUYER'S INSPECTION AND INVESTIGATION OF THE COMPANY PROPERTIES AND ALL DOCUMENTS RELATED THERETO, OR ITS OPPORTUNITY TO DO SO, AND THAT, EXCEPT FOR THE EXPRESS SELLER/COMPANY OBLIGATIONS, THE BUYER IS ACCEPTING THE COMPANY PROPERTIES IN THEIR "AS IS" "WHERE IS" AND "WITH ALL FAULTS" CONDITION, WITHOUT ANY RIGHT OF SET-OFF OR REDUCTION IN THE PURCHASE PRICE. THE BUYER ACKNOWLEDGES THAT IT HAS HAD ADEQUATE OPPORTUNITY TO INSPECT THE COMPANY PROPERTIES, AND THAT THE BUYER WILL RELY EXCLUSIVELY ON ITS OWN INVESTIGATION OF THE COMPANY PROPERTIES, AND ACCEPTS THE RISK THAT ANY INSPECTION MAY NOT DISCLOSE ALL MATERIAL MATTERS AFFECTING THE COMPANY PROPERTIES. THE BUYER FURTHER AGREES THAT IT IS PURCHASING THE COMPANY PROPERTIES, AND WILL ACCEPT THE COMPANY PROPERTIES, WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS,

IMPLIED OR OTHERWISE (OTHER THAN THE EXPRESS SELLER/COMPANY OBLIGATIONS), INCLUDING AS TO THE: (A) VALUE, NATURE, QUALITY OR PHYSICAL CONDITION OF THE COMPANY PROPERTIES, (B) INCOME DERIVED FROM THE COMPANY PROPERTIES, (C) MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS OF ANY OF THE COMPANY PROPERTIES FOR A PARTICULAR PURPOSE, (D) COMPLIANCE OF OR BY THE COMPANY PROPERTIES OR THEIR OPERATIONS WITH ANY LAWS, INCLUDING ANY OF THE FOREGOING RELATING TO ZONING, LAND USE OR ENVIRONMENTAL REQUIREMENTS, (E) MANNER OR QUALITY OF CONSTRUCTION OR MATERIALS INCORPORATED INTO THE COMPANY PROPERTIES, (F) MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE COMPANY PROPERTIES, (G) ENVIRONMENTAL CONDITION OF THE COMPANY PROPERTIES, (H) ABILITY TO DEVELOP THE COMPANY PROPERTIES OR ANY RESTRICTIONS ON DEVELOPMENT, (I) THE SQUARE FOOTAGE OF THE COMPANY PROPERTIES, (J) IMPROVEMENTS AND INFRASTRUCTURE, DEVELOPMENT RIGHTS, EXACTIONS AND EXPENSES ASSOCIATED WITH THE COMPANY PROPERTIES, (K) TAXES INCLUDING THE TERMS OF ANY TAX ABATEMENT AGREEMENT, ASSESSMENTS, OR BONDS RELATING TO THE COMPANY PROPERTIES, (L) PERMISSIBLE USES, TITLE EXCEPTIONS, WATER OR WATER RIGHTS, TOPOGRAPHY, UTILITIES, OR ZONING MATTERS RELATING TO THE COMPANY PROPERTIES AND (M) SOIL, SUBSOIL, DRAINAGE, ENVIRONMENTAL OR BUILDING LAWS, RULES OR REGULATIONS. EXCEPT FOR THE EXPRESS SELLER/COMPANY OBLIGATIONS, THE BUYER HEREBY EXPRESSLY ACKNOWLEDGES THAT NO OTHER SUCH REPRESENTATIONS AND WARRANTIES HAVE BEEN MADE. THE BUYER FURTHER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE EXPRESS SELLER/COMPANY OBLIGATIONS, THE COMPANY WILL BE UNDER NO DUTY TO MAKE ANY AFFIRMATIVE DISCLOSURE REGARDING ANY MATTER AND EACH OF THE SELLER, THE COMPANY, AND THE COMPANY SUBSIDIARIES WILL HAVE NO OBLIGATION TO MAKE ANY REPAIRS, REPLACEMENTS OR IMPROVEMENTS TO ANY COMPANY PROPERTY. THIS SECTION 4.19 *(AS-IS; WHERE-IS)* WILL SURVIVE THE CLOSING.

## ARTICLE V
## REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to each of the Seller and the Company, as of the date hereof and as of the Closing (unless otherwise expressly specified), as follows:

Section 5.1. Organization. The Buyer is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.

Section 5.2. Authority. The Buyer has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Buyer of this Agreement, and the consummation by the Buyer of the transactions contemplated hereby, have

been duly and validly authorized by all necessary action on the part of the Buyer. This Agreement has been duly executed and delivered by the Buyer and, assuming that this Agreement constitutes the legal, valid and binding obligation of each of the other parties hereto, constitutes the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, except as enforcement may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and (b) general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 5.3. No Conflict; Required Consents.

(a) The execution, delivery and performance by the Buyer of this Agreement, the performance by the Buyer of its obligations hereunder and the consummation by the Buyer of the transactions contemplated hereby, do not:

(i) conflict with or violate the Buyer's governing documents;

(ii) violate any Law applicable to the Buyer; or

(iii) result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, result in a breach of or result in the creation or acceleration of any obligations under any agreement or instrument to which the Buyer is party, or by which it is bound, or to which its properties are subject,

except, in the case of each of clauses (ii) and (iii), for any such violations, breaches, defaults failures or other occurrences that would not, individually or in the aggregate, have a Buyer Material Adverse Effect.

(b) The Buyer is not required to seek or obtain any Permit of any Governmental Authority in connection with the execution, delivery and performance by the Buyer of this Agreement or the consummation of the transactions contemplated hereby, except (i) as have been obtained or (ii) where failure to obtain such Permit, would not, individually or in the aggregate, have a Buyer Material Adverse Effect.

Section 5.4. Litigation. There is no Action by or against the Buyer pending, or to the Buyer's knowledge, threatened in writing that would have a Buyer Material Adverse Effect.

Section 5.5. Sufficient Funds. The Buyer has, and will have on the Closing Date, sufficient funds immediately available to pay the Purchase Price and to consummate the other transactions contemplated by this Agreement, and perform the Buyer's other obligations under this Agreement.

Section 5.6. Investment Intent. The Buyer is acquiring the Shares for its own account for investment purposes only and not with a view to any public distribution thereof or with any intention of selling, distributing or otherwise disposing of the Shares in a manner that would violate the registration requirements of the Securities Act. The Buyer agrees that the Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act and any applicable state securities Laws, except pursuant to an exemption from such registration under the Securities Act and such laws. The Buyer (a) is an accredited investor (as defined under Rule 501 promulgated under the Securities Act), (b) is able to bear the economic risk of holding the Shares for an indefinite period (including total loss of its investment) and (c) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

Section 5.7. Buyer Investigation and Reliance. The Buyer is a sophisticated purchaser and has made its own independent investigation, review and analysis regarding the Company, the Company Properties, the Company Subsidiaries, the Shares and the transactions contemplated by this Agreement, which investigation, review and analysis were conducted by the Buyer with expert advisors, including legal counsel, that it has engaged for such purpose. Except for the Express Seller/Company Obligations, none of the Seller, the Company or any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information concerning the Company, the Company Properties, the Company Subsidiaries, the Shares or any other matter contained herein or made available in connection with the Buyer's investigation of the Company, the Company Properties, the Company Subsidiaries and the Shares, and the Seller, the Company and their respective Affiliates and Representatives expressly disclaim any and all liability that may be based on such information or errors therein or omissions therefrom. The Buyer has not relied and is not relying on any statement, representation or warranty, oral or written, express or implied, made by the Seller, the Company or any their respective Affiliates or Representatives, except for the Express Seller/Company Obligations. Except for the Express Seller/Company Obligations, none of the Seller, the Company or any of their respective Affiliates or Representatives will have any liability to the Buyer or any of its Affiliates or Representatives resulting from the use of any information made available to the Buyer, whether orally or in writing, in any confidential information memoranda, management presentations, documents, materials or other Disclosed Information or in due diligence or other discussions or in any other form in expectation of the transactions contemplated by this Agreement. None of the Seller, the Company or any of their respective Affiliates or Representatives is making, directly or indirectly, any representation or warranty with respect to any estimates, projections or forecasts involving the Company and the Company Subsidiaries. The Buyer acknowledges that there are inherent uncertainties in attempting to make such estimates, projections and forecasts and that the Buyer takes full responsibility for making its own evaluation of the adequacy and accuracy of any such estimates, projections or forecasts (including the reasonableness of the assumptions underlying any such estimates, projections and forecasts). The Buyer acknowledges and agrees that (a) subject to the Express Seller/Company Obligations, if the Closing occurs, the Buyer will acquire the Company, the Company Subsidiaries and the Company Properties on an "AS IS" and "WHERE IS" basis and (b) the Express Seller/Company Obligations and the representations and warranties and acknowledgements in ARTICLE V (*Representations and Warranties of the Buyer*) and any certification delivered by the Buyer pursuant to Section 7.2 (*Conditions to Obligations of the Seller and the Company*) are the result of arms' length negotiations between sophisticated parties.

Section 5.8. Buyer's Brokers. Except for CB Richard Ellis, no broker, finder, financial advisor or investment banker has been engaged by, or acted for or on behalf of, the Buyer in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated hereby and no such Person is or will be entitled to any broker's, finder's or similar fee or other commission in connection with this Agreement or the transactions contemplated hereby. The fees and expenses of CB Richard Ellis will be borne solely by the Seller to the extent provided for in Section 3.6 *(Seller's Brokers)* and Section 4.17 *(Company's Brokers)*. The Buyer will indemnify the Seller Indemnitees and hold the Seller Indemnitees harmless from and against any Losses that are incurred or suffered arising out of or in connection with any claim that the Buyer or any of its Affiliates has consulted, dealt or negotiated with any real estate broker, salesperson or agent in connection with this Agreement or the transactions contemplated hereby, except for claims by CB Richard Ellis to the extent of fees the Seller has agreed to pay under Section 3.6 *(Seller's Brokers)* and Section 4.17 *(Company's Brokers)*.

Section 5.9. Ownership. The Buyer is not an individual for the purposes of Section 542(a)(2) of the Code (determined after taking into account Section 856(h)(3)(A) of the Code) (an "Individual"), and no Individual is treated as the owner, either directly, indirectly or constructively through the application of Section 544 of the Code (as modified by Section 856(h)(1)(B of the Code)), of more than nine point eight percent (9.8%) of the number or value of the outstanding membership interests in the Buyer.

## ARTICLE VI
## COVENANTS

Section 6.1. Conduct of Business Prior to Closing. Except as permitted under this Section 6.1 (*Conduct of Business Prior to the Closing*), from the date hereof to the earlier to occur of the Closing and the termination of this Agreement in accordance with Section 9.1 (*Termination*), the Company will and will cause each of the Company Subsidiaries to: (x) conduct its business and operations in the ordinary course of business consistent with past practices and use commercially reasonable efforts to maintain, insure, repair and preserve intact the Company Properties and its business organization consistent with past practice and (y) without the prior written consent of the Buyer, not undertake any of the following actions:

(a) amend or supplement its organizational documents;

(b) amend or waive any rights under any liability or property insurance in a manner that would reduce coverage amounts, remove types of coverage or endorsements, or increase deductibles;

(c) issue, deliver, sell, pledge, dispose of or encumber any of its equity interests, or any interests convertible into, or exchangeable or exercisable for, its equity interests;

(d) acquire equity interests of, or any interests convertible into, or exchangeable or exercisable for, equity interests of, any other Person;

(e) acquire any interest in real property;

(f) make any loans, advances or capital contributions to, any other Person (other than by and among the Company and its wholly-owned Subsidiaries);

(g) sell, pledge, assign, transfer, dispose of or encumber, or effect a deed in lieu of foreclosure with respect to, any Company Property;

(h) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation or recapitalization;

(i) merge or consolidate with, purchase substantially all the assets of, or otherwise acquire or combine with, any Person;

(j) hire any employees;

(k) incur any Indebtedness for borrowed money or guarantee any such Indebtedness of another Person, except for Indebtedness which will be fully repaid prior to, or in connection with, the Closing;

(l) enter into, materially amend or terminate any Material Contract or any Lease, except for the termination of any interest rate hedging vehicles related to any Indebtedness of the Company and/or any Company Subsidiary and those agreements set forth on Schedule 4.15(a)(i) attached hereto;

(m) make any change in any method of accounting or accounting practice or policy, except as required by applicable Law;

(n) (i) make, change or revoke any material Tax election, (ii) file any Return except to the extent required by applicable Law or (iii) consent to any extension or waiver of the limitations period applicable to any claim or assessment with respect of Taxes, in each case, to the extent such action could materially affect the Buyer, or the Company or any of the Company Subsidiaries, in a taxable period (or portion thereof) ending after the Closing Date;

(o) take any action that could reasonably be expected to, or fail to take any action the failure of which could reasonably be expected to, cause (a) the Company to fail to comply with the gross income, asset, distribution and shareholder ownership requirements of Sections 856 and 857 of the Code or otherwise fail to qualify as a REIT, (b) any Company Subsidiary to cease to be treated as any of a partnership, a disregarded entity for U.S. federal income tax purposes, QRS or TRS, as the case may be or (c) the Company or any Company Subsidiary to be subject up to the Closing to any federal or state income tax or federal or state excise tax, assuming for this purpose that the Company's taxable year ends as of the Closing;

(p) fail to make a distribution the failure of which would subject the Company to federal income tax under Section 857(b) of the Code or excise tax under Section 4981 of the Code, assuming for the purpose of making the determination pursuant to this clause (xvi) that the Company's taxable year ends as of the Closing; or

(q) authorize, propose or agree in writing to take any of the foregoing actions.

Section 6.2. Covenants Regarding Information.

(a) In order to facilitate the resolution of any claims made against or incurred by the Seller (as it relates to the Company and the Company Subsidiaries), for a period of three (3) years after the Closing, the Buyer will (i) retain any books and records relating to the Company and the Company Subsidiaries relating to periods prior to the Closing which have been delivered to the Buyer and (ii) afford the Seller and its Representatives reasonable access (including the right to make, at the Seller's expense, photocopies), during normal business hours, to such books and records; provided, that the Buyer must notify the Seller in writing at least thirty (30) days in advance of destroying any such books and records in order to provide the Seller the opportunity to copy such books and records in accordance with this Section 6.2(a) (*Covenants Regarding Information*).

(b) In order to facilitate the resolution of any claims made against or incurred by the Buyer, or the Company or any of the Company Subsidiaries, for a period of three (3) years after the Closing, the Seller will (i) retain the books and records relating to the Company and the Company Subsidiaries relating to periods prior to the Closing which have not otherwise been delivered to the Buyer and (ii) upon reasonable notice, afford the Buyer and its Representatives reasonable access (including the right to make, at the Buyer' expense, photocopies), during normal business hours, to such books and records; provided, that the Seller must notify the Buyer in writing at least thirty (30) days in advance of destroying any such books and records in order to provide the Buyer the opportunity to copy such books and records in accordance with this Section 6.2(b) (*Covenants Regarding Information*).

Section 6.3. Real Property Inspections.

(a) Pursuant to the Access Agreement, prior to the date hereof, the Seller afforded the Buyer and its Representatives with certain access to enter upon the Company Properties for purposes of conducting the Inspections. As of the Closing, the Seller and the Buyer agree that the Access Agreement will be terminated and of no further force or effect.

(b) The Buyer will indemnify the Seller Indemnified Parties and hold the Seller Indemnified Parties harmless from and against any Losses that are incurred or suffered by any Seller Indemnified Party and arising out of or in connection with (i) the Buyer's and/or the Buyer's Representatives' entry upon any of the Company Properties, (ii) any Inspections or other activities conducted thereon by the Buyer or the Buyer's Representatives, (iii) any liens or encumbrances filed or recorded against any Company Property as a consequence of the Inspections and/or (iv) any and all other activities undertaken by the Buyer or the Buyer's

Representatives with respect to any Company Property. The foregoing indemnity will not include any Losses that result (x) solely from the mere discovery, by the Buyer or the Buyer's Representatives, of pre-existing conditions on any Company Property during Inspections conducted pursuant to and in accordance with the terms of this Agreement, unless and to the extent exacerbated by the Buyer or (y) from the Seller's or the Company's gross negligence or willful misconduct.

Section 6.4. Further Assurances. Each of the Parties will use all commercially reasonable efforts to take, or to cause to be taken, all appropriate action and will do, or cause to be done, all things, necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the transactions contemplated by this Agreement as promptly as practicable, including obtaining the Third Party Consents and obtaining from Governmental Authorities all consents, approvals, authorizations, qualifications and orders as are necessary for the consummation of the transactions contemplated by this Agreement.

Section 6.5. Public Announcements. Without the prior written consent of each of the Parties, none of the Seller, the Company, the Buyer, any of their respective Affiliates or any Representatives of any of the foregoing, will issue any press release or otherwise make any public announcement with respect to this Agreement and the transactions contemplated hereby, except as may be required by applicable Law, in which case, to the extent permitted by applicable Law, the disclosing Party will immediately notify and consult with the other Parties with respect to such disclosure. Without otherwise limiting the foregoing, the Parties acknowledge and agree that the Buyer expects and will be entitled to publicly announce the execution of this Agreement and the Closing of the transactions contemplated hereby via press release, to file this Agreement and related financial statements and property and lease information with the United States Securities Exchange Commission ("SEC") on one or more filings on Form 8-K and to disclose the foregoing and related information generally in connection with its obligations to do so under relevant securities Laws and the rules and regulations of the New York Stock Exchange; provided, that prior to publishing such initial press release, the initial Form 8-K and any subsequent press release or securities law filing to the extent such subsequent press release or securities law filing includes disclosure not previously included in the initial press release or initial From 8-K, in each case pertaining to this Agreement and the transactions contemplated hereby, the Buyer will provide a meaningful opportunity to the Seller to review and comment upon such press release and Form 8-K and will accept all reasonable comments thereon to the extent not in conflict with the Buyer's disclosure obligations under relevant securities Laws and the rules and regulations of the New York Stock Exchange. This Section 6.5 (*Public Announcements*) will survive the Closing.

Section 6.6. Ongoing REIT Qualification.

(a) The Buyer will maintain the qualification of the Company as a REIT until the earlier of (i) the end of the taxable year in which the Closing occurs or (ii) the liquidation of the REIT. During such time, without prior consent of the Seller, which shall not be unreasonably withheld, conditioned or delayed, neither the Buyer nor the Company will take any action, or fail

to take any action, which action or failure could reasonably be expected to cause a retroactive change in entity classification of any Company Subsidiary to that of an association taxable as a corporation during a Pre-Closing Tax Period, unless such change is required by applicable Law or to maintain REIT status of the Company. The Buyer shall give prompt notice to the Seller if a change in classification discussed in this Section 6.6(a) (*Ongoing REIT Qualification*) is required by applicable Law.

(b) From the Closing through the end of the Company's taxable year in which the Closing occurs (including as a result of the liquidation of the Company), the Buyer covenants and agrees to cause the Company to operate and take any other actions necessary to cause the Company to qualify as a REIT.

Section 6.7. Use of Name. The Seller is not conveying pursuant to or in connection with this Agreement or any of the transactions contemplated hereby ownership rights to, or granting any Person (including the Buyer and its Affiliates and the Company and the Company Subsidiaries) a license to use, the name "CT", "Atlantic" or "Atlantic CT" or any trade name, trademark, service mark, logo or domain name incorporating any of the name "CT", "Atlantic" or "Atlantic CT". Promptly after the Closing Date (and, in any event, within fifteen (15) Business Days after the Closing Date), the Buyer will and will cause each of its Affiliates to, make all filings with the appropriate Governmental Authorities to effectuate name change of each of the Company and the Company Subsidiaries to remove each of the names "CT", "Atlantic" and "Atlantic CT" from the name of the Company and the Company Subsidiaries, as applicable. This Section 6.7 (*Use of Name*) will survive the Closing.

Section 6.8. Other Tax Matters.

(a) The Seller will cause the Company and each Company Subsidiary to prepare and timely file all Returns and amendments thereto required to be filed by the Company and each Company Subsidiary for all Tax periods ending on or prior to the date of the Closing which must be filed after the date of the Closing consistent with past practices. The Seller will provide, and the Buyer will have reasonable opportunity to review and comment upon, prior to filing, all such Returns. The Seller will act reasonably in deciding whether to accept or reject such comments; provided, that in the event the Buyer believes that the Seller is not acting reasonably, disputed items on the applicable Return will be referred to an Accounting Firm, and the determination of the Accounting Firm will be final, conclusive and binding on the Buyer, the Seller and the Company.

(b) The Buyer will cause the Company and each Company Subsidiary to prepare and timely file all Returns required to be filed by the Company and each Company Subsidiary after the date of the Closing with respect to the taxable year that includes but does not end on the date of the Closing ("Straddle Period Returns") consistent with past practices to extent permitted by applicable Law. The Buyer will provide, and the Seller will have reasonable opportunity to review and comment upon, prior to filing, all such Straddle Period Returns and amendments thereto. The Buyer will act reasonably in deciding whether to accept or reject such comments; provided, that in the event the Seller believes that the Buyer is not acting reasonably, disputed items on the Straddle Period Return will be referred to an Accounting Firm, and the determination of the Accounting Firm will be final, conclusive and binding on the Buyer, the Seller and the Company.

(c) The Buyer and the Seller will notify one another in writing within 10 days of receipt of any notice of any audit, assessment, proposed adjustment, notice of deficiency, litigation, dispute or other proceeding with respect to Taxes that, if determined adversely to the taxpayer, could be grounds for indemnification under this Agreement by the other party (each, a "Tax Contest"); provided, that a failure to give such notification will not affect indemnification provided hereunder, except and only to the extent that the Indemnitee actually and materially was prejudiced by such delay. The Buyer will have the right to control the conduct of any Tax Contest; provided, that the Buyer will (i) keep the Seller reasonably informed of the progress of any Tax Contest, (ii) provide the Seller with copies of any pleadings, correspondence, and other documents received from the relevant tax authority, and all written materials submitted to such taxing authority by the Buyer with respect to any Tax Contest, (iii) permit the Seller to participate (but not control) at its own expense in any Tax Contest relating to any Pre-Closing Tax Period and (iv) provide the Seller an opportunity to comment in connection with any Tax Contest and act reasonably in deciding whether to accept or reject such comments; provided further, that, in addition to and not in limitation of the foregoing, the Buyer will not settle or compromise any Tax Contest without the Seller's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed.

(d) The Seller and the Buyer will (i) reasonably assist one another in preparing and filing any Returns that the Buyer or the Seller is responsible for preparing and filing with respect to the Company or any Company Subsidiary for the Straddle Period and reasonably cooperate in preparing for any audits by, or disputes or other proceedings with, any Governmental Authority or with respect to any matters relating to Taxes for the Straddle Period and any taxable period beginning before the Closing Date, (ii) make available to one another and to any Governmental Authority as reasonably requested by any such party all information, records and documents relating to Tax matters (including Returns) of or relating to the Company or any Company Subsidiary relating to the Straddle Period or any taxable period beginning before the Closing Date, and (iii) reasonably assist one another to facilitate the demand for written statements from shareholders of record disclosing such ownership as required pursuant to Treasury Regulations Section 1.857-8. Notwithstanding anything in this Agreement to the contrary, nothing in this Section 6.8(d) will obligate the Seller or its Representatives (x) to prepare or create any financial or other data or information outside the ordinary course of business or (y) to disclose to the Buyer or its Representatives any information if doing so would violate any contract or applicable Law to which the Seller is subject.

(e) For any Straddle Period, the amount of any Taxes based on or measured by income, receipts, transfers, transactions or payroll of the Company or any Company Subsidiary for the Pre- Closing Tax Period will be determined based on an interim closing of the books as of the close of business on the day before the Closing Date and the amount of other Taxes (other than such Taxes prorated under Section 1.1 *(Certain Defined Terms)* of this Agreement) of the Company or any Company Subsidiary for a Straddle Period that relates to the Pre-Closing Tax Period will be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the day before the Closing Date and the denominator of which is the number of days in such Straddle Period.

(f) The Seller will be entitled to the amount of any refund of Taxes of the Company or any Company Subsidiary with respect to a Pre-Closing Tax Period (to the extent such Taxes were paid by the Company or its Subsidiaries prior to the Closing, or by the Seller after the Closing) which refund is actually received by the Buyer or its Subsidiaries after the Closing, net of any cost to the Buyer and its Affiliates attributable to the obtaining and receipt of such refund unless such refunds were taken into account under Section 2.4 *(Purchase Price Adjustment)*. The Buyer will pay such amount to the Seller within 10 days of the receipt of the refund by the Company or any Company Subsidiary. The Buyer, the Company and the Company Subsidiaries will cooperate with the Seller in filing any reasonable claims for such tax refunds to which the Seller is entitled to with respect to a Pre-Closing Tax Period.

(g) The Seller, the Buyer and the Company will treat the sale of the Shares as a sale of equity interests in the Company for all tax purposes, and will report the sale of Shares consistently with the foregoing for all tax purposes. The Buyer will not make or cause to be made an election under Section 338 of the Code (or similar provision under state or local law) with respect to the purchase of the Shares.

(h) From and after the Closing, the Buyer, the Company and/or the Company Subsidiaries will not amend Returns in respect of a Pre-Closing Tax Period or Straddle Period in a manner that would give rise to a Tax liability of the Seller or an indemnification obligation of the Seller under Section 8.2(a), unless required by any applicable Law, without obtaining the written consent of the Seller, which consent will not be unreasonably withheld, conditioned or delayed. The Buyer shall give prompt notice to the Seller if an amendment of a Return discussed in this Section 6.8(h) is required by applicable Law.

Section 6.9. Disclosure Schedules.

(a) The headings, if any, of the individual sections of the Disclosure Schedules are inserted for convenience of reference only, and will not be deemed to constitute a part thereof or of this Agreement. The Disclosure Schedules are arranged in sections corresponding to those contained in this Agreement merely for convenience, and the disclosure of an item in one section of the Disclosure Schedules as an exception to any particular representation, warranty, covenant or agreement will be deemed adequately disclosed as an exception with respect to all other representations, warranties, covenants and agreements to the extent that the relevance of such item to such other representations, warranties, covenants and agreements is reasonably apparent on its face (notwithstanding the presence or absence of a section number of the Disclosure Schedules that corresponds to the section number of such other representations, warranties, covenants and agreements or a cross-reference thereto). The mere inclusion of an item on the Disclosure Schedules will not be deemed an admission or acknowledgment, in and of itself, and exclusively by virtue of the inclusion of such item on the Disclosure Schedules, that (i) such item is required to be listed on the Disclosure Schedules, (ii) such item, or any non-disclosed item or information of comparable or greater significance, represents a material exception or fact, event, or circumstance, (iii) such item has had, or is expected to result in, a Company Material Adverse Effect or a Seller Material Adverse Effect, or (iv) such item actually constitutes noncompliance with, or a violation of, any applicable Law, Permit or Material Contract, or other topic to which such disclosure is applicable.

(b) From the date hereof until the earlier to occur of the Closing or the termination of this Agreement in accordance with Section 9.1 (*Termination*), the Seller will be entitled to disclose to the Buyer in writing, in good faith and in reasonable detail based on the facts known at the time and specifically identified as for the purpose of updating the Disclosure Schedules, any inaccuracy or breach of the representations and warranties contained in ARTICLE III and ARTICLE IV hereof to the extent (a) arising out of facts or circumstances occurring after the date hereof (but not to the extent arising out of facts and circumstances occurring on or prior to the date hereof, even if the Seller first obtains knowledge of such events after the date hereof) and (b) not resulting from a breach of any of the Company's obligations set forth in Section 6.1 *(Conduct of Business Prior to Closing)* hereof; and, for all purposes of this Agreement, such disclosures will amend and supplement the Disclosure Schedules delivered to the Buyer on the date hereof (the "Updated Schedules"); provided, that upon delivery of any such Updated Schedule to the Buyer, and solely to the extent the matters disclosed in such Updated Schedule have a material and non-beneficial impact on the Company or the Company Properties as a whole, the Buyer may deliver written notice (the "Update Termination Notice") to the Seller within three (3) Business Days of receipt of such Updated Schedule of its election to terminate this Agreement (an "Update Termination Event"). If the Buyer fails to deliver to the Seller an Update Termination Notice within the three (3) Business Day period following receipt of any Updated Schedules, the Buyer will be deemed (i) to have waived its right to deliver an Update Termination Notice with respect to the disclosure set forth on the Updated Schedule (and only with respect to such disclosure), which disclosure and Updated Schedule, accordingly, will not constitute an Update Termination Event, and (ii) to have accepted such Updated Schedule and to have waived any indemnification rights with respect to the contents of such Updated Schedule under this Agreement.

Section 6.10. Audit Cooperation. For a period of one (1) year after the Closing Date, the Seller will, from time to time, upon reasonable advance notice from the Buyer, provide (a) the Buyer and its Representatives access to all financial and other information pertaining to the period of the Company's and each applicable Company Subsidiary's ownership and operation of any Company Property (other than such matters that relate to the negotiation and execution of this Agreement or to transactions potentially competing with or alternative to the transactions contemplated by this Agreement), which may include any such information and/or documents more particularly described on Schedule 6.10 attached hereto, which information is relevant and reasonably necessary, in the opinion of the Buyer's outside, third party accountants (the "Accountants"), to enable the Buyer and its Accountants to prepare financial statements in compliance with any or all of (i) Rule 3-14 of Regulation S-X of the SEC, (ii) any other rule issued by the SEC and applicable to the Buyer or its Affiliates, and (iii) any registration statement, report or disclosure statement filed with the SEC by, or on behalf of the Buyer or its Affiliates and (b) reasonable assistance to the Buyer and the Accountants in completing an audit of such financial statements. The Seller will provide or cause to be provided such information and documentation on a per-Company Property basis, if available; provided that any access or furnishing of information must be conducted at the Buyer's expense during normal business

hours, under the supervision of the Seller's personnel, and in such a manner as to not unreasonably interfere with the normal operations of the Seller. Notwithstanding anything in this Agreement to the contrary, nothing in this Section 6.10 will obligate the Seller or its Representatives (x) to prepare or create any financial or other data or other information, summaries or materials of any kind or nature outside the ordinary course of business of the Seller and the Company as of the Closing, (y) to incur any out of pocket expenses in connection with such cooperation unless reimbursed promptly by the Buyer or (z) to disclose to the Buyer or its Representatives any information (A) if doing so would violate any contract or applicable Law to which the Seller is subject or (B) if the Seller believes in good faith based on advice of counsel that doing so would jeopardize the ability to assert a claim of privilege (including the attorney-client and work product privileges).

Section 6.11. Outstanding Guarantees. Following the Closing, the Seller will use commercially reasonable efforts to secure the release, and obtain customary instruments evidencing such release, of CT REIT Holdings I LLC from each of the guarantees described in items 21, 22 and 23 of Schedule 4.15(a)(ii) (each, until such date and time as it is released in accordance with this sentence, an "Outstanding Guarantee").

Section 6.12. Insurance Matters.

(a) With respect to the Pollution Policy, without the Buyer's prior written consent (not to be unreasonably withheld, conditioned or delayed), the Seller will not, nor will it permit any Affiliate that is insured under the Pollution Policy to, amend, commute, terminate, release, or otherwise modify such policy in any respect that would modify the coverage afforded to the Company or any Company Subsidiary. The Seller will, and will cause its Affiliates who are insured under the Pollution Policy, to use commercially reasonable efforts to obtain an endorsement the Pollution Policies that adds the Buyer as an additional named insured, at the Buyer's sole cost and expense. In the event that the Buyer on the one hand, and the Seller or any of its Affiliates on the other, both submit claims under the Pollution Policy, such claims are pending at the same time, and satisfaction of both claims would exhaust the remaining applicable limits of such Pollution Policy, the Buyer and the Seller agree to apportion the remaining insurance proceeds pro rata according to the ratio, the numerator of which is the loss of either party (as applicable) and the denominator of which is the total loss of both parties.

(b) With respect to the Liability Policies, without the Buyer's prior written consent (not to be unreasonably withheld, conditioned or delayed), the Seller will not, nor will it permit any Affiliate that is insured under the Liability Policies to, amend, commute, terminate, release, or otherwise modify such Policies in any respect that would modify the coverage afforded to the Company or any Company Subsidiary for claims related to pre-Closing occurrences. the Seller will, and will cause its Affiliates who are insured under the Liability Policies, to use commercially reasonable efforts to obtain an endorsement to each of the Liability Policies that adds the Buyer as an additional insured (solely with respect to the Buyer's interest in the Company and the Company Subsidiaries), at the Buyer's sole cost and expense.

(c) The Seller and its Affiliates that are insured under the Subject Policies may submit claims in accordance with such Subject Policies' terms and conditions, it being understood that erosion of aggregate limits resulting from such claims activity will not constitute a breach of this provision. From and after the Closing, the Seller will, and will cause its Affiliates insured under the Subject Policies, to use commercially reasonable efforts, at the Buyer's sole cost and expense, to assist the Buyer, the Company or its Subsidiaries in making claims under any Subject Policy, including asserting its status as an insured under such Subject Policy; provided, that neither the Seller nor any such Affiliate will bear any liability for the failure of an insurance carrier to pay any claim if such failure does not result from a breach of this Agreement.

Section 6.13. Exclusivity. Notwithstanding anything to the contrary in the Access Agreement, the Seller agrees (a) to extend the Exclusivity Period until the earlier to occur of the Closing or the termination of this Agreement in accordance with Section 9.1 (*Termination*) and (b) to comply in all material respects with the Seller's obligations under Section 4 *(Exclusivity)* of the Access Agreement on the terms, and subject to the conditions, thereof.

Section 6.14. Title Company. The Seller covenants to execute and deliver to the Title Company on or prior to the Closing a duly executed owner's declaration in the form attached hereto as Exhibit D-1, a duly executed non-imputation affidavit in the form attached hereto as Exhibit D-2, together with other customary and reasonable affidavits, instruments and information required by the Title Company (A) to evidence authority of the Seller, the Company and Company Subsidiaries, (B) to remove exceptions for existing deeds of trust, and (C) with regard to recent or current construction at any Company Property.

## ARTICLE VII
## CONDITIONS TO CLOSING

Section 7.1. Conditions to Obligations of All Parties. The respective obligations of each of the Buyer, the Seller and the Company to consummate the transactions contemplated by this Agreement will be subject to:

(a) no Governmental Authority having issued any order or injunction, or taken any other action, restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, or having commenced any proceeding for the purpose of obtaining any such order or injunction;

(b) no provision of any applicable Law prohibiting the consummation of the transactions contemplated by this Agreement;

(c) the absence of a Significant Casualty; and

(d) the absence of a Significant Taking.

Section 7.2. Conditions to Obligations of the Seller and the Company. The obligations of each of the Seller and the Company to consummate the transactions contemplated by this Agreement will be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by the Seller in its sole discretion:

(a) the Buyer delivering to Deposit Escrow Agent the amounts set forth in Section 2.3(b)(i) (*Closing*) of this Agreement;

(b) (A) each of the representations and warranties of the Buyer set forth in Section 5.1 (*Organization*), Section 5.2 (*Authority*), Section 5.3(a)(i) and Section 5.3(a)(ii) *(No Conflict)*, and Section 5.8 (*Buyer's Brokers*) of this Agreement being true and correct in all respects as of the date hereof and as of the Closing (except for such representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct in all respects on and as of the specified date) and (B) each of the other representations and warranties of the Buyer set forth in ARTICLE V (*Representations and Warranties of Buyer*) of this Agreement being true and correct in all respects as of the date hereof and as of the Closing (except for such representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct in all respects on and as of the specified date), except in the case of this clause (B) where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Buyer Material Adverse Effect; and

(c) the Buyer having delivered to the Seller and the Company a certificate, signed by an authorized officer of the Buyer and dated as of the Closing Date, certifying as to the matters set forth in Section 7.2(b) (*Conditions to Obligations of the Seller and the Company*) hereof, which, upon delivery to the Seller and the Company, will be deemed to satisfy the conditions set forth in Section 7.2(b) (*Conditions to Obligations of the Seller and the Company*) hereof solely for purposes of this Section 7.2 (*Conditions to Obligations of the Seller and the Company*) (but not for purposes of determining whether any representation or warranty in this Agreement was true and correct as of any particular date or whether any agreement or covenant required by this Agreement has been performed or complied with).

Section 7.3. Conditions to Obligations of the Buyer. The obligations of the Buyer to consummate the transactions contemplated by this Agreement will be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by the Buyer in its sole discretion:

(a) each of the representations and warranties of the Seller set forth in Section 3.1 (*Organization*), Section 3.2 (*Authority*), Section 3.3(a)(i) and Section 3.3(a)(ii) *(No Conflict)*, Section 3.4 (*Shares*), Section 3.6 (*Seller's Brokers*) and of the Company set forth in Section 4.1 (*Organization and Qualification*), Section 4.2 (*Authority*), Section 4.3(a)(i) and Section 4.3(a)(ii) (*No Conflict*), Section 4.4 (*Capitalization*), Section 4.6 (*Real Property*), Section 4.7 (*Leases*), Section 4.8 (*Compliance with Law; Permits*) and Section 4.17 (*Company's Brokers*) of this Agreement being true and correct as of the date hereof and as of the Closing (except for those representations and warranties which address matters only as of an earlier date which shall have been true and correct as of such earlier date) and (B) each of the other representations and

warranties of the Seller made in ARTICLE III of this Agreement and of the Company made in ARTICLE IV of this Agreement being true and correct (without giving effect to any exception or qualification contained therein relating to materiality or a Seller Material Adverse Effect or Company Material Adverse Effect, as applicable) as of the date hereof and as of the Closing (except for those representations and warranties which address matters only as of an earlier date which shall have been true and correct as of such earlier date), except in the case of this subclause (B) where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Seller Material Adverse Effect or a Company Material Adverse Effect, as applicable;

(b) each of the Seller and the Company having delivered to the Buyer a certificate, signed by an authorized officer of the Seller or the Company, as applicable, and dated as of the Closing Date, certifying as to the matters set forth in Section 7.3(a) (*Conditions to Obligations of the Buyer)* hereof, which upon delivery to the Buyer, will be deemed to satisfy the conditions set forth in Section 7.3(a) (*Conditions to Obligations of the Buyer*) hereof solely for purposes of this Section 7.3 (*Conditions to Obligations of the Buyer*) (but not for purposes of determining whether any representation or warranty in this Agreement was true and correct as of any particular date or whether any agreement or covenant required by this Agreement has been performed or complied with);

(c) the Company having obtained and delivered to the Buyer customary payoff letters, lien terminations and instruments of discharge to allow for the payoff, termination and discharge of all of the Existing Indebtedness;

(d) the Company having obtained and delivered to the Buyer evidence reasonably satisfactory to the Buyer that (A) all of the Related Party Agreements, property management agreements and intracompany arrangements set forth on Schedule 4.16, and (B) all of the hedging vehicles set forth on Items 2-7 of Schedule 4.15(a)(i), have been terminated in full, without any further liability of the Company or any of the Company Subsidiaries from and after the Closing;

(e) the Seller having delivered to the Buyer a "certification of non-foreign status" in the form and manner set forth in Treasury Regulations Section 1.1445-2(b)(2), an Internal Revenue Service Form W-9 duly executed by the Seller;

(f) the Company having satisfied the distribution requirement under Section 857 of the Code for each taxable year since its initial taxable year, determined as if the Company's most recent taxable year ended as of the Closing;

(g) the Seller having delivered to the Buyer the written opinion of Ropes & Gray, tax counsel to the Company, dated the Closing Date, and substantially in the form attached hereto as Exhibit C in accordance with Section 2.5 *(Tax Opinion)* hereof;

(h) the Seller (A) having delivered to the Buyer duly executed Estoppels (as defined in the Access Agreement) from tenants representing no less than eighty-five percent (85%) of the rentable area of the Company Properties and (B) either having delivered or used commercially reasonable efforts to deliver to the Buyer duly executed estoppel certificates in

form and substance reasonably acceptable to the Buyer from (x) Parkway Business Centre Owners Association, a California nonprofit mutual business association, as the counterparty to a CC&R (or similar agreement) affecting the Company Property commonly known as 13550 Stowe Drive, Poway, California and (y) Foothill Business Association, a California nonprofit mutual business association, as the counterparty to a CC&R (or similar agreement) affecting the Company Property commonly known as 20 Icon, Lake Forest California;

(i) the Seller having delivered to the Buyer copies of letters notifying tenants under the Leases of the conveyance of the new ownership of the Company Property;

(j) the Company having delivered to the Buyer the resignations of all of the directors and officers of the Company and each Company Subsidiary, effective as of, and subject to, the Closing;

(k) the Title Company being committed to insuring title to the Company Properties upon the Closing, in all material respects, on the terms and subject to the matters set forth in the Proforma Title Policies and delivering the Title Policies in the form of the Proforma Title Policies in the ordinary course following Closing and the Seller having delivered to the Title Company all customary and reasonable affidavits, instruments and information required by the Title Company in accordance with Section 6.14 *(Title Deliverables)*;

(l) the Seller having caused the delivery to the Buyer of the duly executed Limited Guaranty in full force and effect and the representations set forth in the Limited Guaranty being true and correct in all respects;

(m) the Seller having complied in all material respects with its obligations under Section 1(e) *(Audit Cooperation)* and Section 4 *(Exclusivity)* of the Access Agreement on the terms, and subject to the conditions, of the Access Agreement;

(n) each of the Seller and the Company having complied in all material respects with the covenants set forth in Section 6.1 *(Conduct of Business Prior to Closing*) hereof; and

(o) the absence of an Update Termination Event.

## ARTICLE VIII
## INDEMNIFICATION

Section 8.1. Survival.

(a) Each of (i) the representations and warranties of the Seller contained in this Agreement (collectively, the "Seller Representations"), (ii) the representations and warranties of the Company contained in this Agreement (collectively, the "Company Representations") and (iii) the representations and warranties of the Buyer contained in this Agreement (collectively, the "Buyer Representations") will survive the Closing for the Indemnification Period, after which, such representations and warranties will terminate, subject to any Claims Notice in respect thereof having been given in accordance with the terms of

Section 8.3 (*Claims for Indemnification*) prior to the Cut-Off Date; provided, that the representations and warranties set forth in each of Section 3.1 (*Organization*), Section 3.2 (*Authority*), Section 3.3(a)(i) and Section 3.3(a)(ii) *(No Conflict)*, Section 3.4 (*Shares*), Section 3.6 (*Seller's Brokers*), Section 4.1 (*Organization and Qualification*), Section 4.2 (*Authority*), Section 4.3(a)(i) and Section 4.3(a)(ii) (*No Conflict*), Section 4.4 (*Capitalization*), Section 4.17 (*Company's Brokers*), Section 5.1 (*Organization*), Section 5.2 (*Authority*), Section 5.3(a)(i) and Section 5.3(a)(ii) *(No Conflict)*, and Section 5.8 (*Buyer's Brokers*) will survive the Closing until the third anniversary of the Closing Date (the representations and warranties set forth in the immediately preceding proviso are referred to herein as the "Fundamental Representations"); and, provided, further, that the representations and warranties set forth in Section 4.13 *(Taxes)* will survive the Closing until the date that is sixty (60) days after expiration of the applicable statute of limitations relating to the subject matter of the applicable underlying representation and warranty.

(b) Each of the covenants and agreements of the Seller, the Company and the Buyer contained in this Agreement that (i) by their nature are required to be performed at or prior to the Closing will expire at the Closing along with any and all (if any) rights and remedies with respect to the breach thereof and (ii) by their nature are required to be performed after the Closing (the "Post-Closing Covenants") will survive the Closing in accordance with their respective terms (or, if no specific term is provided, for the statute of limitations).

(c) If any Claims Notice with respect to any representation, warranty or Post-Closing Covenant is given in accordance with the terms of Section 8.3 (*Claims for Indemnification*) within the applicable survival period specified above in this Section 8.1 (*Survival*) (the "Cut-Off Date"), the indemnification claims expressly set forth in the Claims Notice will survive until such time as such claims are finally resolved.

Section 8.2. Indemnification Obligations.

(a) Subject to the limitations set forth in this ARTICLE VIII (*Indemnification*), the Seller agrees, from and after the Closing, to indemnify and hold harmless the Buyer, its Affiliates and each of their respective Representatives (collectively, the "Buyer Indemnitees") from and against any and all Losses actually suffered by or asserted against any of the Buyer Indemnitees arising from, or in connection with:

(i) any inaccuracy in or breach by the Seller of any of the Seller Representations;

(ii) any breach by the Seller of any of the Post-Closing Covenants made by it;

(iii) any inaccuracy in or breach by the Company of any of the Company Representations;

(iv) any Closing Indebtedness or Company Transaction Expenses not paid and satisfied in full at the Closing or taken into account in the calculation of the Purchase Price (including any adjustments thereto);

(v) any Taxes (other than such Taxes prorated under Section 1.1 *(Certain Defined Terms)* of this Agreement) of the Company or any of the Company Subsidiaries that are due with respect to Pre-Closing Tax Periods, provided that such Taxes do not arise as a result of (a) the Buyer's failure to comply with its obligations under Section 6.6 *(Ongoing REIT Qualification)* or Section 6.8(h) *(Other Tax Matters)*, (b) failure of the REIT after the Closing to make distributions in a manner that would avoid tax under Section 857(b) of the Code and excise tax under Section 4981 of the Code and analogous provisions of applicable state and local jurisdictions or (c) liquidation of the REIT by the Buyer or transfer of any properties by the REIT on or after the Closing; and

(vi) any and all claims for payments required to be made, or any actions required to be taken, of any kind whatsoever, by CT REIT Holdings I LLC under an Outstanding Guarantee.

In connection with clause (i) and (iii) above, the relevant representation or warranty will be interpreted without giving effect to any limitation or qualification as to "materiality," "material," "Material Adverse Effect" or qualifiers to similar effect set forth in such representation or warranty for purposes of both (A) determining whether there is an inaccuracy or breach and (B) the Losses resulting from, arising out of or relating to such inaccuracy or breach.

(b) Subject to the limitations set forth in this ARTICLE VIII (*Indemnification*), the Buyer agrees, from and after the Closing, to indemnify and hold harmless the Seller, its Affiliates and each of their respective Representatives (the "Seller Indemnitees", and together with the Buyer Indemnitees, the "Indemnitees") from and against any and all Losses suffered by or asserted against any of the Seller Indemnitees arising from, or in connection with:

(i) any inaccuracy in or breach by the Buyer of any of the Buyer Representations;

(ii) any breach by the Buyer of any of the Post-Closing Covenants made by it; and

(iii) any breach by the Company of any of the Post-Closing Covenants made by it.

In connection with clause (i) above, the relevant representation or warranty will be interpreted without giving effect to any limitation or qualification as to "materiality," "material," "Material Adverse Effect" or qualifiers to similar effect set forth in such representation or warranty for purposes of both (A) determining whether there is an inaccuracy or breach and (B) the Losses resulting from, arising out of or relating to such inaccuracy or breach.

(c) The rights of each of the Indemnitees under this ARTICLE VIII (*Indemnification*) are cumulative and each Indemnitee will have the right in any particular circumstance to enforce any provision of this ARTICLE VIII (*Indemnification*) without regard to the availability of a remedy under any other provision of this ARTICLE VIII (*Indemnification*); provided, that no Indemnitee will be entitled to indemnification or reimbursement under any provision of this Agreement for any Losses to the extent such Indemnitee or its Affiliate(s) has been indemnified or reimbursed for the same Losses under any other provision of this Agreement; and, provided, further, that duplicative Losses actually recovered by the Company from the Seller will not also be recoverable by the Buyer Indemnitees.

Section 8.3. Claims for Indemnification. All claims for indemnification by the Indemnitees will be asserted and resolved in accordance with the terms of this ARTICLE VIII (*Indemnification*).

(a) To seek indemnification pursuant to this ARTICLE VIII (*Indemnification*), an Indemnitee will promptly notify the applicable indemnitor (as applicable, the "Indemnitor") in writing of the claim, describing the claim in reasonable detail and the amount, or a reasonable estimation of such amount made in good faith based on the facts known at the time and not on a purely speculative basis, of Losses suffered or to be suffered by the Indemnitee pursuant to the claim (the "Claims Notice"); provided, that a failure of any Indemnitee to promptly notify the Indemnitor of a claim will not relieve the Indemnitor from liability for such claim, except and only to the extent that the Indemnitor actually and materially was prejudiced by such delay. If the Indemnitor does not notify the Indemnitee in writing within twenty (20) days from its receipt of such Claims Notice that the Indemnitor disputes such claim, the Indemnitor will be deemed to have accepted and agreed to indemnify the Indemnitee from and against the entirety of any Losses described in such Claims Notice. If the Indemnitor has delivered such an indemnity dispute notice to the Indemnitee, the Indemnitor and the Indemnitee will proceed in good faith to negotiate a resolution to such dispute.

(b) With respect to any claim for indemnification pursuant to this ARTICLE VIII (*Indemnification*) that does not involve a Third-Party Claim, each of the Indemnitee and Indemnitor will reasonably cooperate and assist the other in determining the validity of such claim and in otherwise resolving such claim; provided, that no Person will be required by this clause to disclose any confidential information or take any action that would reasonably be expected, at the advice of counsel, to waive or limit any attorney-client or other similar privilege.

(c) With respect to any claim for indemnification pursuant to this ARTICLE VIII (*Indemnification*) that does involve a Third-Party Claim, the Indemnitor will have twenty (20) days from the date on which the Indemnitor received the Claims Notice to notify the Indemnitee in writing that the Indemnitor desires to assume and to assume, the negotiation, defense or prosecution of the Third-Party Claim, with counsel of its choice. Should the Indemnitor so assume the negotiation, defense or prosecution of a Third-Party Claim, then so long as it diligently conducts such negotiation, defense or prosecution, the Indemnitor will not be liable to the Indemnitee for legal expenses subsequently incurred by the Indemnitee in connection with the negotiation, defense or prosecution thereof, unless the Indemnitee reasonably determines, upon the advice of external counsel for the Indemnitee, that the Third-

Party Claim involves potential conflicts of interest or substantially different defenses for the Indemnitee and the Indemnitor, in which case the Indemnitor will be liable to the Indemnitee for the reasonable expenses of one counsel for the Indemnitee. Notwithstanding the foregoing, the Indemnitor will not be entitled assume the defense of any Third-Party Claim (i) to the extent such claim alleges a violation of criminal law or seeks non-monetary relief; (ii) if the defense thereof is not assumed within twenty (20) days after the date on which the Indemnitor received the Claims Notice or (iii) if the Indemnitor does not conduct the defense of the Third-Party Claim with reasonable diligence. Should the Indemnitor so assume the negotiation, defense or prosecution of a Third-Party Claim, the Indemnitee (i) will have the right to participate in, but not control, the negotiation, defense or prosecution thereof and to employ counsel, at its own expense (except as provided in the immediately preceding sentence), separate from the counsel employed by the Indemnitor and (ii) will reasonably cooperate in the negotiation, defense or prosecution thereof, with such cooperation to include the retention and (upon the Indemnitor's request and at the Indemnitor's expense) the provision to the Indemnitor of records and information that are reasonably relevant to such Third-Party Claim and the use of reasonable efforts to make employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Should the Indemnitor not so assume the negotiation, defense or prosecution of a Third-Party Claim, the Indemnitee will be entitled to assume such negotiation, defense or prosecution at the Indemnitor's cost and expense. Regardless of which Party controls the negotiation, defense or prosecution of a Third-Party Claim, such controlling Party will not admit any Liability with respect to, or settle, compromise or discharge, such Third-Party Claim without the other Party's prior written consent (which consent will not be unreasonably withheld, conditioned or delayed); provided, that if the Indemnitor assumes the negotiation, defense or prosecution of a Third-Party claim, the Indemnitor may pay, settle or compromise such Third-Party Claim without the written consent of the Indemnitee, so long as such payment, settlement or compromise (x) includes an unconditional release of the Indemnitee from all Losses in respect of such Third-Party Claim, (y) does not subject the Indemnitee to any criminal liability or injunctive relief or other equitable remedy and (z) does not include a statement or admission of fault, culpability or failure to act by or on behalf of the Indemnitee.

Section 8.4. Limitations on Indemnification.

(a) No indemnification claims for Losses will be asserted by or payable to the Buyer Indemnitees pursuant to Section 8.2(a)(i) or Section 8.2(a)(iii) (*Indemnification Obligations*) or the Seller Indemnitees pursuant to Section 8.2(b)(i) (*Indemnification Obligations*) (i) for any individual claim, or series of individual claims that are related or that otherwise arise or result from the same or substantially similar facts and circumstances, unless the amount of Losses that otherwise would be payable under the applicable Section for such individual claim or such series of claims exceeds $25,000 (the "Per Claim Minimum"); and (ii) until the aggregate amount of all Losses for claims exceeds $1,000,000 (the "Basket"), in which case the Buyer Indemnitees or the Seller Indemnitees, as applicable, will be entitled to recover all Losses, except, for the avoidance of doubt, for such Losses that do not satisfy the Per Claim Minimum; provided, that the Basket will not apply to any claims for Losses attributable to actual, knowing and intentional fraud or Losses based on claims for inaccuracies in or breaches of any Fundamental Representation.

(b) No indemnification claims for Losses will be asserted by or payable to any of the Buyer Indemnitees pursuant to Section 8.2(a)(i) and Section 8.2(a)(iii) (*Indemnification Obligations*) or any of the Seller Indemnitees pursuant to Section 8.2(b)(i) (*Indemnification Obligations*) for an aggregate amount of Losses in excess of $7,640,000 (the "Cap"); provided, that the Cap will not apply to claims for Losses attributable to actual, knowing and intentional fraud or Losses based on claims for inaccuracies in or breaches of any Fundamental Representation.

(c) No indemnification claims for Losses under this ARTICLE VIII (*Indemnification*) will be asserted by or payable to any of the Buyer Indemnitees for any Losses to the extent that such Losses were expressly taken into account in the Closing Statement or any adjustments thereto. In no event will the cumulative indemnification obligations of the Seller pursuant to Section 8.2(a) (*Indemnification Obligations*), on the one hand, or of the Buyer pursuant to Section 8.2(b) (*Indemnification Obligations*), on the other hand, in the aggregate exceed the Purchase Price.

(d) The amount of insurance proceeds actually received by an Indemnitee and its Affiliates in respect of the given Losses for which indemnification is claimed, less (i) the related reasonable out-of-pocket fees and expenses incurred by such Indemnitee and its Affiliates in recovering such insurance proceeds and (ii) any actual or reasonably estimated insurance premium increase attributable to the claim with respect to which such insurance proceeds are paid, will reduce such Losses that such Indemnitee may recover under this ARTICLE VIII (*Indemnification*); provided, that no Indemnitee will be obligated to pursue any such insurance as a condition to receipt of indemnification under this Agreement. If an Indemnitee and its Affiliates receive net insurance proceeds after an indemnification payment has been made in respect of the Losses to which such net insurance proceeds relate, then the Indemnitee and its Affiliates promptly will remit such net insurance proceeds, up to the aggregate amount of indemnification payment in respect of the Losses to which such net insurance proceeds relate (i) in the case of the Buyer Indemnitees, to the Seller and (ii) in the case of the Seller Indemnitees, to the Buyer. The Seller agrees that neither it nor any of its Affiliates or Representatives will seek, nor will any such Person be entitled to, reimbursement or contribution from, subrogation to, or indemnification by the Buyer, the Company, any of the Company Subsidiaries or any of their respective Affiliates, under their respective Organizational Documents or any other contract for indemnification or insurance, or under this Agreement, applicable Law or otherwise, in respect of any amounts due from any such Person to any Buyer Indemnitee pursuant to this ARTICLE VIII (*Indemnification*) or otherwise in connection with this Agreement.

(e) The amount of any Losses for which indemnification is provided under this ARTICLE VIII (*Indemnification*) will be measured net of any Tax benefit actually realized by an Indemnitee and its Affiliates, as a result of the incurrence of the Losses for which indemnification is sought.

Section 8.5. Manner of Payment. Any indemnification payment pursuant to this ARTICLE VIII (*Indemnification*) will be effected by wire transfer of immediately available funds to an account designated by the Seller or the Buyer, as the case may be, within ten (10) Business Days after the determination of the amount thereof, whether pursuant to a judgment, settlement or agreement among the Parties.

Section 8.6. Exclusive Remedy. Except in the case of (a) matters covered by Section 2.4 (*Purchase Price Adjustment*) and (b) actual, knowing and intentional fraud, from and after the Closing, the rights of the Parties to indemnification pursuant to the provisions of this ARTICLE VIII (*Indemnification*) will be the sole and exclusive remedy for any Person with respect to any matter in any way arising from or relating to this Agreement. Subject to the foregoing, to the maximum extent permitted by applicable Law, the Parties hereby waive all other rights and remedies with respect to any matter in any way arising from or relating to this Agreement, whether under any Laws or in equity or otherwise.

Section 8.7. Tax Treatment. Any indemnification payment made pursuant to this ARTICLE VIII (*Indemnification*) will be considered an adjustment to the Purchase Price for U.S. federal, state and local Tax purposes, and will be reported by the Parties as such.

## ARTICLE IX
## TERMINATION; REMEDIES

Section 9.1. Termination. This Agreement may be terminated at any time prior to the Closing:

(a) if (i) any of the conditions set forth in Section 7.2 (*Conditions to Obligations of the Seller and the Company*) hereof become incapable of being satisfied and are not otherwise waived by the Seller or (ii) (A) all of the conditions set forth Section 7.1 (*Conditions to Obligations of All Parties*) and Section 7.3 (*Conditions to Obligations of the Buyer*) hereof have been satisfied on or prior to the Closing Date (other than those conditions that by their nature are to be satisfied at the Closing and are capable of being satisfied at the Closing), and (B) the Closing fails to occur in accordance with the terms of this Agreement prior to 5:00 p.m. (Pacific Time) on April 29, 2016 (the "Outside Date"), then in any such case, the Seller may elect to terminate this Agreement by giving prompt written notice to the Buyer. Upon the Buyer's receipt of such termination notice, (x) the Seller and the Buyer will promptly instruct Deposit Escrow Agent to release the Deposit Escrow Funds to the Seller, (y) upon receipt of such joint instruction, Deposit Escrow Agent will immediately release the Deposit Escrow Funds to the Seller by wire transfer of immediately available funds to an account specified in writing by the Seller as the Seller's sole and exclusive right and remedy for the failure of the Closing to occur, and (z) immediately following receipt by the Seller of the Deposit Escrow Funds, neither the Buyer nor the Seller shall have any further liability to the other in respect of this Agreement or the Access Agreement, except for those obligations under this Agreement or the Access Agreement that expressly survive termination thereof.

(b) if (i) any of the conditions set forth in Section 7.1 (*Conditions to Obligations of All Parties*) or Section 7.3 (*Conditions to Obligations of the Buyer*) hereof become incapable of being satisfied and are not otherwise waived by the Buyer, or (ii) (A) the Closing does not occur on or prior to the Outside Date and (B) neither the conditions set forth in Section 9.1(a)(i) or 9.1(a)(ii) hereof are met, then in any such case, the Buyer may elect to terminate this Agreement by giving prompt written notice to the Seller. Upon the Seller's receipt of such termination notice, (x) the Seller and the Buyer will promptly instruct Deposit Escrow Agent to release the Deposit Escrow Funds to the Buyer, (y) upon receipt of such joint instruction, Deposit Escrow Agent will immediately release the Deposit Escrow Funds to the Buyer by wire transfer of immediately available funds to an account specified in writing by the Buyer and (z) immediately following receipt by the Buyer of the Deposit Escrow Funds, neither the Buyer nor the Seller shall have any further liability to the other in respect of this Agreement or the Access Agreement, except for those obligations under this Agreement or the Access Agreement that expressly survive termination thereof; provided, that nothing in this Section 9.1(b) shall restrict the Buyer from pursuing a claim against the Seller for actual out of pocket damages incurred as a result of the Seller's breach of the covenants contained in Section 7.3 (*Conditions to Obligations of the Buyer*). For the sake of clarity, in lieu of terminating this Agreement and exercising the foregoing rights, the Buyer may elect to seek specific performance in accordance with Section 10.11 *(Specific Performance)*.

Section 9.2. Casualty and Condemnation.

(a) *Casualty*. As used herein, a "Significant Casualty" means a Casualty for which (i) the estimated cost of repair or restoration for any individual Company Property exceeds ten percent (10%) of the allocated share of the Purchase Price for such Company Property as set forth on Schedule 2.2 hereof, (ii) the estimated time to substantially complete such repair or restoration exceeds twelve (12) months from the date of the Casualty or (iii) which permits any tenant under a Material Lease to terminate such Material Lease. If the Seller determines that a Significant Casualty has occurred, the Seller shall deliver to the Buyer a notice thereof together with any estimates obtained by the Seller from independent contractor(s) substantiating the threshold levels aforesaid and a list of any tenants who have the right to terminate their respective Material Leases as a result thereof. If the Buyer disputes the existence of a Significant Casualty, the Buyer shall deliver notice to the Seller thereof describing the basis of such dispute in reasonable detail within five (5) days following the Seller's delivery of such estimates (a "Casualty Dispute Notice"). Upon delivery of a Casualty Dispute Notice, such dispute will be resolved by Casualty/Condemnation Arbitration.

(b) *Condemnation*. As used herein, a "Significant Taking" occurs if all or any part of any Company Property is subject to a taking (other than a temporary taking), or if the Seller or the Company or any Company Subsidiary receives an official notice from any Governmental Authority having eminent domain power over a Company Property of its intention to take, by eminent domain proceeding, any part of the Company Property (a "Taking"), and if such Taking (i) involves more than fifteen percent (15%) of the rentable area of any Company Property, (ii) results in a permanent loss of a material portion of the parking or access to any Company Property or (iii) which permits any tenant under a Material Lease to terminate such Material Lease. If the Seller reasonably determines that a Significant Taking has occurred, the Seller shall deliver to the Buyer a notice of its determination thereof together any evaluations obtained by the Seller from independent architect(s) substantiating the threshold levels aforesaid

and a list of any tenants who have the right to terminate their respective Material Leases as a result thereof. If the Buyer disputes any such determination delivered by the Seller, the Buyer shall deliver notice to the Seller thereof describing the basis of such dispute in reasonable detail within five (5) days following the Seller's delivery of such determination (a "Condemnation Dispute Notice"). Upon delivery of a Condemnation Dispute Notice, such dispute will be resolved by Casualty/Condemnation Arbitration.

(c) *Arbitration*. Any disputes under this Section 9.2 (*Casualty and Condemnation*) will be resolved by expedited arbitration before a single arbitrator in Wilmington, Delaware acceptable to both of the Seller and the Buyer in their reasonable judgment in accordance with the rules of the American Arbitration Association ("Casualty/Condemnation Arbitration"); provided, that if the Seller and the Buyer fail to agree on an arbitrator within five (5) days after a dispute arises, then either Party may request the office of the American Arbitration Association located in Wilmington, Delaware to designate an arbitrator. In the event of a dispute regarding a potential Significant Casualty, such arbitrator will be an independent architect or engineer who is impartial and has no existing or historical personal professional relationship with the Seller, the Buyer or their respective Affiliates, having at least ten (10) years of experience in the construction of industrial buildings in the State in which the Company Property is located. In the event of a dispute regarding a potential Significant Taking, such arbitrator will be an independent architect having at least ten (10) years of experience in the construction of industrial/warehouse buildings in the State in which such Company Property is located. The costs and expenses of such arbitrator will be borne equally by the Seller and the Buyer.

## ARTICLE X
## GENERAL PROVISIONS

Section 10.1. Exculpation. The Buyer agrees that it does not have and will not have, any claims or causes of action arising out of or in connection with this Agreement or the transactions contemplated hereby against any of the Seller's direct or indirect Affiliates or any of the Seller's or its Affiliates' respective direct or indirect shareholders, members, partners, trustees, directors, principals, officers, employees, agents or contractors or any successors or assigns of any of the foregoing Persons (collectively, the "Seller Parties"). The Buyer agrees to look (a) prior to the Closing, solely to the Seller and the Seller's interest in the Company and the Company Subsidiaries and (b) after the Closing, solely to the net proceeds of the sale (subject to the limitations contained herein) for the satisfaction of any liability or obligation of the Seller or the Company arising under this Agreement or the transactions contemplated hereby, or for the performance by the Seller or the Company of any of the covenants or other agreements contained herein and the Buyer further agrees not to sue or otherwise seek to enforce any personal obligation against any of the Seller's other assets or properties or any of the other Seller Parties (or their assets or properties) with respect to any matters arising out of or in connection with this Agreement or the transactions contemplated hereby. Without limiting the generality of the foregoing provisions, the Buyer hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever that the Buyer may now or hereafter have against and hereby unconditionally and irrevocably releases and discharges from any and all liability whatsoever, the Seller Parties, other than the Seller and the Company to the extent

provided for in the second sentence of this Section 10.1 (*Exculpation*), in connection with or arising out of this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, nothing in this Section 10.1 (*Exculpation*) shall limit or otherwise affect the Buyer's rights to seek recovery from the guarantor pursuant to the terms of the Limited Guaranty.

Section 10.2. Fees and Expenses; Transfer Taxes.

(a) The Seller will be responsible for (i) the Company Transaction Expenses, as contemplated by this Agreement, (ii) fifty percent (50%) of the Deposit Escrow Agent fees, (iii) subject to Section 10.2(b)(ii) below, the portion of title insurance premiums allocated to the standard CLTA title coverage with respect to the Title Policies and (iv) if the Closing occurs, all Transfer Taxes (other than any Taxes reflected on the Closing Statement and taken into account in the calculation of the Purchase Price (including any adjustments thereof), including the Closing Adjustment Amount), if any.

(b) Except as otherwise provided above, the Buyer will be responsible for (i) the costs and expenses of its legal counsel, advisors and other professionals employed by it in connection with the transactions contemplated by this Agreement, (ii) the portion of title insurance premiums and costs with respect to the Title Policies (in excess of the Seller's costs under Section 10.2(a)(ii)), (iii) all costs and expenses incurred in connection with any financing obtained by the Buyer, including loan fees, financing costs and lender's legal fees, (iv) if the Closing occurs, any recording fees for documentation to be recorded in connection with the transactions contemplated by this Agreement, and (v) fifty percent (50%) of all the Deposit Escrow Agent fees.

Section 10.3. Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed by each of the Buyer, the Seller and the Company.

Section 10.4. Waiver. No failure or delay of any Party in exercising any right or remedy hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of any Party to any such waiver will be valid only if set forth in a written instrument executed and delivered by a duly authorized Person on behalf of such Party.

Section 10.5. Notices. All notices and other communications under this Agreement must be in writing and will be deemed duly given (a) on the date of delivery if delivered personally (or, if not a Business Day, on the next following Business Day), (b) on the date of delivery, if delivered by electronic mail (or, if not a Business Day, on the next following Business Day), (c) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a

recognized next-day courier or (d) on the earlier of confirmed receipt or the fifth (5th) Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder must be delivered to the addresses set forth below with copies sent to the Persons indicated, or pursuant to such other instructions as may be designated in writing in accordance with this Section 10.5 (*Notices*) by the Party to receive such notice:

if to the Seller, or the Company prior to the Closing, to:

c/o CT Realty
4343 Von Karman Ave., Ste. 200
Newport Beach, CA 92660
Attn: Dominic Petrucci
E-mail: Dpetrucci@ctrinvestors.com

with a copy (which will not constitute notice) to:

Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02199
Attn: Richard E. Gordet and Sarah Schaffer Raux
E-mail: Rich.Gordet@ropesgray.com and
Sarah.Schafferraux@ropesgray.com

if to the Buyer, or to the Company after the Closing, to:

Rexford Industrial Realty, Inc.
11620 Wilshire Boulevard
Suite 1000
Los Angeles, CA 90025
Attn: Howard Schwimmer
E-mail: howards@rexfordindustrial.com

with a copy (which will not constitute notice) to:

Latham & Watkins LLP
650 Town Center Drive, 20th Floor
Costa Mesa, CA 92626
Attn: David Meckler
Email: David.Meckler@lw.com

Section 10.6. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement, and supersedes all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings, among the Parties with respect to the subject matter hereof. This Agreement will not be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any Party with respect to the transactions contemplated hereby other than those expressly set forth herein, including any implied covenants regarding noncompetition or nonsolicitation, and none will be deemed to exist or be inferred with respect to the subject matter hereof. Notwithstanding any oral agreement or course of conduct of the Parties or their Representatives to the contrary, no Party will be under any legal obligation to enter into or complete the transactions contemplated hereby unless and until this Agreement has been executed and delivered by each of the Parties.

Section 10.7. Parties in Interest. This Agreement will be binding upon and inure solely to the benefit of each Party and nothing in this Agreement, express or implied, is intended to or will confer upon any Person, other than the Parties and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement; provided, that the Parties expressly agree that the Indemnitees are express third-party beneficiaries of ARTICLE VIII (*Indemnification*), with rights to enforce such provisions in accordance with their terms; provided, however, the Deposit Escrow Agent may not assign this Agreement or delegate its obligations hereunder other than to a successor escrow agent appointed in accordance with the terms of this Agreement.

Section 10.8. Governing Law. This Agreement and all claims, causes of action, disputes or controversies based upon, arising out of or relating to this Agreement or the negotiation, execution, performance, non-performance, interpretation, termination or construction of this Agreement or the transactions contemplated hereby (whether arising in contract or tort), will be governed by and construed in accordance with, the internal laws of the State of Delaware, without reference to conflict of laws principles. EACH OF THE PARTIES AGREES THAT THIS AGREEMENT INVOLVES AT LEAST U.S. $100,000.00 AND THAT THIS AGREEMENT HAS BEEN ENTERED INTO IN EXPRESS RELIANCE UPON 6 Del. C. § 2708.

Section 10.9. Submission to Jurisdiction. The Parties hereby agree to submit to personal jurisdiction in the State of Delaware in any action or proceeding arising out of this Agreement and, in furtherance of such agreement, the Parties hereby agree that, without limiting other methods of obtaining jurisdiction, personal jurisdiction over the Parties in any such action or proceeding may be obtained within or without the jurisdiction of any court located in Delaware, and that any process or notice of motion or other application to any such court in connection with any such action or proceeding may be served upon any of the Parties by registered or certified mail to or by personal service at the last known address of that Party, whether such address be within or without the jurisdiction of any such court. Any legal suit, action or other proceeding by one Party against any other Party arising out of or relating to this Agreement (other than any dispute which, pursuant to the express terms of this Agreement, is to be determined by arbitration) will be instituted only in the Chancery Court of the State of

Delaware or, if the Chancery Court of the State of Delaware does not have jurisdiction, any State or Federal court sitting in Delaware, and each Party hereby waives any objections which it may now or hereafter have based on venue and/or forum non-conveniens of any such suit, action or proceeding and submits to the jurisdiction of such courts. The provisions of this Section 10.9 (*Submission to Jurisdiction*) will survive the Closing or the termination of this Agreement in accordance with Section 9.1 (*Termination*).

Section 10.10. Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by any Party without the prior written consent of the other Parties and any such assignment or delegation without such prior written consent will be null and void; provided, that the Buyer may assign it rights hereunder to one or more of its Affiliates or to its financing sources for collateral assignment purposes, but such assignment will in no way relieve the Buyer of its obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by, the Parties and their respective successors and permitted assigns.

Section 10.11. Specific Performance. Subject to Section 9.1 *(Termination),* the Parties agree that irreparable damage, for which monetary damages (even if available) would not be an adequate remedy, would occur in the event that the Parties do not perform their obligations under the provisions of this Agreement in accordance with its specified terms or otherwise breach such provisions. Accordingly, subject to Section 9.1 *(Termination)*, the Parties acknowledge and agree that each of the Parties will be entitled to an injunction, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in each case, without proof of damages, this being in addition to any other remedy to which the parties are entitled under this Agreement. Subject to Section 9.1 *(Termination),* each Party agrees that it will not oppose the granting of specific performance and other equitable relief on the basis that any other Party has an adequate remedy at Law or that an award of specific performance is not an appropriate remedy for any reason at Law or equity. Subject to Section 9.1 *(Termination),* the Parties acknowledge and agree that no Party seeking an injunction to prevent breaches of this Agreement and/or to enforce specifically the terms and provisions of this Agreement in accordance with this Section 10.11 will be required to provide any bond or other security in connection with any such action.

Section 10.12. Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

Section 10.13. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER ARISING IN CONTRACT OR IN TORT.

Section 10.14. Facsimile or PDF Signature. This Agreement may be executed and delivered by facsimile or .pdf signature and a facsimile or .pdf signature will constitute an original for all purposes.

Section 10.15. Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

Section 10.16. Legal Representation.

(a) The Buyer, on behalf of itself and its Affiliates (including, after the Closing, the Company and the Company Subsidiaries) acknowledges and agrees that Ropes & Gray LLP (the "Seller Party Transaction Counsel") has acted as counsel for the Seller, the Company and, where applicable, their respective affiliates in connection with this Agreement and the transactions contemplated hereby (collectively, the "Acquisition Engagement"), and the Seller Party Transaction Counsel has not acted as counsel for any other Person with respect to the Acquisition Engagement, including the Buyer.

(b) Only the Seller, the Company and their respective Affiliates, as applicable, will be considered clients of the Seller Party Transaction Counsel in connection with the Acquisition Engagement. The Buyer, on behalf of itself and its Affiliates (including after the Closing, the Company), acknowledges and agrees that all confidential communications between the Seller, the Company and their respective Affiliates, on the one hand, and the Seller Party Transaction Counsel, on the other hand, and any attendant attorney-client privilege, attorney work product protection and expectation of client confidentiality applicable thereto, will be deemed to belong solely to the Seller and its Affiliates (other than the Company and the Company Subsidiaries) and not the Company or any of the Company Subsidiaries, and will not pass to or be claimed, held or used by the Buyer or the Company upon or after the Closing, in each case to the extent relating to the Acquisition Engagement. Accordingly, the Buyer will not have access to any such communications, or to the files of the Seller Party Transaction Counsel, whether or not the Closing occurs. Without limiting the generality of the foregoing, upon and after the Closing, (i) to the extent that files of the Seller Party Transaction Counsel constitute client property and to the extent that such files relate to the Acquisition Engagement, only the Seller and its Affiliates (other than the Company or any of the Company Subsidiaries) will hold such property rights and (ii) the Seller Party Transaction Counsel will have no duty whatsoever to reveal or disclose any such attorney-client communications or files, in each case to the extent related to the Acquisition Engagement, to the Company, any of the Company Subsidiaries or the Buyer by reason of any attorney-client relationship between the Seller Party Transaction Counsel

and the Company or any of the Company Subsidiaries or otherwise; provided, that, notwithstanding the foregoing, the Seller Party Transaction Counsel will not disclose any such attorney-client communications or files to any third parties (other than representatives, accountants and advisors of the Seller and its Affiliates who are instructed to maintain the confidence of such attorney-client communications). If and to the extent that, at any time subsequent to the Closing, the Buyer or any of its Affiliates (including after the Closing, the Company and the Company Subsidiaries) has the right to assert or waive any attorney-client privilege with respect to any communication between the Company or its Affiliates and any Person representing any of them that occurred at any time prior to the Closing and to the extent relating to the Acquisition Engagement, the Buyer, on behalf of itself and its Affiliates (including after the Closing, the Company and the Company Subsidiaries) will be entitled to waive such privilege only with the prior written consent of the Seller (not to be unreasonably withheld, conditioned or delayed).

(c) The Buyer, on behalf of itself and its Affiliates (including after the Closing, the Company and the Company Subsidiaries), acknowledges and agrees that the Seller Party Transaction Counsel has acted as counsel for the Seller, the Company, and their respective Affiliates, as applicable, and may continue to represent the Seller and/or its Affiliates (other than the Company and the Company Subsidiaries), as applicable, in future matters. Accordingly, the Buyer, on behalf of itself and its Affiliates (including after the Closing, the Company and the Company Subsidiaries), expressly (i) consents to the Seller Party Transaction Counsel's representation of the Seller and its Affiliates and/or any of their respective agents (if any of the foregoing Persons so desire) in any matter, including any post-Closing matter in which the interests of the Buyer, the Company and the Company Subsidiaries, on the one hand, and the Seller and its Affiliates, as applicable, on the other hand, are adverse, including any matter relating to the transactions contemplated by this Agreement, and whether or not such matter is one in which the Seller Party Transaction Counsel may have previously advised the Seller, the Company, or any of their respective Affiliates, as applicable and (ii) consents to the disclosure by the Seller Party Transaction Counsel to the Seller and its Affiliates, of any information learned by the Seller Party Transaction Counsel in the course of its representation of the Seller, the Company, or any of their respective Affiliates, whether or not such information is subject to attorney-client privilege, attorney work product protection or the Seller Party Transaction Counsel's duty of confidentiality.

(d) The Seller, the Company and the Buyer consent to the arrangements in this Section 10.16 (*Legal Representation*), and waive any actual or potential conflict of interest that may be involved in connection with any representation by the Seller Party Transaction Counsel permitted hereunder.

Section 10.17. Deposit Escrow Agent.

(a) In the event of any disagreement between the Seller and the Buyer resulting in conflicting or adverse claims or demands made in connection with the Deposit Escrow Funds, Deposit Escrow Agent will be entitled, at its option, to refuse to comply with any such claims or demands so long as the disagreement will continue, and in so doing Deposit Escrow Agent will not be liable for its failure or refusal to comply with such conflicting or

adverse claims or demands until the rights of the claimants have been finally adjudicated or the differences adjusted between the Seller and the Buyer and Deposit Escrow Agent has been notified thereof in writing signed by each of the Seller and the Buyer. Deposit Escrow Agent will also have the right to bring an action in interpleader to obtain the right to pay said sum to a court of competent jurisdiction, deducting from said sum the costs incurred in bringing such an action.

(b) In the event of any dispute or litigation affecting Deposit Escrow Agent's duties relating to this Agreement, Deposit Escrow Agent may consult legal counsel and will incur no liability and will be fully protected in acting in good faith in accordance with the opinion of counsel; provided that nothing herein will release or discharge Deposit Escrow Agent from liability to the extent it is adjudged negligent or to have acted (or failed to act) in bad faith. Deposit Escrow Agent will be indemnified and saved harmless by the Buyer and the Seller, jointly and severally, from all losses, costs and expenses incurred, including reasonable attorney's fees, as a result of its involvement in any litigation arising from performance of its duties hereunder, provided that such litigation does not result from any action taken or omitted by Deposit Escrow Agent and for which it has been adjudged negligent or to have acted (or failed to act) in bad faith; such indemnification will survive termination of this Agreement until extinguished by the applicable statute of limitations.

(c) Deposit Escrow Agent may be removed and replaced following the giving of at least ten (10) days' prior written notice to Deposit Escrow Agent by both the Seller and the Buyer. The duties of Deposit Escrow Agent will terminate ten (10) days after the date of such notice, or on such later date as may be specified in such notice or as of such earlier date as may be mutually agreed upon by Deposit Escrow Agent and each of the Seller and the Buyer. Deposit Escrow Agent will then deliver the Deposit Escrow Funds to a successor escrow agent as will be appointed by the Seller and the Buyer, as evidenced by a written notice filed with Deposit Escrow Agent. If the Seller and the Buyer are unable to agree upon a successor, or will have failed to appoint a successor prior to the expiration of ten (10) days following the date of the notice of removal, the removed Deposit Escrow Agent may apply to any court of competent jurisdiction in order to request the appointment of a successor escrow agent or other appropriate relief, and any such resulting appointment will be binding upon each of the Seller and the Buyer unless and until another successor will have been appointed pursuant to this paragraph.

*[The remainder of this page is intentionally left blank.]*

IN WITNESS WHEREOF, each of the Parties has duly executed and delivered this Agreement as of the date first written above.

**THE SELLER:**

ATLANTIC CT HOLDINGS, LLC

By: CT 8 ITH LLC, its managing member

By: ITH Industrial Investors I LLC, its managing member

By: /s/ Marc S. Belluomini
Name: Marc S. Belluomini
Title: Manager

**THE COMPANY:**

ATLANTIC CT REIT, INC.

By: /s/ Marc S. Belluomini
Name: Marc S. Belluomini
Title: Vice President

**THE BUYER:**

REXFORD INDUSTRIAL REALTY, L.P.

By: /s/ Howard Schwimmer
Name: Howard Schwimmer
Title: Co-Chief Executive Officer

**JOINDER OF DEPOSIT ESCROW AGENT**

The undersigned is joining this Agreement to evidence its agreement: (i) to terminate the Deposit Escrow Agreement, (ii) to act as the Deposit Escrow Agent under this Agreement and (iii) to receive, hold and disburse the Deposit Escrow Funds and other funds to be received by it in accordance with the terms of this Agreement.

**CHICAGO TITLE INSURANCE COMPANY**

By: /s/ Patricia M. Schlageck
Name: Patricia M. Schlageck
Title: Vice President and Senior
Commercial Escrow Officer

**Exhibit 23.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-190074) pertaining to the Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan; and

(2) Registration Statement (Form S-3 No. 333-197849) of Rexford Industrial Realty, Inc.;

of our report dated April 11, 2016, with respect to the statement of revenues and certain expenses of the REIT Portfolio included in its Current Report (Form 8-K) dated April 11, 2016 for the year ended December 31, 2015.

/s/ Ernst & Young LLP

Los Angeles, California
April 11, 2016

**Exhibit 99.1**

**REXFORD INDUSTRIAL TO ACQUIRE 1.53 MILLION SQUARE FOOT INDUSTRIAL PORTFOLIO FOR $191.0 MILLION**

**– Will Add Nine Properties in Core Infill Submarkets –**

**Los Angeles – April 11, 2016** – Rexford Industrial Realty, Inc. (the "Company" or "Rexford Industrial") (NYSE: REXR), a real estate investment trust ("REIT") focused on owning and operating industrial properties located in Southern California infill markets, today announced that they have entered into a definitive agreement to acquire a private REIT that owns a portfolio of nine industrial properties for a total purchase price of approximately $191.0 million, or approximately $125 per square foot, exclusive of closing costs. The acquisition is not subject to a diligence condition. The Company intends to fund a portion of the acquisition through the exercise of an accordion on a recently closed $125.0 million unsecured term loan for an additional $100.0 million in proceeds.

"The acquisition of this institutional quality portfolio is another example of the Company's ability to leverage deep local relationships to source high-quality, well-located assets in off-market or lightly marketed transactions," stated Howard Schwimmer and Michael Frankel, Co-Chief Executive Officers of the Company. "This accretive acquisition is expected to be completed at below replacement cost and enables the Company to expand our operating leverage as we increase our square footage by 50% in Orange County, in particular, which is one of our key target markets. We are pleased to demonstrate the continued execution of our strategy to accretively grow our portfolio in infill Southern California's supply constrained industrial markets to create long term shareholder value."

The portfolio consists of nine properties totaling 1,530,814 net rentable square feet on 79.8 acres, and is 100% leased to twelve tenants with a staggered lease roll and a weighted average remaining lease term of 4.5 years. Two of the buildings were constructed in 2015 and most of the other assets were renovated in the past three years. The properties are located in four of the Company's core infill Southern California markets, including Orange County, Los Angeles-San Gabriel Valley, Inland Empire West, and Central San Diego.

The acquisition is expected to close in the second quarter of 2016 and is subject to customary closing conditions.

**About Rexford Industrial**

Rexford Industrial is a real estate investment trust focused on owning and operating industrial properties in Southern California infill markets. The Company owns interests in 121 properties with approximately 12.2 million rentable square feet and manages an additional 19 properties with approximately 1.2 million rentable square feet.

For additional information, visit www.rexfordindustrial.com.

**Forward-Looking Statements**

This press release may contain forward-looking statements within the meaning of the federal securities laws, which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” or “potential” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. While forward-looking statements reflect the Company’s good faith beliefs, assumptions and expectations, they are not guarantees of future performance. For a further discussion of these and other factors that could cause the Company’s future results to differ materially from any forward-looking statements, see the reports and other filings by the Company with the U.S. Securities and Exchange Commission (“SEC”), including the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 and the Current Report on Form 8-K filed with the SEC on or around the date of this press release. The Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes.

**Contact:**

Investor Relations:

Stephen Swett

424 256 2153 ext. 401

investorrelations@rexfordindustrial.com

**Exhibit 99.2**

Report of Independent Auditors

The Board of Directors and Stockholders of Rexford Industrial Realty, Inc.

We have audited the accompanying statement of revenues and certain expenses ("the financial statement") of the Rexford Industrial Portfolio ("the REIT Portfolio") for the year ended December 31, 2015, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that are free of material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates, made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the statement of revenues and certain expenses referred to above presents fairly, in all material respects, the revenues and certain expenses as described in Note 1 of the REIT Portfolio's financial statement for the year ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statement, the statement of revenues and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission, and is not intended to be a complete presentation of the REIT Portfolio's revenues and expenses. Our opinion is not modified with respect to this matter.

/S/ Ernst & Young LLP

Los Angeles, California
April 11, 2016

**REIT PORTFOLIO**
**STATEMENT OF REVENUES AND CERTAIN EXPENSES**
**YEAR ENDED DECEMBER 31, 2015**

| | |
|---|---|
| **RENTAL REVENUES** | |
| Rental revenues | $6,933 |
| Tenant reimbursements | 2,761 |
| **TOTAL RENTAL REVENUES** | 9,694 |
| **CERTAIN OPERATING EXPENSES** | |
| Property expenses | 3,461 |
| **TOTAL OPERATING EXPENSES** | 3,461 |
| **REVENUES IN EXCESS OF CERTAIN OPERATING EXPENSES** | $6,233 |

The accompanying notes are an integral part of these financial statements.

**REIT PORTFOLIO**
**NOTES TO THE STATEMENT OF REVENUES AND CERTAIN EXPENSES**

## 1. BACKGROUND AND BASIS OF PRESENTATION

The accompanying statements of revenues and certain expenses present the result of operations of an industrial portfolio consisting of nine properties (the "REIT Portfolio") for the year ended December 31, 2015. On April 11, 2016, Rexford Industrial Realty, Inc. (the "Company") entered into a purchase agreement, pursuant to which the Company's operating partnership, Rexford Industrial Realty, L.P., will acquire the REIT Portfolio for a purchase price of approximately $191 million. The acquisition of the REIT Portfolio is subject to customary closing requirements and conditions and there can be no assurance that the acquisitions will close, or if it does, when the closing will occur. The table below sets forth relevant information with respect to the properties in the REIT Portfolio.

| Property Address | City | Number of Buildings | Asset Type | Year Built/ Renovated | Rentable Square Feet | Number of Leases | Occupancy |
|---|---|---|---|---|---|---|---|
| 12131 Western Ave | Garden Grove | 1 | Warehouse / Distribution / Manufacturing | 1987/2007 | 207,953* | 1 | 100% |
| 2811 S Harbor Blvd | Santa Ana | 1 | Manufacturing | 1977/2015 | 126,796 | 1 | 100% |
| 2700-2722 S Fairview St | Santa Ana | 1 | Manufacturing / Office | 1964/1984 | 116,575 | 2 | 100% |
| 9 Holland | Irvine | 1 | Manufacturing / Distribution | 1980/2013 | 180,981 | 2 | 100% |
| 20 Icon | Lake Forest | 1 | Distribution | 1999/2015 | 102,299 | 1 | 100% |
| 11127 Catawba Ave | Fontana | 1 | Distribution | 2015 | 145,750 | 1 | 0%** |
| 15996 Jurupa Ave | Fontana | 1 | Warehouse / Distribution | 2015 | 212,660 | 1 | 0%** |
| 16425 Gale Ave | City of Industry | 1 | Warehouse / Distribution | 1976 | 325,800 | 2 | 100% |
| 13550 Stowe Dr | Poway | 1 | Warehouse | 1991 | 112,000 | 1 | 100% |
| | | **9** | | | **1,530,814** | **12** | **76%** |

* The total rentable square feet for this building is 207,953. However, as of December 31, 2015 the current tenant was occupying 192,609 square feet.
** The lease was executed as of 12/31/2015 but tenant will not take possession until 2016.

The accompanying statement of revenues and certain expenses has been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended. Accordingly, the statement is not representative of the actual operations for the period presented as revenues and certain operating expenses, which may not be directly attributable to the revenues and expenses expected to be incurred through the future operations of the REIT Portfolio, have been excluded. Such items include depreciation, amortization, interest expense, interest income, and amortization of above and below market leases. References to year built/renovated, square footage and occupancy rates are unaudited and excluded from the auditors' opinion.

## 2. SIGNIFICANT ACCOUNTING POLICES

***Revenue Recognition***

The REIT Portfolio recognizes rental revenue from tenants on a straight-line basis over the lease term when collectability is reasonably assured and the tenant has taken possession or controls the physical use of the leased asset.

Tenant reimbursements related to reimbursement of real estate taxes, insurance, repairs and maintenance, and other operating expenses are recognized as revenue in the period the applicable expenses are incurred. The reimbursements are recognized and presented gross, as the REIT Portfolio is generally the primary obligor with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier and bears the associated credit risk.

***Use of Estimates***

A number of estimates and assumptions have been made relating to the reporting and disclosure of revenues and certain expenses during the reporting period to prepare the statement of revenues and certain expenses in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

## 3. MINIMUM FUTURE LEASE RENTALS

There are various lease agreements in place with tenants to lease space in the REIT Portfolio. As of December 31, 2015, the minimum future cash rents receivable under non-cancelable operating leases in each of the next five years and thereafter are as follows (unaudited and in thousands):

| Years Ending December 31 | |
|---|---|
| 2016 | $ 9,475 |
| 2017 | 8,548 |
| 2018 | 8,799 |
| 2019 | 8,856 |
| 2020 | 7,503 |
| Thereafter | 10,045 |
| Total | $53,226 |

Leases generally require reimbursement of the tenant's proportional share of common area, real estate taxes and other operating expenses, which are excluded from the amounts above.

## 4. TENANT CONCENTRATIONS

For the year ended December 31, 2015, two tenants represented 49% of the REIT Portfolio's rental revenues.

## 5. MANAGEMENT FEES

As of December 31, 2015, the REIT Portfolio incurred approximately $182k of management fees. The Seller had entered into a management agreement with a related party management company upon initial purchase of the properties. The management company performed management services including leasing, operating, supervising and maintaining the Seller's real estate investments. Management fees are calculated as 2.5% on all rents collected each month.

The Company has no affiliation with the management company. The management agreements are expected to be terminated upon purchase of the REIT Portfolio.

## 6. SUBSEQUENT EVENTS

Subsequent events were evaluated through April 11, 2016, the date the financial statements were available to be issued.

**Exhibit 99.3**

**REXFORD INDUSTRIAL REALTY, INC.**
**UNAUDITED PRO FORMA FINANCIAL INFORMATION**
**AS OF DECEMBER 31, 2015**

The following unaudited pro forma financial information of Rexford Industrial Realty, Inc. (the "Company") is based on the historical financial statements of the Company. The unaudited pro forma condensed consolidated balance sheet as of December 31, 2015 is based on the Company's consolidated balance sheet and reflects the subsequent expected acquisition of the industrial portfolio consisting of nine properties (the "REIT Portfolio") and the related borrowings on the revolving credit facility and the term loan as if such transactions had occurred on December 31, 2015. The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2015 has been prepared to reflect the incremental effect of the REIT Portfolio by the Company as if such transaction had occurred on January 1, 2015.

The unaudited pro forma financial information is not necessarily indicative of what the Company's results of operations or financial condition would have been assuming the acquisition of the REIT Portfolio had occurred at the beginning of the periods presented, nor is it indicative of the Company's results of operations or financial condition for future periods. In management's opinion, all adjustments necessary to reflect the effects of these transactions have been made. The unaudited pro forma financial information and accompanying notes should be read in conjunction with the Company's consolidated financial statements included on Form 10-K for the year ended December 31, 2015.

**REXFORD INDUSTRIAL REALTY, INC.**
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**
**AS OF DECEMBER 31, 2015**
**(in thousands – except share and per share data)**

| | Rexford Industrial Realty, Inc. (A) | Acquisition of Portfolio (B) | Pro Forma Rexford Industrial Realty, Inc. |
|---|---|---|---|
| **ASSETS** | | | |
| Investments in real estate, net | $ 1,085,143 | $ 180,871 | 1,266,014 |
| Cash and cash equivalents | 5,201 | — | 5,201 |
| Rents and other receivables, net | 3,040 | — | 3,040 |
| Deferred rent receivable, net | 7,827 | — | 7,827 |
| Deferred leasing costs, net | 5,331 | | 5,331 |
| Deferred loan costs, net | 1,445 | | 1,445 |
| Acquired lease intangible assets, net | 30,383 | 12,357 | 42,740 |
| Acquired indefinite-lived intangible | 5,271 | — | 5,271 |
| Other assets | 5,523 | — | 5,523 |
| Investment in unconsolidated real estate entities | 4,087 | — | 4,087 |
| **Total Assets** | $ 1,153,251 | $ 193,228 | $ 1,346,479 |
| **LIABILITIES & EQUITY** | | | |
| **Liabilities** | | | |
| Notes payable | $ 418,154 | $ 191,000 | $ 609,154 |
| Interest rate swap liability | 3,144 | — | 3,144 |
| Accounts payable, accrued expenses and other liabilities | 12,631 | 505 | 13,136 |
| Dividends payable | 7,806 | — | 7,806 |
| Acquired lease intangible liabilities, net | 3,387 | 2,103 | 5,490 |
| Tenant security deposits | 11,539 | | 11,539 |
| Prepaid rents | 2,846 | — | 2,846 |
| **Total Liabilities** | 459,507 | 193,608 | 653,115 |
| **Equity** | | | |
| Rexford Industrial Realty, Inc. stockholders' equity | | | |
| Common Stock, $0.01par value 490,000,000 authorized and 55,598,684 outstanding as of December 31, 2015 | $ 553 | — | 553 |
| Additional paid in capital | 722,722 | — | 722,722 |
| Cumulative distributions in excess of earnings | (48,103) | (505) | (48,608) |
| Accumulated other comprehensive loss | (3,033) | — | (3,033) |
| Total stockholders' equity | 672,139 | (505) | 671,634 |
| Noncontrolling interests | 21,605 | 125 | 21,730 |
| **Total Equity** | 693,744 | (380) | 693,364 |
| **Total Liabilities and Equity** | $ 1,153,251 | $ 193,228 | $ 1,346,479 |

**REXFORD INDUSTRIAL REALTY, INC.**
**UNAUDITED PRO FORMA CONDENDSED CONSOLIDATED STATEMENT OF OPERATIONS**
**AS OF DECEMBER 31, 2015**
**(in thousands – except share and per share data)**

| | Pro Forma Rexford Industrial Realty, Inc. before Acquisition of Portfolio (C) | Acquisition of Portfolio (D) | Pro Forma Rexford Industrial Realty, Inc. |
|---|---|---|---|
| **RENTAL REVENUES** | | | |
| Rental revenues | $ 81,114 | $ 7,343 | $ 88,457 |
| Tenant reimbursements | 10,479 | 2,761 | 13,240 |
| Other income | 1,013 | — | 1,013 |
| **TOTAL RENTAL REVENUES** | 92,606 | 10,104 | 102,710 |
| Management, leasing and development services | 584 | — | 584 |
| Interest income | 710 | — | 710 |
| **TOTAL REVENUES** | 93,900 | 10,104 | 104,004 |
| **OPERATING EXPENSES** | | | |
| Property expenses | 25,000 | 3,461 | 28,461 |
| General and administrative | 15,016 | | 15,016 |
| Depreciation and amortization | 41,837 | 7,778 | 49,615 |
| **TOTAL OPERATING EXPENSES** | 81,853 | 11,239 | 93,092 |
| **OTHER (INCOME) EXPENSE** | | | |
| Acquisition expenses | 2,136 | — | 2,136 |
| Interest expense | 8,453 | 3,694 | 12,147 |
| **TOTAL OTHER EXPENSE** | 10,589 | 3,694 | 14,283 |
| **TOTAL EXPENSES** | 92,442 | 14,933 | 107,375 |
| Equity in income (loss) from unconsolidated real estate entities | 93 | — | 93 |
| Gain from early repayment of note receivable | 581 | — | 581 |
| Loss on extinguishment of debt | (182) | — | (182) |
| **NET INCOME (LOSS) FROM CONTINUING OPERATIONS** | 1,950 | (4,829) | (2,879) |
| Net income attributable to noncontrolling interests | (76) | — | (76) |
| **NET INCOME (LOSS) ATTRIBUTABLE TO REXFORD INDUSTRIAL REALTY, INC.** | 1,874 | (4,829) | (2,955) |
| Less: earnings allocated to participating securities | (223) | — | (223) |
| **NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS** | $ 1,651 | $ (4,829) | $ (3,178) |
| Income (loss) from continuing operations attributable to common stockholders per share—basic and diluted | $ 0.03 | | $ (0.06) |
| Weighted average shares of common stock outstanding—basic and diluted | 54,024,923 | | 54,024,923 |

**REXFORD INDUSTRIAL REALTY, INC.**
**NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**
**AS OF DECEMBER 31, 2015**
**(in thousands – except share and per share data)**

## 1. BALANCE SHEET ADJUSTMENTS

(A) Represents the audited historical consolidated balance sheet of Rexford Industrial Realty, Inc. as of December 31, 2015.

(B) Reflects the expected acquisition of the nine property industrial portfolio from a single seller (the " REIT Portfolio") as if it had occurred on December 31, 2015 for approximately $191 million. The following is our preliminary purchase price allocation which is subject to change as we complete the purchase price allocation process.

| (In thousands)<br>**Tangible** | **Total Assets** | **Total Liabilities** |
|---|---|---|
| Land | $ 90,437 | — |
| Building(s) | 81,847 | — |
| Site Improvements | 6,977 | — |
| Tenant Improvement Allowance (Origination Costs) | $ 1,610 | — |
| **Total Tangible** | **$ 180,871** | **—** |
| | | |
| **Intangible** | | |
| Leasing Commissions (Origination Costs) | $ 2,953 | — |
| Legal and Marketing Costs (Origination Costs) | 87 | — |
| Above/(Below) Market Lease Value | 911 | ($ 2,103) |
| Lease In Place Value | 8,406 | — |
| **Total Intangible** | **$ 12,357** | **($ 2,103)** |
| **Fair Value** | **$ 193,228** | **($ 2,103)** |

As previously disclosed, Rexford Industrial Realty, Inc. (the "Company"), through our operating partnership, Rexford Industrial Realty, L.P. (the "Operating Partnership"), entered into a $125 million Credit Agreement (the "Credit Agreement") on January 14, 2016 with PNC Bank, National Association, as administrative agent, U.S. Bank, National Association, as syndication agent, PNC Capital Markets LLC and U.S. Bank, National Association, as joint lead arrangers and joint bookrunners, and the other lenders named therein. Under the terms of the Credit Agreement, we are permitted to add one or more incremental term loans in an aggregate amount not to exceed $100 million (the "Accordion"). The Company plans to exercise the Accordion in full and established a new incremental term loan in an aggregate principal amount of $100 million (the "Incremental Term Loan"). The proceeds of the Incremental Term Loan will be used to partially fund the acquisition of the REIT Portfolio discussed in further detail below.

As previously disclosed, the Company is party to an Amended and Restated Credit Agreement, dated June 11, 2014 (the "Credit Facility"), among the Company, the Operating Partnership, Bank of America, N.A., as administrative agent, swing line lender, and letter of credit issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets, Inc. as Joint Lead Arrangers and Joint Bookrunners and the other parties named therein.

The Credit Agreement provides for a $200 million revolving credit facility and a $100 million term loan facility. We expect to borrow approximately $91 million under the revolving credit facility provided by the Credit Agreement to partially fund the acquisition of the REIT Portfolio.

The Company expects to incur approximately $0.5 million in acquisition expenses as part of the acquisition of the REIT Portfolio.

## 2. INCOME STATEMENT ADJUSTMENTS

(C) Represents the audited historical consolidated operations of the Company for the year ended December 31, 2015. See the historical consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

(D) The pro forma adjustments reflect the results of operations for the year ended December 31, 2015 for the REIT Portfolio as if it had been acquired on January 1, 2015. Revenues and direct operating expenses are presented on the accrual basis of accounting. Rental revenues include adjustments for the amortization of the net amount of above- and below-market rents.

Depreciation and amortization amounts were determined based on management's evaluation of the estimated remaining useful lives of the properties in the REIT Portfolio and intangibles. The values allocated to buildings, site improvements, in-place lease intangibles and tenant improvements are depreciated on a straight-line basis using an estimated remaining life of 10-30 years for buildings, 5-20 years for site improvements, and the shorter of the estimated useful life or respective lease term for in-place lease intangibles and tenant improvements. In utilizing these useful lives for determining the pro forma adjustments, management considered the length of time the property had been in existence, the maintenance history as well as anticipated future maintenance, and any contractual stipulations that might limit the useful life.

**Exhibit 99.4**

**DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF REXFORD INDUSTRIAL REALTY, L.P.**

*A summary of the material terms and provisions of the Second Amended and Restated Agreement of Limited Partnership of Rexford Industrial Realty, L.P., which we refer to as the "partnership agreement," is set forth below. This summary is not complete and is subject to and qualified in its entirety by reference to the applicable provisions of Maryland law and the partnership agreement. For more detail, please refer to the partnership agreement itself, a copy of which is filed with the Securities and Exchange Commission. For purposes of this section, references to "we," "our," "us," "our company" and the "general partner" refer to Rexford Industrial Realty, Inc., in our capacity as the general partner of our operating partnership. See "Where You Can Find More Information."*

**General**

Substantially all of our assets are held by, and substantially all of our operations are conducted through, our operating partnership, either directly or through its subsidiaries. We are the sole general partner of our operating partnership, and, as of December 31, 2015, 57,291,885 common units of partnership interests in our operating partnership, or common units, were outstanding and we owned 96.5% of the outstanding common units. In connection with the formation transactions completed in connection with our initial public offering, we became the general partner of our operating partnership and the prior investors in our portfolio prior to the formation transactions who elected to receive common units in our formation transactions and concurrent private placement were admitted as limited partners of our operating partnership. Our operating partnership is also authorized to issue a class of units of partnership interest designated as LTIP Units, and a class of units of partnership interest designated as Performance Units, each having the terms described below. The common units are not listed on any exchange nor are they quoted on any national market system.

Provisions in the partnership agreement may delay or make more difficult unsolicited acquisitions of us or changes in our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders might consider such proposals, if made, desirable. These provisions also make it more difficult for third parties to alter the management structure of our operating partnership without the concurrence of our board of directors. These provisions include, among others:

- redemption rights of limited partners and certain assignees of common units;
- transfer restrictions on common units and other partnership interests;
- a requirement that we may not be removed as the general partner of our operating partnership without our consent;
- our ability in some cases to amend the partnership agreement and to cause our operating partnership to issue preferred partnership interests in our operating partnership with terms that we may determine, in either case, without the approval or consent of any limited partner; and
- the right of the limited partners to consent to certain transfers of our general partnership interest (whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise).

**Purpose, Business and Management**

Our operating partnership was formed for the purpose of conducting any business, enterprise or activity permitted by or under the Maryland Revised Uniform Limited Partnership Act (the "Act"). Our operating partnership may enter into any partnership, joint venture, business trust arrangement, limited liability company or other similar arrangement and may own interests in any other entity engaged in any business permitted by or under the Act, subject to any consent rights set forth in our partnership agreement.

In general, our board of directors manages the business and affairs of our operating partnership by directing our business and affairs, in our capacity as the sole general partner of our operating partnership. Except as otherwise expressly provided in the partnership agreement and subject to the rights of holders of any class or series of partnership interest, all management powers over the business and affairs of our operating partnership are exclusively vested in us, in our capacity as the sole general partner of our operating partnership. We may not be removed as the general partner of our operating partnership, with or without cause, without our consent, which we may give or withhold in our sole and absolute discretion.

**Restrictions on General Partner's Authority**

The partnership agreement prohibits us, in our capacity as general partner, from taking any action that would make it impossible to carry out the ordinary business of our operating partnership or performing any act that would subject a limited partner to liability as a general partner in any jurisdiction or any other liability except as provided under the partnership agreement or under the Act. We generally may not, without the prior consent of the partners of our operating partnership (including us), amend, modify or terminate the partnership agreement, except for certain amendments described below that require the approval of each affected partner. We may not, in our capacity as the general partner of our operating partnership, without the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us):

- take any action in contravention of an express provision or limitation of the partnership agreement;
- transfer all or any portion of our general partnership interest in our operating partnership or admit any person as a successor general partner, subject to the exceptions described in "—Transfers of Partnership Interests—Restrictions on Transfers by the General Partner"; or
- voluntarily withdraw as the general partner.

Without the consent of each affected limited partner or in connection with a transfer of all of our interests in our partnership in connection with a merger, consolidation or other combination of our assets with another entity, a sale of all or substantially all of our assets or a reclassification, recapitalization or change in our outstanding stock permitted without the consent of the limited partners as described in "—Transfers of Partnership Interests—Restrictions on Transfers by the General Partner," or a permitted termination transaction, we may not enter into any contract, mortgage, loan or other agreement that expressly prohibits or restricts us or our operating partnership from performing our or its specific obligations in connection with a redemption of units or expressly prohibits or restricts a limited partner from exercising its redemption rights in full. In addition to any approval or consent required by any other provision of the partnership agreement, we may not, without the consent of each affected partner, amend the partnership agreement or take any other action that would:

- convert a limited partner interest into a general partner interest (other than as a result of our acquisition of that interest);
- adversely modify in any material respect the limited liability of a limited partner;
- alter the rights of any partner to receive the distributions to which such partner is entitled, or alter the allocations specified in the partnership agreement, except to the extent permitted by the partnership agreement including in connection with the creation or issuance of any new class or series of partnership interest or to effect or facilitate a permitted termination transaction;
- alter or modify the redemption rights of holders of common units or the related definitions specified in the partnership agreement (except as permitted under the partnership agreement to effect or facilitate a permitted termination transaction);
- alter or modify the provisions governing the transfer of our general partnership interest in our operating partnership (except as permitted under the partnership agreement to effect or facilitate a permitted termination transaction);
- remove certain provisions of the partnership agreement relating to the requirements for us to qualify as a REIT or permitting us to avoid paying tax under Sections 857 or 4981 of the Code; or
- amend the provisions of the partnership agreement requiring the consent of each affected partner before taking any of the actions described above (except as permitted under the partnership agreement to effect or facilitate a permitted termination transaction).

**Additional Limited Partners**

We may cause our operating partnership to issue additional units in one or more classes or series or other partnership interests and to admit additional limited partners to our operating partnership from time to time, on such terms and conditions and for such capital contributions as we may establish in our sole and absolute discretion, without the approval or consent of any limited partner.

The partnership agreement authorizes our operating partnership to issue common units, LTIP Units and Performance Units, and our operating partnership may issue additional partnership interests in one or more additional classes, or one or more series of any of such classes, with such designations, preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption (including, without limitation, terms that may be senior or otherwise entitled to preference over existing units) as we may determine, in our sole and absolute discretion, without the approval of any limited partner or any other person. Without limiting the generality of the foregoing, we may specify, as to any such class or series of partnership interest, the allocations of items of partnership income, gain, loss, deduction and credit to each such class or series of partnership interest.

**Ability to Engage in Other Businesses; Conflicts of Interest**

The partnership agreement provides that we may not conduct any business other than in connection with the ownership, acquisition and disposition of partnership interests, the management of the business and affairs of our operating partnership, our operation as a reporting company with a class (or classes) of securities registered under the Exchange Act, our operations as a REIT, the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests, financing or refinancing of any type related to our operating partnership or its assets or activities and such activities as are incidental to those activities discussed above. In general, we must contribute any assets or funds that we acquire to our operating partnership whether as capital contributions, loans or otherwise, as appropriate, in exchange for additional partnership interests. We may, however, in our sole and absolute discretion, from time to time hold or acquire assets in our own name or otherwise other than through our operating partnership so long as we take commercially reasonable measures to ensure that the economic benefits and burdens of such property are otherwise vested in our operating partnership.

**Distributions**

Our operating partnership will distribute such amounts, at such times, as we may in our sole and absolute discretion determine:

- first, with respect to any partnership interests that are entitled to any preference in distribution, in accordance with the rights of the holders of such class(es) of partnership interest, and, within each such class, among the holders of such class pro rata in proportion to their respective percentage interests of such class; and
- second, with respect to any partnership interests that are not entitled to any preference in distribution, including the common units and, except as described below with respect to liquidating distributions and as may be provided in any incentive award plan or any applicable award agreement, the LTIP Units and Performance Units, in accordance with the rights of the holders of such class(es) of partnership interest, and, within each such class, among the holders of each such class, pro rata in proportion to their respective percentage interests of such class.

**Exculpation and Indemnification of General Partner**

The partnership agreement provides that we are not liable to our operating partnership or any partner for any action or omission taken in our capacity as general partner, for the debts or liabilities of our operating partnership or for the obligations of our operating partnership under the partnership agreement, except for liability for our fraud, willful misconduct or gross negligence, pursuant to any express indemnity we may give to our operating partnership or in connection with a redemption as described in "— Redemption Rights of Qualifying Parties." The partnership agreement also provides that any obligation or liability in our capacity as the general partner of our operating partnership that may arise at any time under the partnership agreement or any other instrument, transaction or undertaking contemplated by the partnership agreement will be satisfied, if at all, out of our assets or the assets of our operating partnership only, and no such obligation or liability will be personally binding upon any of our directors, stockholders, officers, employees or agents.

In addition, the partnership agreement requires our operating partnership to indemnify us, our directors and officers, officers of our operating partnership and any other person designated by us against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and

other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, that relate to the operations of our operating partnership, unless (i) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful or (iii) such person actually received an improper personal benefit in violation or breach of any provision of the partnership agreement. Our operating partnership must also pay or reimburse the reasonable expenses of any such person in advance of a final disposition of the proceeding upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking by or on behalf of the person to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our operating partnership is not required to indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our operating partnership on any portion of any claim in the action.

**Business Combinations and Dissolution of our Operating Partnership**

Subject to the limitations on the transfer of our interest in our operating partnership described in "—Transfers of Partnership Interests—Restrictions on Transfers by the General Partner," we generally have the exclusive power to cause our operating partnership to merge, reorganize, consolidate, sell all or substantially all of its assets or otherwise combine its assets with another entity. We may also elect to dissolve our operating partnership without the consent of any limited partner. However, in connection with the acquisition of properties from persons to whom our operating partnership issues common units or other partnership interests as part of the purchase price, in order to preserve such persons' tax deferral, our operating partnership may contractually agree, in general, not to sell or otherwise transfer the properties for a specified period of time, or in some instances, not to sell or otherwise transfer the properties without compensating the sellers of the properties for their loss of the tax deferral.

**Redemption Rights of Qualifying Parties**

Beginning 14 months after first acquiring such common units, each limited partner and some assignees of limited partners will have the right, subject to the terms and conditions set forth in the partnership agreement, to require our operating partnership to redeem all or a portion of the common units held by such limited partner or assignee in exchange for a cash amount per common unit equal to the value of one share of our common stock, determined in accordance with and subject to adjustment under the partnership agreement. Our operating partnership's obligation to redeem common units does not arise and is not binding against our operating partnership until the sixth business day after we receive the holder's notice of redemption or, if earlier, the day we notify the holder seeking redemption that we have declined to acquire some or all of the common units tendered for redemption. If we do not elect to acquire the common units tendered for redemption in exchange for shares of our common stock (as described below), our operating partnership must deliver the cash redemption amount, subject to certain exceptions, on or before the first business day of the month that is at least 60 calendar days after we receive the holder's notice of redemption. Among other limitations, a limited partner or qualifying assignee may not require our operating partnership to redeem its common units if the exchange of such units for shares of our common stock would cause any person to violate the restrictions on ownership and transfer of our stock.

On or before the close of business on the fifth business day after a holder of common units gives notice of redemption to us, we may, in our sole and absolute discretion but subject to the restrictions on the ownership and transfer of our stock set forth in our charter and described in "Restrictions on Ownership and Transfer," elect to acquire some or all of the common units tendered for redemption from the tendering party in exchange for shares of our common stock, based on an exchange ratio of one share of common stock for each common unit, subject to adjustment as provided in the partnership agreement. The partnership agreement does not require us to register, qualify or list any shares of common stock issued in exchange for common units with the Securities and Exchange Commission, with any state securities commissioner, department or agency, under the Securities Act or the Exchange Act or with any stock exchange.

**Transfers of Partnership Interests**

***Restrictions on Transfers by Limited Partners***

Until the expiration of 14 months after the date on which a limited partner acquires a partnership interest, the limited partner generally may not directly or indirectly transfer all or any portion of such partnership interest without our consent, which we may give or withhold in our sole and absolute discretion, except for certain permitted transfers to certain affiliates, family members and charities, and certain pledges of partnership interests to lending institutions in connection with bona fide loans. After the expiration of 14 months after the date on which a limited partner first acquires a partnership interest, the limited partner will have the right to transfer all or any portion of its partnership interest without our consent to any person that is an "accredited investor," within meaning set forth in Rule 501 promulgated under the Securities Act, upon ten business days prior notice to us, subject to the satisfaction of conditions specified in the partnership agreement, including minimum transfer requirements and our right of first refusal.

***Restrictions on Transfers by the General Partner***

Except as described below, any transfer of all or any portion of our interest in our operating partnership, whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise, must be approved by the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us). Subject to the rights of holders of any class or series of partnership interest, we may transfer all (but not less than all) of our general partnership interest without the consent of the limited partners in connection with a permitted termination transaction, which is a merger, consolidation or other combination of our assets with another entity, a sale of all or substantially all of our assets or a reclassification, recapitalization or change in any outstanding shares of our stock or other outstanding equity interests, if:

- in connection with such event, all of the limited partners will receive or have the right to elect to receive, for each common unit, the greatest amount of cash, securities or other property paid to a holder of one share of our common stock (subject to adjustment in accordance with the partnership agreement) in the transaction and, if a purchase, tender or exchange offer is made and accepted by holders of our common stock in connection with the event, each holder of common units receives, or has the right to elect to receive, the greatest amount of cash, securities or other property that the holder would have received if it had exercised its redemption right and received shares of our common stock in exchange for its common units immediately before the expiration of the purchase, tender or exchange offer and had accepted the purchase, tender or exchange offer; or
- substantially all of the assets of our operating partnership will be owned by a surviving entity (which may be our operating partnership, another limited partnership or a limited liability company) in which the limited partners of our operating partnership holding common units immediately before the event will hold a percentage interest based on the relative fair market value of the net assets of our operating partnership and the other net assets of the surviving entity immediately before the event, which interest will be on terms that are at least as favorable as the terms of the common units in effect immediately before the event and as those applicable to any other limited partners or non-managing members of the surviving entity and will include a right to redeem interests in the surviving entity for the consideration described in the preceding bullet or cash on similar terms as those in effect with respect to the common units immediately before the event, or, if common equity securities of the person controlling the surviving entity are publicly traded, such common equity securities.

We may also transfer all (but not less than all) of our interest in our operating partnership to an affiliate of us without the consent of any limited partner, subject to the rights of holders of any class or series of partnership interest.

In addition, any transferee of our interest in our operating partnership must be admitted as a general partner of our operating partnership, assume, by operation of law or express agreement, all of our obligations as general partner under the partnership agreement, accept all of the terms and conditions of the partnership agreement and execute such instruments as may be necessary to effectuate the transferee's admission as a general partner.

We may not voluntarily withdraw as the general partner of our operating partnership without the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us) other than upon the transfer of our entire interest in our operating partnership and the admission of our successor as a general partner of our operating partnership.

**LTIP Units**

Our operating partnership is authorized to issue a class of units of partnership interest designated as "LTIP Units." We may cause our operating partnership to issue LTIP Units to persons who provide services to or for the benefit of our operating partnership, for such consideration or for no consideration as we may determine to be appropriate, and we may admit such persons as limited partners of our operating partnership, without the approval or consent of any limited partner. Further, we may cause our operating partnership to issue LTIP Units in one or more classes or series, with such terms as we may determine, without the approval or consent of any limited partner. LTIP Units may be subject to vesting, forfeiture and restrictions on transfer and receipt of distributions pursuant to the terms of any applicable equity-based plan and the terms of any award agreement relating to the issuance of the LTIP Units.

***Conversion Rights***

Vested LTIP Units are convertible at the option of each limited partner and some assignees of limited partners (in each case, that hold vested LTIP Units) into common units, upon notice to us and our operating partnership, to the extent that the capital account balance of the LTIP unitholder with respect to all of his or her LTIP Units is at least equal to our capital account balance with respect to an equal number of common units. We may cause our operating partnership to convert vested LTIP Units eligible for conversion into an equal number of common units at any time, upon at least 10 and not more than 60 days' notice to the holder of the LTIP Units.

If we or our operating partnership is party to a transaction, including a merger, consolidation, sale of all or substantially all of our assets or other business combination, as a result of which common units are exchanged for or converted into the right, or holders of common units are otherwise entitled, to receive cash, securities or other property (or any combination thereof), we must cause our operating partnership to convert any vested LTIP Units then eligible for conversion into common units immediately before the transaction, taking into account any special allocations of income that would be made as a result of the transaction. Our operating partnership must use commercially reasonable efforts to cause each limited partner (other than a party to such a transaction or an affiliate of such a party) holding LTIP Units that will be converted into common units in such a transaction to be afforded the right to receive the same kind and amount of cash, securities and other property (or any combination thereof) for such common units that each holder of common units receives in the transaction.

***Transfer***

Unless an applicable equity-based plan or the terms of an award agreement specify additional restrictions on transfer of LTIP Units, LTIP Units are transferable to the same extent as common units, as described above in "—Transfers of Partnership Interests."

***Voting Rights***

Limited partners holding LTIP Units are entitled to vote together as a class with limited partners holding common units and Performance Units on all matters on which limited partners holding common units are entitled to vote or consent, and may cast one vote for each LTIP Unit so held.

***Adjustment of LTIP Units***

If our operating partnership takes certain actions, including making a distribution of units on all outstanding common units, combining or subdividing the outstanding common units into a different number of common units or reclassifying the outstanding common units, we must adjust the number of outstanding LTIP Units or subdivide or combine outstanding LTIP Units to maintain a one-for-one conversion ratio and economic equivalence between common units and LTIP Units.

**Performance Units**

Our operating partnership is authorized to issue a class of units of partnership interest designated as "Performance Units." We may cause our operating partnership to issue Performance Units to persons who provide services to or for the benefit of our operating partnership, for such consideration or for no consideration as we may determine to be appropriate, and we may admit such persons as limited partners of our operating partnership, without the approval or consent of any limited partner. Further, we may cause our operating partnership to issue Performance Units in one or more classes or series, with such terms as we may determine, without the approval or consent of any limited partner. Performance Units may be subject to vesting, forfeiture and restrictions on transfer and receipt of distributions pursuant to the terms of any applicable equity-based plan and the terms of any award agreement relating to the issuance of the Performance Units.

***Conversion Rights***

Vested Performance Units are convertible at the option of each limited partner and some assignees of limited partners (in each case, that hold vested Performance Units) into common units, upon notice to us and our operating partnership, to the extent that the capital account balance of the Performance Unit unitholder with respect to all of his or her Performance Units is at least equal to our capital account balance with respect to an equal number of common units. We may cause our operating partnership to convert vested Performance Units eligible for conversion into an equal number of common units at any time, upon at least 10 and not more than 60 days' notice to the holder of the Performance Units.

If we or our operating partnership is party to a transaction, including a merger, consolidation, sale of all or substantially all of our assets or other business combination, as a result of which common units are exchanged for or converted into the right, or holders of common units are otherwise entitled, to receive cash, securities or other property (or any combination thereof), we must cause our operating partnership to convert any vested Performance Units then eligible for conversion into common units immediately before the transaction, taking into account any special allocations of income that would be made as a result of the transaction. Our operating partnership must use commercially reasonable efforts to cause each limited partner (other than a party to such a transaction or an affiliate of such a party) holding Performance Units that will be converted into common units in such a transaction to be afforded the right to receive the same kind and amount of cash, securities and other property (or any combination thereof) for such common units that each holder of common units receives in the transaction.

***Transfer***

Unless an applicable equity-based plan or the terms of an award agreement specify additional restrictions on transfer of Performance Units, Performance Units are transferable to the same extent as common units, as described above in "—Transfers of Partnership Interests."

***Voting Rights***

Limited partners holding Performance Units are entitled to vote together as a class with limited partners holding common units and LTIP Units on all matters on which limited partners holding common units are entitled to vote or consent, and may cast one vote for each Performance Unit so held.

***Adjustment of Performance Units***

If our operating partnership takes certain actions, including making a distribution of units on all outstanding common units, combining or subdividing the outstanding common units into a different number of common units or reclassifying the outstanding common units, we must adjust the number of outstanding Performance Units or subdivide or combine outstanding Performance Units to maintain a one-for-one conversion ratio and economic equivalence between common units and Performance Units.

**Exhibit 99.5**

## U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain material U.S. federal income tax considerations regarding our company and the purchase, ownership or disposition of our capital stock. Supplemental U.S. federal income tax considerations relevant to the ownership of certain securities offered by the prospectus may be provided in the prospectus supplement that relates to those securities. For purposes of this discussion, references to "we," "our" and "us" mean only Rexford Industrial Realty, Inc. and do not include any of its subsidiaries, except as otherwise indicated. This summary is for general information only and is not tax advice. The information in this summary is based on:

- the Code;
- current, temporary and proposed Treasury regulations promulgated under the Code;
- the legislative history of the Code;
- current administrative interpretations and practices of the IRS; and
- court decisions;

in each case, as of the date of the prospectus. In addition, the administrative interpretations and practices of the IRS include its practices and policies as expressed in private letter rulings that are not binding on the IRS except with respect to the particular taxpayers who requested and received those rulings. The sections of the Code and the corresponding Treasury Regulations that relate to qualification and taxation as a REIT are highly technical and complex. The following discussion sets forth certain material aspects of the sections of the Code that govern the federal income tax treatment of a REIT and holders of its capital stock. This summary is qualified in its entirety by the applicable Code provisions, Treasury Regulations promulgated under the Code, and administrative and judicial interpretations thereof. Future legislation, Treasury Regulations, administrative interpretations and practices and/or court decisions may adversely affect the tax considerations contained in this discussion. Any such change could apply retroactively to transactions preceding the date of the change. We have not requested and do not intend to request a ruling from the IRS that we qualify as a REIT, and the statements in the prospectus are not binding on the IRS or any court. Thus, we can provide no assurance that the tax considerations contained in this discussion will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. This summary does not discuss any state, local or non-U.S. tax consequences, or the effects of other U.S. federal tax laws, such as estate and gift tax laws, associated with the purchase, ownership, or disposition of our capital stock or our election to be taxed as a REIT.

**You are urged to consult your tax advisor regarding the tax consequences to you of:**

- the acquisition, ownership and sale or other disposition of our capital stock, including the United States federal, state, local, foreign and other tax consequences;
- our election to be taxed as a REIT for United States federal income tax purposes; and
- potential changes in the applicable tax laws.

### Taxation of Our Company

#### *General*

We elected to be taxed as a REIT under Sections 856 through 860 of the Code commencing with our taxable year ended December 31, 2013. We believe that we have been organized and have operated in a manner that has allowed us to qualify for taxation as a REIT under the Code commencing with such taxable year, and we intend to continue to be organized and operate in this manner. However, qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that we have been organized and have operated, or will continue to be organized and operate, in a manner so as to qualify or remain qualified as a REIT. See "—Failure to Qualify."

Latham & Watkins LLP has acted as our tax counsel in connection with the prospectus and our federal income tax status as a REIT. Latham & Watkins LLP has rendered an opinion to us to the effect that, commencing with our taxable year ended December 31, 2013, we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT under the Code, and our current and proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Code. A copy of this opinion was filed as an exhibit to the registration statement of which the prospectus is a part. It must be emphasized that this opinion was based on various assumptions and representations as to factual matters, including representations made by us in a factual certificate provided by one or more of our officers. In addition, this opinion was based upon our factual representations set forth in the prospectus. Moreover, our qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code, which are discussed below, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership, the results of which have not been and will not be reviewed by Latham & Watkins LLP. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy those requirements. Further, the anticipated federal income tax treatment described in this discussion may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. Latham & Watkins LLP has no obligation to update its opinion subsequent to the date of such opinion.

Provided we qualify for taxation as a REIT, we generally will not be required to pay federal corporate income taxes on our REIT taxable income that is currently distributed to our stockholders. This treatment substantially eliminates the "double taxation" that ordinarily results from investment in a C corporation. A C corporation is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate level when income is earned and once again at the stockholder level when the income is distributed. We will, however, be required to pay federal income tax as follows:

- First, we will be required to pay tax at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains.
- Second, we may be required to pay the "alternative minimum tax" on our items of tax preference under some circumstances.
- Third, if we have (1) net income from the sale or other disposition of "foreclosure property" held primarily for sale to customers in the ordinary course of business or (2) other nonqualifying income from foreclosure property, we will be required to pay tax at the highest corporate rate on this income. To the extent that income from foreclosure property is otherwise qualifying income for purposes of the 75% gross income test, this tax is not applicable. Subject to certain other requirements, foreclosure property generally is defined as property we acquired through foreclosure or after a default on a loan secured by the property or a lease of the property.
- Fourth, we will be required to pay a 100% tax on any net income from prohibited transactions. Prohibited transactions are, in general, sales or other taxable dispositions of property, other than foreclosure property, held as inventory or primarily for sale to customers in the ordinary course of business.
- Fifth, if we fail to satisfy the 75% gross income test or the 95% gross income test, as described below, but have otherwise maintained our qualification as a REIT because certain other requirements are met, we will be required to pay a tax equal to (1) the greater of (A) the amount by which we fail to satisfy the 75% gross income test and (B) the amount by which we fail to satisfy the 95% gross income test, multiplied by (2) a fraction intended to reflect our profitability.
- Sixth, if we fail to satisfy any of the asset tests (other than a *de minimis* failure of the 5% or 10% asset test), as described below, due to reasonable cause and not due to willful neglect, and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of $50,000 or the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets that caused us to fail such test.
- Seventh, if we fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a violation of the gross income tests or certain violations of the asset tests, as described below) and the violation is due to reasonable cause and not due to willful neglect, we may retain our REIT qualification but we will be required to pay a penalty of $50,000 for each such failure.

- Eighth, we will be required to pay a 4% excise tax to the extent we fail to distribute during each calendar year at least the sum of (1) 85% of our ordinary income for the year, (2) 95% of our capital gain net income for the year, and (3) any undistributed taxable income from prior periods.
- Ninth, if we acquire any asset from a corporation that is or has been a C corporation in a transaction in which our initial tax basis in the asset is less than the fair market value of the asset, in each case determined as of the date on which we acquired the asset, and we subsequently recognize gain on the disposition of the asset during the five-year period beginning on the date on which we acquired the asset, then we will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (1) the fair market value of the asset over (2) our adjusted tax basis in the asset, in each case determined as of the date on which we acquired the asset. The results described in this paragraph with respect to the recognition of gain assume that the C corporation will refrain from making an election to receive different treatment under applicable Treasury Regulations on its tax return for the year in which we acquire the asset from the C corporation. Treasury Regulations exclude from the application of this built-in gains tax any gain from the sale of property we acquire in an exchange under Section 1031 (a like-kind exchange) or 1033 (an involuntary conversion) of the Code. See "—Tax Liabilities and Attributes Inherited from Other Entities."
- Tenth, our subsidiaries that are C corporations, including our "taxable REIT subsidiaries," generally will be required to pay federal corporate income tax on their earnings.
- Eleventh, we will be required to pay a 100% tax on any "redetermined rents," "redetermined deductions," "excess interest" or (for taxable years beginning after December 31, 2015) "redetermined taxable REIT subsidiary service income." See "—Income Tests—Penalty Tax." In general, redetermined rents are rents from real property that are overstated as a result of services furnished to any of our tenants by a taxable REIT subsidiary of ours. Redetermined deductions and excess interest generally represent amounts that are deducted by a taxable REIT subsidiary of ours for amounts paid to us that are in excess of the amounts that would have been deducted based on arm's length negotiations. Redetermined taxable REIT subsidiary service income generally represents income of a taxable REIT subsidiary that is understated as a result of services provided to us or on our behalf.
- Twelfth, we may elect to retain and pay income tax on our net capital gain. In that case, a stockholder would include its proportionate share of our undistributed net capital gain (to the extent we make a timely designation of such gain to the stockholder) in its income, would be deemed to have paid the tax that we paid on such gain, and would be allowed a credit for its proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase the basis of the stockholder in our capital stock.
- We and our subsidiaries may be subject to a variety of taxes other than U.S. federal income tax, including payroll taxes and state and local income, property and other taxes on our assets and operations.

*Requirements for Qualification as a REIT*

The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) that issues transferable shares or transferable certificates to evidence its beneficial ownership;

(3) that would be taxable as a domestic corporation, but for Sections 856 through 860 of the Code;

(4) that is not a financial institution or an insurance company within the meaning of the Code;

(5) that is beneficially owned by 100 or more persons;

(6) not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals, including certain specified entities, during the last half of each taxable year; and

(7) that meets other tests, described below, regarding the nature of its income and assets and the amount of its distributions.

The Code provides that conditions (1) to (4), inclusive, must be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (5) and (6) do not apply until after the first taxable year for which an election is made to be taxed as a REIT. For purposes of condition (6), the term "individual" includes a supplemental unemployment compensation benefit plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes, but generally does not include a qualified pension plan or profit sharing trust.

We believe that we have been organized, have operated and have issued sufficient shares of stock with sufficient diversity of ownership to allow us to satisfy conditions (1) through (7), inclusive, during the relevant time periods. In addition, our charter provides for restrictions regarding ownership and transfer of our shares which are intended to assist us in continuing to satisfy the share ownership requirements described in conditions (5) and (6) above. A description of the ownership and transfer restrictions relating to our stock is contained in the discussion in the prospectus under the heading "Restrictions on Ownership and Transfer." These restrictions, however, do not ensure that we have previously satisfied, and may not ensure that we will, in all cases, be able to continue to satisfy, the share ownership requirements described in conditions (5) and (6) above. If we fail to satisfy these share ownership requirements, except as provided in the next sentence, our status as a REIT will terminate. If, however, we comply with the rules contained in applicable Treasury Regulations that require us to ascertain the actual ownership of our shares and we do not know, or would not have known through the exercise of reasonable diligence, that we failed to meet the requirement described in condition (6) above, we will be treated as having met this requirement. See "—Failure to Qualify."

In addition, we may not maintain our status as a REIT unless our taxable year is the calendar year. We have and will continue to have a calendar taxable year.

*Ownership of Interests in Partnerships, Limited Liability Companies and Qualified REIT Subsidiaries*

In the case of a REIT that is a partner in a partnership or a member in a limited liability company treated as a partnership for federal income tax purposes, Treasury Regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership or limited liability company, as the case may be, based on its interest in partnership capital, subject to special rules relating to the 10% asset test described below. Also, the REIT will be deemed to be entitled to its proportionate share of the income of that entity. The assets and gross income of the partnership or limited liability company retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests. Thus, our pro rata share of the assets and items of income of any partnership or limited liability company treated as a partnership or disregarded entity for federal income tax purposes, including such partnership's or limited liability company's share of these items of any partnership or limited liability company treated as a partnership or disregarded entity for federal income tax purposes in which it owns an interest, would be treated as our assets and items of income for purposes of applying the requirements described in this discussion, including the gross income and asset tests described below. A brief summary of the rules governing the federal income taxation of partnerships and limited liability companies is set forth below in "—Tax Aspects of Our Operating Partnership, the Subsidiary Partnerships and the Limited Liability Companies."

We have control of our operating partnership and its subsidiary partnerships and limited liability companies and intend to operate them in a manner consistent with the requirements for our qualification as a REIT. If we become a limited partner or non-managing member in any partnership or limited liability company and such entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action which could cause us to fail a gross income or asset test, and that we would not become aware of such action in time to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we could fail to qualify as a REIT unless we were entitled to relief, as described below.

We may from time to time own and operate certain properties through subsidiaries that we intend to be treated as "qualified REIT subsidiaries" under the Code. A corporation will qualify as our qualified REIT subsidiary if we own 100% of the corporation's outstanding stock and do not elect with the subsidiary to treat it as a "taxable REIT subsidiary," as described below. A qualified REIT subsidiary is not treated as a separate corporation, and all assets, liabilities and items of income, gain, loss, deduction and credit of a qualified REIT subsidiary are treated as assets, liabilities and items of income, gain, loss, deduction and credit of the parent REIT for all purposes under the Code, including all REIT qualification tests. Thus, in applying the federal tax requirements described herein, any qualified REIT subsidiaries we own are ignored, and all assets, liabilities and items of income, gain, loss, deduction and credit of such corporations are treated as our assets, liabilities and items of income, gain, loss, deduction and credit. A qualified REIT subsidiary is not subject to federal income tax, and our ownership of the stock of a qualified REIT subsidiary will not violate the restrictions on ownership of securities, as described below under "—Asset Tests."

*Ownership of Interests in Taxable REIT Subsidiaries*

We currently own an interest in one taxable REIT subsidiary and may acquire securities in additional taxable REIT subsidiaries in the future. A taxable REIT subsidiary is a corporation, other than a REIT, in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a taxable REIT subsidiary. If a taxable REIT subsidiary owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation will also be treated as a taxable REIT subsidiary. Other than certain activities relating to lodging and health care facilities, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A taxable REIT subsidiary is subject to federal income tax as a regular C corporation. In addition, a taxable REIT subsidiary may be prevented from deducting interest on debt funded directly or indirectly by its parent REIT if certain tests regarding the taxable REIT subsidiary's debt to equity ratio and interest expense are not satisfied. A REIT's ownership of securities of a taxable REIT subsidiary is not subject to the 5% or 10% asset test described below. See "—Asset Tests."

***Income Tests***

We must satisfy two gross income requirements annually to maintain our qualification as a REIT. First, in each taxable year we must derive directly or indirectly at least 75% of our gross income (excluding gross income from prohibited transactions, certain hedging transactions, and certain foreign currency gains) from investments relating to real property or mortgages on real property, including "rents from real property," interest on obligations adequately secured by mortgages on real property, and certain types of temporary investments. Second, in each taxable year we must derive at least 95% of our gross income (excluding gross income from prohibited transactions, certain hedging transactions, and certain foreign currency gains) from the real property investments described above or dividends, interest and gain from the sale or disposition of stock or securities, or any combination of the foregoing. For these purposes, the term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of all or some of the amount depends in any way on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "interest" solely by reason of being based on a fixed percentage or percentages of receipts or sales.

Rents we receive from a tenant will qualify as "rents from real property" for the purpose of satisfying the gross income requirements for a REIT described above only if all of the following conditions are met:

- The amount of rent is not based in whole or in part on the income or profits of any person. However, an amount we receive or accrue generally will not be excluded from the term "rents from real property" solely because it is based on a fixed percentage or percentages of receipts or sales;
- Neither we nor an actual or constructive owner of 10% or more of our capital stock actually or constructively owns 10% or more of the interests in the assets or net profits of a non-corporate tenant, or, if the tenant is a corporation, 10% or more of the total combined voting power of all classes of stock entitled to vote or 10% or more of the total value of all classes of stock of the tenant. Rents we receive from such a tenant that is a taxable REIT subsidiary of ours, however, will not be excluded from the definition of "rents from real property" as a result of this condition if at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by the taxable REIT subsidiary are substantially comparable to rents paid by our other tenants for comparable space.

Whether rents paid by a taxable REIT subsidiary are substantially comparable to rents paid by other tenants is determined at the time the lease with the taxable REIT subsidiary is entered into, extended, and modified, if such modification increases the rents due under such lease. Notwithstanding the foregoing, however, if a lease with a "controlled taxable REIT subsidiary" is modified and such modification results in an increase in the rents payable by such taxable REIT subsidiary, any such increase will not qualify as "rents from real property." For purposes of this rule, a "controlled taxable REIT subsidiary" is a taxable REIT subsidiary in which the parent REIT owns stock possessing more than 50% of the voting power or more than 50% of the total value of the outstanding stock of such taxable REIT subsidiary;

- Rent attributable to personal property, leased in connection with a lease of real property, is not greater than 15% of the total rent received under the lease. If this condition is not met, then the portion of the rent attributable to personal property will not qualify as "rents from real property." To the extent that rent attributable to personal property, leased in connection with a lease of real property, exceeds 15% of the total rent received under the lease, we may transfer a portion of such personal property to a taxable REIT subsidiary; and
- We generally are not permitted to operate or manage the property or furnish or render services to our tenants, subject to a 1% *de minimis* exception and except as provided below. We are permitted, however, to perform directly certain services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant" of the property. Examples of these permitted services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. In addition, we are permitted to employ an independent contractor from whom we derive no revenue to provide customary services to our tenants, or a taxable REIT subsidiary (which may be wholly or partially owned by us) to provide both customary and non-customary services to our tenants, without causing the rent we receive from those tenants to fail to qualify as "rents from real property." Any amounts we receive from a taxable REIT subsidiary with respect to the taxable REIT subsidiary's provision of non-customary services will, however, be nonqualifying income under the 75% gross income test and, except to the extent received through the payment of dividends, the 95% gross income test.

We generally do not intend, and as the sole owner of the general partner of our operating partnership, do not intend to permit our operating partnership, to take actions we believe will cause us to fail to satisfy the rental conditions described above. However, we may intentionally fail to satisfy some of these conditions to the extent we determine, based on the advice of our tax counsel, that the failure will not jeopardize our tax status as a REIT. In addition, with respect to the limitation on the rental of personal property, we have not appraised the relative values of the real property and personal property leased to tenants. Accordingly, there can be no assurance that the IRS will not disagree with our determinations of value of such property.

Income we receive that is attributable to the use of parking spaces at the properties will generally constitute rents from real property for purposes of the gross income tests if certain services we provide with respect to the parking spaces are performed by independent contractors from whom we derive no revenue, either directly or indirectly, or by a taxable REIT subsidiary, and certain other conditions are met. We believe that the income we receive that is attributable to parking spaces meets these tests and, accordingly, will constitute rents from real property for purposes of the gross income tests.

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 swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Income from a hedging transaction, including gain from the sale or disposition of such a transaction, that is clearly identified as a hedging transaction as specified in the Code will not constitute gross income and thus will be exempt from the 75% and 95% gross income tests. The term "hedging transaction," as used above, generally means (A) any transaction we enter into in the normal course of our business primarily to manage risk of (1) interest rate changes or fluctuations with respect to borrowings made or to be made by us to acquire or carry real estate assets, or (2) currency fluctuations with respect to an item of qualifying income under the 75% or 95% gross income test or any property which generates such income and (B) for taxable years beginning after December 31, 2015, new hedging transactions entered into to hedge the income or loss from prior hedging transactions, where the property or indebtedness which was the subject of the prior hedging transaction was

extinguished or disposed of. To the extent that we do not properly identify such transactions as hedges or we hedge with other types of financial instruments, the income from those transactions is not likely to be treated as qualifying income for purposes of the gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our status as a REIT.

To the extent our taxable REIT subsidiaries pay dividends, we generally will derive our allocable share of such dividend income through our interest in our operating partnership. Such dividend income will qualify under the 95%, but not the 75%, gross income test.

We will monitor the amount of the dividend and other income from our taxable REIT subsidiaries and will take actions intended to keep this income, and any other nonqualifying income, within the limitations of the gross income tests. Although we expect these actions will be sufficient to prevent a violation of the gross income tests, we cannot guarantee that such actions will in all cases prevent such a violation.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for the year if we are entitled to relief under certain provisions of the Code. We generally may make use of the relief provisions if:

- following our identification of the failure to meet the 75% or 95% gross income tests for any taxable year, we file a schedule with the IRS setting forth each item of our gross income for purposes of the 75% or 95% gross income tests for such taxable year in accordance with Treasury Regulations to be issued; and
- our failure to meet these tests was due to reasonable cause and not due to willful neglect.

It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally accrue or receive exceeds the limits on nonqualifying income, the IRS could conclude that our failure to satisfy the tests was not due to reasonable cause. If these relief provisions do not apply to a particular set of circumstances, we will not qualify as a REIT. As discussed above in "—Taxation of Our Company—General," even if these relief provisions apply, and we retain our status as a REIT, a tax would be imposed with respect to our nonqualifying income. We may not always be able to comply with the gross income tests for REIT qualification despite periodic monitoring of our income.

*Prohibited Transaction Income*

Any gain that we realize on the sale of property held as inventory or otherwise held primarily for sale to customers in the ordinary course of business, including our share of any such gain realized by our operating partnership, either directly or through its subsidiary partnerships and limited liability companies, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax, unless certain safe harbor exceptions apply. This prohibited transaction income may also adversely affect our ability to satisfy the gross income tests for qualification as a REIT. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. As the sole owner of the general partner of our operating partnership, we intend to cause our operating partnership to hold its properties for investment with a view to long-term appreciation, to engage in the business of acquiring and owning its properties and to make occasional sales of the properties as are consistent with our investment objective. We do not intend, and do not intend to permit our operating partnership or its subsidiary partnerships or limited liability companies, to enter into any sales that are prohibited transactions. However, the IRS may successfully contend that some or all of the sales made by our operating partnership or its subsidiary partnerships or limited liability companies are prohibited transactions. We would be required to pay the 100% penalty tax on our allocable share of the gains resulting from any such sales.

*Penalty Tax*

Any redetermined rents, redetermined deductions, excess interest or (for taxable years beginning after December 31, 2015) redetermined taxable REIT subsidiary service income we generate will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of any services furnished to any of our tenants by a taxable REIT subsidiary of ours, and redetermined deductions and excess interest represent any amounts that are deducted by a taxable REIT subsidiary of ours for amounts paid to us that are in excess of the amounts that would have been deducted based on arm's length negotiations, and redetermined taxable REIT subsidiary service income is income of a taxable REIT subsidiary that is understated as a result of services provided to us or on our behalf. Rents we receive will not constitute redetermined rents if they qualify for certain safe harbor provisions contained in the Code.

Currently, our taxable REIT subsidiary does not provide any services to our tenants or conduct other material activities. However, a taxable REIT subsidiary of ours may in the future provide services to certain of our tenants and pay rent to us. We intend to set any fees paid to our taxable REIT subsidiaries for such services, and any rent payable to us by our taxable REIT subsidiaries, at arm's length rates, although the amounts paid may not satisfy the safe-harbor provisions described above. These determinations are inherently factual, and the IRS has broad discretion to assert that amounts paid between related parties should be reallocated to clearly reflect their respective incomes. If the IRS successfully made such an assertion, we would be required to pay a 100% penalty tax on the excess of an arm's length fee for tenant services over the amount actually paid, or on the excess rents paid to us.

***Asset Tests***

At the close of each calendar quarter of our taxable year, we must also satisfy certain tests relating to the nature and diversification of our assets. First, at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items and U.S. government securities. For purposes of this test, the term "real estate assets" generally means real property (including interests in real property and interests in mortgages on real property) and shares (or transferable certificates of beneficial interest) in other REITs, as well as any stock or debt instrument attributable to the investment of the proceeds of a stock offering or a public offering of debt with a term of at least five years, but only for the one-year period beginning on the date the REIT receives such proceeds. For taxable years beginning after December 31, 2015, the term "real estate assets" also includes debt instruments of publicly offered REITs, personal property securing a mortgage secured by both real property and personal property if the fair market value of such personal property does not exceed 15% of the total fair market value of all such property, and personal property leased in connection with a lease of real property for which the rent attributable to personal property is not greater than 15% of the total rent received under the lease.

Second, not more than 25% of the value of our total assets may be represented by securities (including securities of one or more taxable REIT subsidiaries), other than those securities includable in the 75% asset test.

Third, of the investments included in the 25% asset class, and except for investments in other REITs, our qualified REIT subsidiaries and taxable REIT subsidiaries, the value of any one issuer's securities may not exceed 5% of the value of our total assets, and we may not own more than 10% of the total vote or value of the outstanding securities of any one issuer except, in the case of the 10% value test, securities satisfying the "straight debt" safe-harbor or securities issued by a partnership that itself would satisfy the 75% income test if it were a REIT. Certain types of securities we may own are disregarded as securities solely for purposes of the 10% value test, including, but not limited to, any loan to an individual or an estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, solely for purposes of the 10% value test, the determination of our interest in the assets of a partnership or limited liability company in which we own an interest will be based on our proportionate interest in any securities issued by the partnership or limited liability company, excluding for this purpose certain securities described in the Code.

Fourth, not more than 25% (20% for taxable years beginning after December 31, 2017) of the value of our total assets may be represented by the securities of one or more taxable REIT subsidiaries. Our operating partnership owns 100% of the securities of a corporation that has elected, together with us, to be treated as our taxable REIT subsidiary. So long as this corporation qualifies as our taxable REIT subsidiary, we will not be subject to the 5% asset test, the 10% voting securities limitation or the 10% value limitation with respect to our ownership of its securities. We may acquire securities in other taxable REIT subsidiaries in the future. We believe that the aggregate value of our taxable REIT subsidiaries has not exceeded, and in the future will not exceed, 25% (20% for taxable years beginning after December 31, 2017) of the aggregate value of our gross assets. No independent appraisals have been obtained to support these conclusions. In addition, there can be no assurance that the IRS will not disagree with our determinations of value of such assets.

Fifth, for taxable years beginning after December 31, 2015, not more than 25% of the value of our total assets may be represented by debt instruments of publicly offered REITs to the extent those debt instruments would not be real estate assets but for the inclusion of debt instruments of publicly offered REITs in the meaning of real estate assets effective for taxable years beginning after December 31, 2015, as described above.

The asset tests must be satisfied at the close of each calendar quarter of our taxable year in which we (directly or through any partnership or limited liability company) acquire securities in the applicable issuer, and also at the close of each calendar quarter in which we increase our ownership of securities of such issuer (including as a result of an increase in our interest in any partnership or limited liability company). For example, if we later cease to be the 100% owner (directly or indirectly) of our operating partnership, our indirect ownership of securities owned by the operating partnership will decrease, and such ownership may later increase as a result of our capital contributions to our operating partnership or as limited partners exercise any redemption/exchange rights. Also, after initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If we fail to satisfy an asset test because we acquire securities or other property during a quarter (including as a result of an increase in our interest in any partnership or limited liability company), we may cure this failure by disposing of sufficient nonqualifying assets within 30 days after the close of that quarter. We believe that we have maintained, and we intend to maintain, adequate records of the value of our assets to ensure compliance with the asset tests. If we fail to cure any noncompliance with the asset tests within the 30-day cure period, we would cease to qualify as a REIT unless we are eligible for certain relief provisions discussed below.

Certain relief provisions may be available to us if we discover a failure to satisfy the asset tests described above after the 30-day cure period. Under these provisions, we will be deemed to have met the 5% and 10% asset tests if the value of our nonqualifying assets (i) does not exceed the lesser of (a) 1% of the total value of our assets at the end of the applicable quarter or (b) $10,000,000, and (ii) we dispose of the nonqualifying assets or otherwise satisfy such tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued. For violations of any of the asset tests due to reasonable cause and not due to willful neglect and that are, in the case of the 5% and 10% asset tests, in excess of the *de minimis* exception described above, we may avoid disqualification as a REIT after the 30-day cure period by taking steps including (1) the disposition of sufficient nonqualifying assets, or the taking of other actions, which allow us to meet the asset tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued, (2) paying a tax equal to the greater of (a) $50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (3) disclosing certain information to the IRS. Although we believe we have satisfied the asset tests described above and plan to take steps to ensure that we satisfy such tests for any quarter with respect to which retesting is to occur, there can be no assurance that we will always be successful, or will not require a reduction in our overall interest in an issuer (including in a taxable REIT subsidiary). If we fail to cure any noncompliance with the asset tests in a timely manner, and the relief provisions described above are not available, we would cease to qualify as a REIT.

***Annual Distribution Requirements***

To maintain our qualification as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders in an amount at least equal to the sum of:

- 90% of our REIT taxable income; and
- 90% of our after-tax net income, if any, from foreclosure property; minus
- the excess of the sum of certain items of non-cash income over 5% of our REIT taxable income.

For these purposes, our "REIT taxable income" is computed without regard to the dividends paid deduction and our net capital gain. In addition, for purposes of this test, non-cash income means income attributable to leveled stepped rents, original issue discount on purchase money debt, cancellation of indebtedness, or a like-kind exchange that is later determined to be taxable.

In addition, our REIT taxable income will be reduced by any taxes we are required to pay on any gain we recognize from the disposition of any asset we acquired from a corporation which was or had been a C corporation in a transaction in which our tax basis in the asset was less than the fair market value of the asset, in each case determined at the time we acquired the asset, within the five-year period following our acquisition of such asset. See "—Tax Liabilities and Attributes Inherited from Other Entities."

We generally must pay, or be treated as paying, the distributions described above in the taxable year to which they relate. At our election, a distribution will be treated as paid in a taxable year if it is declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration, provided such payment is made during the 12-month period following the close of such year. These distributions are treated as received by our stockholders in the year in which paid. This is so even though these distributions relate to the prior year for purposes of the 90% distribution requirement. In order to be taken into account for purposes of our distribution requirement, unless (for distributions made in taxable years beginning after December 31, 2014) we qualify as a "publicly offered REIT," the amount distributed must not be preferential—i.e., every stockholder of the class of stock to which a distribution is made must be treated the same as every other stockholder of that class, and no class of stock may be treated other than according to its dividend rights as a class. We believe that we are, and expect we will continue to be, a "publicly offered REIT." To the extent that we do not distribute all of our net capital gain, or distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be required to pay tax on the undistributed amount at regular corporate tax rates. We believe that we have made, and we intend to continue to make, timely distributions sufficient to satisfy these annual distribution requirements and to minimize our corporate tax obligations. In this regard, the partnership agreement of our operating partnership authorizes us, as the sole owner of the general partner of our operating partnership, to take such steps as may be necessary to cause our operating partnership to distribute to its partners an amount sufficient to permit us to meet these distribution requirements and to minimize our corporate tax obligation.

We expect that our REIT taxable income will be less than our cash flow because of depreciation and other non-cash charges included in computing REIT taxable income. Accordingly, we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the distribution requirements described above. However, from time to time, we may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in determining our taxable income. In addition, we may decide to retain our cash, rather than distribute it, in order to repay debt or for other reasons. If these timing differences occur, we may borrow funds to pay dividends or pay dividends in the form of taxable stock dividends in order to meet the distribution requirements, while preserving our cash.

Under certain circumstances, we may be able to rectify an inadvertent failure to meet the 90% distribution requirement for a year by paying "deficiency dividends" to our stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends, subject to the 4% excise tax described below. However, we will be required to pay interest to the IRS based upon the amount of any deduction claimed for deficiency dividends. While the payment of a deficiency dividend will apply to a prior year for purposes of our REIT distribution requirements, it will be treated as an additional distribution to our stockholders in the year such dividend is paid.

Furthermore, we will be required to pay a 4% excise tax to the extent we fail to distribute during each calendar year at least the sum of 85% of our ordinary income for such year, 95% of our capital gain net income for the year and any undistributed taxable income from prior periods. Any ordinary income and net capital gain on which this excise tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating such tax.

For purposes of the 90% distribution requirement and excise tax described above, dividends declared during the last three months of the taxable year, payable to stockholders of record on a specified date during such period and paid during January of the following year, will be treated as paid by us and received by our stockholders on December 31 of the year in which they are declared.

***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 federal income tax purposes. The failure of any such transaction to qualify as a like-kind exchange could require us to pay federal income tax, possibly including the 100% prohibited transaction tax, depending on the facts and circumstances surrounding the particular transaction.

***Failure to Qualify***

If we discover a violation of a provision of the Code that would result in our failure to qualify as a REIT, certain specified cure provisions may be available to us. Except with respect to violations of the gross income tests and asset tests (for which the cure provisions are described above), and provided the violation is due to reasonable cause and not due to willful neglect, these cure provisions generally impose a $50,000 penalty for each violation in lieu of a loss of REIT status. If we fail to satisfy the requirements for taxation as a REIT in any taxable year, and the relief provisions do not apply, we will be required to pay tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to stockholders in any year in which we fail to qualify as a REIT will not be deductible by us, and we will not be required to distribute any amounts to our stockholders. As a result, we anticipate that our failure to qualify as a REIT would reduce the cash available for distribution by us to our stockholders. In addition, if we fail to qualify as a REIT, all distributions to stockholders will be taxable as regular corporate dividends to the extent of our current and accumulated earnings and profits. In such event, corporate stockholders may be eligible for the dividends-received deduction. In addition, non-corporate stockholders, including individuals, may be eligible for the preferential tax rates on qualified dividend income. Unless entitled to relief under specific statutory provisions, we would also be ineligible to elect to be treated as a REIT for the four taxable years following the year for which we lose our qualification. It is not possible to state whether in all circumstances we would be entitled to this statutory relief.

***Tax Aspects of Our Operating Partnership, the Subsidiary Partnerships and the Limited Liability Companies***

*General*

All of our investments are held indirectly through our operating partnership. In addition, our operating partnership holds certain of its investments indirectly through subsidiary partnerships and limited liability companies that we believe are and will continue to be treated as disregarded entities or partnerships for federal income tax purposes. In general, entities that are treated as partnerships or disregarded entities for federal income tax purposes are “pass-through” entities which are not required to pay federal income tax. Rather, partners or members of such entities are allocated their shares of the items of income, gain, loss, deduction and credit of the partnership or limited liability company, and are potentially required to pay tax on this income, without regard to whether they receive a distribution from the partnership or limited liability company. We will include in our income our share of these partnership and limited liability company items for purposes of the various gross income tests, the computation of our REIT taxable income, and the REIT distribution requirements. Moreover, for purposes of the asset tests, we will include our pro rata share of assets held by our operating partnership, including its share of its subsidiary partnerships and limited liability companies, based on our capital interests in each such entity.

*Entity Classification*

Our interests in our operating partnership and the subsidiary partnerships and limited liability companies involve special tax considerations, including the possibility that the IRS might challenge the status of these entities as disregarded entities or partnerships. For example, an entity that would otherwise be treated as a partnership for federal income tax purposes may nonetheless be taxable as a corporation if it is a “publicly traded partnership” and certain other requirements are met. A partnership or limited liability company would be treated as a publicly traded partnership if its interests are traded on an established securities market or are readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury Regulations. Interests in a partnership are not treated as readily tradable on a secondary market, or the substantial equivalent thereof, if the partnership satisfies one or more safe harbors set forth in Treasury Regulations under the Code. One such safe harbor relates to the amount of trading of interests in the partnership. Interests in a partnership would not be viewed as readily tradable on a secondary market or the substantial equivalent thereof if the sum of the percentage interests in capital or profits of the partnership transferred during any taxable year of the partnership does not exceed 2% of the total interests in the partnership’s capital or profits, subject to certain exceptions. For purpose of this 2% trading safe harbor, our interests in our operating partnership are excluded from the determination of the percentage interests in capital or profits of our operating partnership. In addition, this 2% trading safe harbor does not apply to transfers by a limited partner in one or more transactions during any 30-day period representing in the aggregate more than 2% of the total interests in our operating partnership’s capital or profits. We, as general partner of our operating

partnership, have the authority to take any steps we determine to prevent any trading of interests in our operating partnership that would cause our operating partnership to become a publicly traded partnership, including any steps necessary to ensure compliance with this 2% trading safe harbor. While we expect to satisfy this 2% trading safe harbor for certain of our taxable years, we have not satisfied this safe harbor (or any other safe harbor) for all of our prior years, and may fail to satisfy it (and the other safe harbors) in the future.

If our operating partnership or any of our other partnerships or limited liability companies were to be treated as a publicly traded partnership, it would be taxable as a corporation unless it qualified for the statutory "90% qualifying income exception." Under that exception, a publicly traded partnership is not subject to corporate-level tax if 90% or more of its gross income consists of dividends, interest, "rents from real property" (as that term is defined for purposes of the rules applicable to REITs, with certain modifications), gain from the sale or other disposition of real property, and certain other types of qualifying income. We believe our operating partnership has satisfied the 90% qualifying income exception in every taxable year, and expect it to continue to satisfy that exception in the future. However, if our operating partnership (or to the extent applicable any of our other partnerships or limited liability companies) did not qualify for this exception or was otherwise taxable as a corporation, it would be required to pay an entity-level tax on its income. In this situation, the character of our assets and items of gross income would change and could prevent us from satisfying the REIT asset tests and possibly the REIT income tests. See "—Taxation of Our Company—Asset Tests" and "—Income Tests." This, in turn, could prevent us from qualifying as a REIT. See "—Failure to Qualify" for a discussion of the effect of our failure to meet these tests. In addition, a change in the tax status of our operating partnership or a subsidiary partnership or limited liability company might be treated as a taxable event. If so, we might incur a tax liability without any related cash payment.

We believe our operating partnership and each of our other partnerships and limited liability companies will be classified as partnerships or disregarded entities for federal income tax purposes, and we do not anticipate that our operating partnership or any subsidiary partnership or limited liability company will be treated as a publicly traded partnership that is taxable as a corporation.

*Allocations of Income, Gain, Loss and Deduction*

A partnership agreement will generally determine the allocation of income and loss among partners. These allocations, however, will be disregarded for tax purposes if they do not comply with the provisions of Section 704(b) of the Code and the Treasury Regulations thereunder. Generally, Section 704(b) of the Code and the Treasury Regulations thereunder require that partnership allocations respect the economic arrangement of the partners. If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item.

*Tax Allocations With Respect to the Properties*

Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership, must be allocated in a manner so that the contributing partner is charged with the unrealized gain or benefits from the unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss generally is equal to the difference between the fair market value or book value and the adjusted tax basis of the contributed property at the time of contribution (this difference is referred to as a book-tax difference), as adjusted from time to time. These allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners.

Our operating partnership may, from time to time, acquire interests in property in exchange for interests in our operating partnership. In that case, the tax basis of these property interests will generally carry over to our operating partnership, notwithstanding their different book (*i.e.*, fair market) value. The partnership agreement requires that, if our operating partnership is treated as a partnership for federal income tax purposes, income and loss allocations with respect to these properties be made in a manner consistent with Section 704(c) of the Code. Treasury Regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of

accounting for book-tax differences. Depending on the method we choose in connection with any particular contribution, the carryover basis of each of the contributed interests in the properties in the hands of our operating partnership (1) could cause us to be allocated lower amounts of depreciation deductions for tax purposes than would be allocated to us if any of the contributed properties were to have a tax basis equal to its respective fair market value at the time of the contribution and (2) could cause us to be allocated taxable gain in the event of a sale of such contributed interests or properties in excess of the economic or book income allocated to us as a result of such sale, with a corresponding benefit to the other partners in our operating partnership. An allocation described in clause (2) above might cause us or the other partners to recognize taxable income in excess of cash proceeds in the event of a sale or other disposition of property, which might adversely affect our ability to comply with the REIT distribution requirements. See "—General—Requirements for Qualification as a REIT" and "—Annual Distribution Requirements."

Any property acquired by our operating partnership in a taxable transaction will initially have a tax basis equal to its fair market value, and Section 704(c) of the Code generally will not apply.

*Partnership Audit Rules*

The recently enacted Bipartisan Budget Act of 2015 changes the rules applicable to U.S. federal income tax audits of partnerships. Under the new rules (which are generally effective for taxable years beginning after December 31, 2017), among other changes and subject to certain exceptions, any audit adjustment to items of income, gain, loss, deduction, or credit of a partnership (and any partner's distributive share thereof) is determined, and taxes, interest, or penalties attributable thereto are assessed and collected, at the partnership level. Although it is uncertain how these new rules will be implemented, it is possible that they could result in partnerships in which we directly or indirectly invest being required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we, as a direct or indirect partner of these partnerships, could be required to bear the economic burden of those taxes, interest, and penalties even though we, as a REIT, may not otherwise have been required to pay additional corporate-level taxes as a result of the related audit adjustment. The changes created by these new rules are sweeping and in many respects dependent on the promulgation of future regulations or other guidance by the U.S. Department of the Treasury. Prospective investors are urged to consult their tax advisors with respect to these changes and their potential impact on their investment in our shares.

***Tax Liabilities and Attributes Inherited Through Merger or Acquisitions***

From time to time, we may acquire C corporations in transactions in which the basis of the corporations' assets in our hands is determined by reference to the basis of the assets in the hands of the acquired corporations, or carry-over basis transactions. In the case of assets we acquire from a C corporation in a carry-over basis transaction, if we dispose of any such asset in a taxable transaction (including by deed in lieu of foreclosure) during the five-year period beginning on the date of the carry-over basis transaction, then we will be required to pay tax at the highest regular corporate tax rate on the gain recognized to the extent of the excess of (1) the fair market value of the asset over (2) our adjusted tax basis in the asset, in each case determined as of the date of the carry-over basis transaction. The foregoing result with respect to the recognition of gain assumes that the C corporation will refrain from making an election to receive different treatment under applicable Treasury Regulations on its tax return for the year in which we acquire the asset from the C corporation. Any taxes we pay as a result of such gain would reduce the amount available for distribution to our stockholders.

Our tax basis in the assets we acquire in a carry-over basis transaction may be lower than the assets' fair market values at the time of such acquisition. This lower tax basis could cause us to have lower depreciation deductions and more gain on a subsequent sale of the assets, and to have a correspondingly larger required distribution of income or gain to our stockholders, than would be the case if we had directly purchased the assets in a taxable transaction. In addition, in such a carry-over basis transaction, we will succeed to any tax liabilities and earnings and profits of the acquired C corporation.

To qualify as a REIT, we must distribute any such earnings and profits by the close of the taxable year in which such transaction occurs. Any adjustments to the acquired corporation's income for taxable years ending on or before the date of the transaction, including as a result of an examination of the corporation's tax returns by the IRS, could affect the calculation of the corporation's earnings and profits. If the IRS were to determine that we acquired earnings and profits from a corporation that we failed to distribute prior to the end of the taxable year in which the

carry-over basis transaction occurred, we could avoid disqualification as a REIT by using "deficiency dividend" procedures. Under these procedures, we generally would be required to distribute any such earnings and profits to our stockholders as a dividend within 90 days of the determination and pay a statutory interest charge at a specified rate to the IRS.

We acquired Rexford Industrial Fund V REIT, LLC, or Fund V REIT, through a merger in which Fund V REIT did not survive. If Fund V REIT failed to qualify as a REIT for any of its taxable years, Fund V REIT would be liable for (and we, as the surviving corporation in the merger, would be obligated to pay) federal income tax on its taxable income at regular corporate rates. Furthermore, after the merger was effective, the asset and income tests applied to all of our assets, including the assets we acquired from Fund V REIT, and to all of our income, including the income derived from the assets we acquired from Fund V REIT. As a result, the nature of the assets that we acquired from Fund V REIT, and the income we derive from those assets, may have an effect on our tax status as a REIT. Also, if Fund V REIT failed to qualify as a REIT and had undistributed earnings and profits, we would be required to distribute such earnings and profits prior to the end of the year in which the merger occurred. See "—Tax Liabilities and Attributes Inherited from Other Entities" above. We may acquire additional REITs in the future, and any such acquisitions may raise similar issues.

We may acquire additional REITs in the future through an acquisition of the outstanding stock of any such REIT, and in which such REIT survives as our subsidiary. Provided that any such subsidiary REIT (a "Subsidiary REIT") qualifies as a REIT, our ownership of stock in each such Subsidiary REIT will be treated as qualifying real estate assets for purposes of the REIT asset tests and any dividend income or gains derived by us from such Subsidiary REIT will generally be treated as income that qualifies for purposes of the REIT gross income tests. To qualify as a REIT, each Subsidiary REIT must independently satisfy the various REIT qualification requirements described in this summary. If any Subsidiary REIT were to fail to qualify as a REIT, and certain relief provisions do not apply, it would be treated as a regular taxable corporation and its income would be subject to U.S. federal income tax. In addition, a failure of any Subsidiary REIT to qualify as a REIT would have an adverse effect on our ability to comply with the REIT income and asset tests, and thus our ability to qualify as a REIT.

**Federal Income Tax Considerations for Holders of Our Capital Stock**

The following summary describes the principal federal income tax consequences to you of purchasing, owning and disposing of our capital stock. This summary assumes you hold shares of our capital stock as "capital assets" (generally, property held for investment within the meaning of Section 1221 of the Code). It does not address all the tax consequences that may be relevant to you in light of your particular circumstances. In addition, this discussion does not address the tax consequences relevant to persons who receive special treatment under the federal income tax law, except where specifically noted. Holders receiving special treatment include, without limitation:

- financial institutions, banks and thrifts;
- insurance companies;
- tax-exempt organizations (except to the limited extent discussed in "—Taxation of Tax-Exempt Stockholders" below);
- "S" corporations;
- traders in securities that elect to mark to market;
- partnerships, pass-through entities and persons holding our capital stock through a partnership or other pass-through entity;
- holders subject to the alternative minimum tax;
- regulated investment companies and REITs;
- stockholders who receive capital stock through the exercise of employee stock options or otherwise as compensation;
- non-U.S. governments and international organizations;
- non-U.S. holders that are passive foreign investment companies or controlled foreign corporations;

- broker-dealers or dealers in securities or currencies;
- U.S. expatriates;
- persons holding our capital stock as part of a hedge, straddle, conversion, integrated or other risk reduction or constructive sale transaction; or
- U.S. holders (as defined below) whose functional currency is not the U.S. dollar.

If you are considering purchasing our capital stock, you should consult your tax advisor concerning the application of federal income tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of our capital stock arising under the laws of any state, local or non-U.S. taxing jurisdiction.

When we use the term "U.S. holder," we mean a beneficial owner of shares of our capital stock who, for federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or of any state thereof or in the District of Columbia;
- an estate the income of which is subject to federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If you hold shares of our capital stock and are not a U.S. holder or an entity treated as a partnership for U.S. federal income tax purposes, you are a "non-U.S. holder."

If a partnership or other entity treated as a partnership for federal income tax purposes holds shares of our capital stock, the tax treatment of a partner generally will depend on the status of the partner and on the activities of the partnership. Partners of partnerships holding shares of our capital stock are encouraged to consult their tax advisors.

***Taxation of Taxable U.S. Holders of Our Capital Stock***

*Distributions Generally*

Distributions out of our current or accumulated earnings and profits will be treated as dividends and, other than with respect to capital gain dividends and certain amounts which have previously been subject to corporate level tax, as discussed below, will be taxable to our taxable U.S. holders as ordinary income when actually or constructively received. See "—Tax Rates" below. As long as we qualify as a REIT, these distributions will not be eligible for the dividends-received deduction in the case of U.S. holders that are corporations or, except to the extent provided in "—Tax Rates" below, the preferential rates on qualified dividend income applicable to non-corporate U.S. holders, including individuals. For purposes of determining whether distributions to holders of our capital stock are out of our current or accumulated earnings and profits, our earnings and profits will be allocated first to our outstanding preferred stock, if any, and then to our outstanding common stock.

To the extent that we make distributions on a class of our capital stock in excess of our current and accumulated earnings and profits allocable to such stock, these distributions will be treated first as a tax-free return of capital to a U.S. holder. This treatment will reduce the U.S. holder's adjusted tax basis in such shares of stock by the amount of the distribution, but not below zero. Distributions in excess of our current and accumulated earnings and profits and in excess of a U.S. holder's adjusted tax basis in its shares will be taxable as capital gain. Such gain will be taxable as long-term capital gain if the shares have been held for more than one year. Dividends we declare in October, November, or December of any year and which are payable to a stockholder of record on a specified date in any of these months will be treated as both paid by us and received by the stockholder on December 31 of that year, provided we actually pay the dividend on or before January 31 of the following year. U.S. holders may not include in their own income tax returns any of our net operating losses or capital losses.

*Capital Gain Dividends*

Dividends that we properly designate as capital gain dividends will be taxable to our taxable U.S. holders as a gain from the sale or disposition of a capital asset held for more than one year, to the extent that such gain does not exceed our actual net capital gain for the taxable year and, for taxable years beginning after December 31, 2015, may not exceed our dividends paid for the taxable year, including dividends paid the following year that are treated as paid in the current year. U.S. holders that are corporations may, however, be required to treat up to 20% of certain capital gain dividends as ordinary income. If we properly designate any portion of a dividend as a capital gain dividend, then, except as otherwise required by law, we presently intend to allocate a portion of the total capital gain dividends paid or made available to holders of all classes of our capital stock for the year to the holders of each class of our capital stock in proportion to the amount that our total dividends, as determined for federal income tax purposes, paid or made available to the holders of each such class of our capital stock for the year bears to the total dividends, as determined for federal income tax purposes, paid or made available to holders of all classes of our capital stock for the year. In addition, except as otherwise required by law, we will make a similar allocation with respect to any undistributed long term capital gains which are to be included in our stockholders' long term capital gains, based on the allocation of the capital gains amount which would have resulted if those undistributed long term capital gains had been distributed as "capital gain dividends" by us to our stockholders.

*Retention of Net Capital Gains*

We may elect to retain, rather than distribute as a capital gain dividend, all or a portion of our net capital gains. If we make this election, we would pay tax on our retained net capital gains. In addition, to the extent we so elect, our earnings and profits (determined for federal income tax purposes) would be adjusted accordingly, and a U.S. holder generally would:

- include its pro rata share of our undistributed net capital gains in computing its long-term capital gains in its return for its taxable year in which the last day of our taxable year falls, subject to certain limitations as to the amount that is includable;
- be deemed to have paid its share of the capital gains tax imposed on us on the designated amounts included in the U.S. holder's income as long-term capital gain;
- receive a credit or refund for the amount of tax deemed paid by it;
- increase the adjusted tax basis of its capital stock by the difference between the amount of includable gains and the tax deemed to have been paid by it; and
- in the case of a U.S. holder that is a corporation, appropriately adjust its earnings and profits for the retained capital gains in accordance with Treasury Regulations to be promulgated by the IRS.

*Passive Activity Losses and Investment Interest Limitations*

Distributions we make and gain arising from the sale or exchange by a U.S. holder of our shares will not be treated as passive activity income. As a result, U.S. holders generally will not be able to apply any "passive losses" against this income or gain. A U.S. holder may elect to treat capital gain dividends, capital gains from the disposition of our stock and income designated as qualified dividend income, described in "—Tax Rates" below, as investment income for purposes of computing the investment interest limitation, but in such case, the stockholder will be taxed at ordinary income rates on such amount. Other distributions made by us, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation.

*Dispositions of Our Capital Stock*

Except as described below under "—Taxation of Taxable U.S. Holders of Our Capital Stock—Redemption or Repurchase by Us," if a U.S. holder sells or disposes of shares of capital stock, it will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale or other disposition and the U.S. holder's adjusted tax basis in the shares. This gain or loss, except as provided below, will be a long-term capital gain or loss if the U.S. holder has held such capital stock for more than one year. However, if a U.S. holder recognizes a loss upon the sale or other disposition of capital stock that it has held for six months or less, after applying certain holding period rules, the loss recognized will be treated as a long-term capital loss to the extent the U.S. holder received distributions from us which were required to be treated as long-term capital gains.

*Redemption or Repurchase by Us*

A redemption or repurchase of shares of our capital stock will be treated under Section 302 of the Code as a distribution (and taxable as a dividend to the extent of our current and accumulated earnings and profits as described above under "—Distributions Generally") unless the redemption or repurchase satisfies one of the tests set forth in Section 302(b) of the Code and is therefore treated as a sale or exchange of the redeemed or repurchased shares. The redemption or repurchase generally will be treated as a sale or exchange if it:

- is "substantially disproportionate" with respect to the U.S. holder;
- results in a "complete termination" of the U.S. holder's stock interest in us; or
- is "not essentially equivalent to a dividend" with respect to the U.S. holder,

all within the meaning of Section 302(b) of the Code.

In determining whether any of these tests have been met, shares of capital stock, including common stock and other equity interests in us, considered to be owned by the U.S. holder by reason of certain constructive ownership rules set forth in the Code, as well as shares of our capital stock actually owned by the U.S. holder, must generally be taken into account. Because the determination as to whether any of the alternative tests of Section 302(b) of the Code will be satisfied with respect to the U.S. holder depends upon the facts and circumstances at the time that the determination must be made, U.S. holders are advised to consult their tax advisors to determine such tax treatment.

If a redemption or repurchase of shares of our capital stock is treated as a distribution, the amount of the distribution will be measured by the amount of cash and the fair market value of any property received. See "—Distributions Generally" above. A U.S. holder's adjusted tax basis in the redeemed or repurchased shares will be transferred to the U.S. holder's remaining shares of our capital stock, if any. If the U.S. holder owns no other shares of our capital stock, under certain circumstances, such basis may be transferred to a related person or it may be lost entirely. Proposed Treasury Regulations issued in 2009, if enacted in their current form, would affect the basis recovery rules described above. It is not clear whether these proposed regulations will be enacted in their current form or at all. Prospective investors should consult their tax advisors regarding the federal income tax consequences of a redemption or repurchase of our capital stock.

If a redemption or repurchase of shares of our capital stock is not treated as a distribution, it will be treated as a taxable sale or exchange in the manner described under "—Dispositions of Our Capital Stock."

*Foreign Accounts*

Certain future payments made to "foreign financial institutions" in respect of accounts of U.S. holders at such financial institutions may be subject to withholding at a rate of 30%. U.S. holders should consult their tax advisors regarding the effect, if any, of this withholding provision on their ownership and disposition of our capital stock and the effective date of such provision. See "—Foreign Accounts."

***Taxation of Tax-Exempt Stockholders***

Dividend income from us and gain arising upon a sale of our shares generally should not be unrelated business taxable income, or UBTI, to a tax-exempt stockholder, except as described below. This income or gain will be UBTI, however, if a tax-exempt stockholder holds its shares as "debt-financed property" within the meaning of the Code. Generally, "debt-financed property" is property the acquisition or holding of which was financed through a borrowing by the tax-exempt stockholder.

For tax-exempt stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, or qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) or (c)(20) of the Code, respectively, income from an investment in our shares will constitute UBTI unless the organization is able to properly claim a deduction for amounts set aside or placed in reserve for specific purposes so as to offset the income generated by its investment in our shares. These prospective investors should consult their tax advisors concerning these "set aside" and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a "pension-held REIT" may be treated as UBTI as to certain trusts that hold more than 10%, by value, of the interests in the REIT. A REIT will not be a "pension-held REIT" if it is able to satisfy the "not closely held" requirement without relying on the "look-through" exception with respect to certain trusts or if such REIT is not "predominantly held" by "qualified trusts." As a result of restrictions on ownership and transfer of our stock contained in our charter, we do not expect to be classified as a "pension-held REIT," and as a result, the tax treatment described above should be inapplicable to our stockholders. However, because our common stock is (and, we anticipate, will continue to be) publicly traded, we cannot guarantee that this will always be the case.

***Taxation of Non-U.S. Holders of Our Capital Stock***

The following discussion addresses the rules governing federal income taxation of the purchase, ownership and disposition of our capital stock by non-U.S. holders. These rules are complex, and no attempt is made herein to provide more than a brief summary of such rules. Accordingly, the discussion does not address all aspects of federal income taxation and does not address state, local or non-U.S. tax consequences that may be relevant to a non-U.S. holder in light of its particular circumstances. We urge non-U.S. holders to consult their tax advisors to determine the impact of federal, state, local and non-U.S. income tax laws on the purchase, ownership and disposition of shares of our capital stock, including any tax return filing and other reporting requirements.

*Distributions Generally*

Distributions (including any taxable stock dividends) that are neither attributable to gains from sales or exchanges by us of U.S. real property interests, or USRPIs, nor designated by us as capital gain dividends (except as described below) will be treated as dividends of ordinary income to the extent that they are made out of our current or accumulated earnings and profits. Such distributions ordinarily will be subject to withholding of federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, unless the distributions are treated as effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (through a U.S. permanent establishment, where applicable). Under certain treaties, however, lower withholding rates generally applicable to dividends do not apply to dividends from a REIT. Certain certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exemption. Dividends that are treated as effectively connected with a U.S. trade or business (through a U.S. permanent establishment, where applicable) will generally not be subject to withholding but will be subject to federal income tax on a net basis at graduated rates, in the same manner as dividends paid to U.S. holders are subject to federal income tax. Any such dividends received by a non-U.S. holder that is a corporation may also be subject to an additional branch profits tax at a 30% rate (applicable after deducting federal income taxes paid on such effectively connected income) or such lower rate as may be specified by an applicable income tax treaty.

Except as otherwise provided below, we expect to withhold federal income tax at the rate of 30% on any distributions made to a non-U.S. holder unless:

- a lower treaty rate applies and the non-U.S. holder files with us an IRS Form W-8BEN or W-8BEN-E (or other applicable successor form) evidencing eligibility for that reduced treaty rate; or
- the non-U.S. holder files an IRS Form W-8ECI with us claiming that the distribution is income effectively connected with the non-U.S. holder's trade or business.

Distributions in excess of our current and accumulated earnings and profits will not be taxable to a non-U.S. holder to the extent that such distributions do not exceed the adjusted tax basis of the stockholder's capital stock, but rather will reduce the adjusted basis of such stock. To the extent that such distributions exceed the non-U.S. holder's adjusted tax basis in such capital stock, they will give rise to gain from the sale or exchange of such stock, the tax treatment of which is described below. For withholding purposes, because we generally cannot determine at the time we make a distribution whether the distribution will exceed our current and accumulated earnings and profits, we expect to treat all distributions as made out of our current or accumulated earnings and profits. However, amounts withheld may be refundable if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits, provided that certain conditions are met.

*Capital Gain Dividends and Distributions Attributable to a Sale or Exchange of U.S. Real Property Interests*

Distributions to a non-U.S. holder that we properly designate as capital gain dividends, other than those arising from the disposition of a USRPI, generally should not be subject to federal income taxation, unless:

- the investment in our capital stock is treated as effectively connected with the non-U.S. holder's U.S. trade or business (through a U.S. permanent establishment, where applicable), in which case the non-U.S. holder will be subject to the same treatment as U.S. holders with respect to such gain, except that a non-U.S. holder that is a corporation may also be subject to a branch profits tax of up to 30%, as discussed above; or
- the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and certain other conditions are met, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains (reduced by certain capital losses).

Pursuant to the Foreign Investment in Real Property Tax Act of 1980, which is referred to as "FIRPTA," distributions to a non-U.S. holder that are attributable to gain from sales or exchanges by us of USRPIs, whether or not designated as capital gain dividends, will cause the non-U.S. holder to be treated as recognizing such gain as income effectively connected with a U.S. trade or business. Non-U.S. holders would generally be taxed at the same rates applicable to U.S. holders, subject to any applicable alternative minimum tax, and any non-U.S. holder that is a non-U.S. corporation may also be subject to a branch profits tax of up to 30%, as discussed above. We also will be required to withhold and to remit to the IRS 35% (or 20% to the extent provided in Treasury Regulations) of any distribution to non-U.S. holders to the extent attributable to gain from sales or exchanges by us of USRPIs. The amount withheld is creditable against the non-U.S. holder's federal income tax liability. However, any distribution with respect to any class of stock that is "regularly traded" on an established securities market, within the meaning of applicable Treasury Regulations, is not subject to FIRPTA, and therefore, not subject to the 35% U.S. withholding tax described above, if the non-U.S. holder did not own more than 10% of such class of stock at any time during the one-year period ending on the date of the distribution. Instead, such distributions will generally be treated as ordinary dividend distributions and subject to withholding in the manner described above with respect to ordinary dividends. In addition, distributions to certain non-U.S. publicly traded stockholders that meet certain record-keeping and other requirements ("qualified stockholders") are exempt from FIRPTA, except to the extent owners of such qualified stockholders that are not also qualified stockholders own, actually or constructively, more than 10% of our capital stock. Furthermore, distributions to "qualified foreign pension funds" or entities all of the interests of which are held by "qualified foreign pension funds" are exempt from FIRPTA. Non-U.S. holders should consult their tax advisors regarding the application of these rules.

*Retention of Net Capital Gains*

Although the law is not clear on the matter, it appears that amounts we designate as retained net capital gains in respect of the capital stock held by stockholders generally should be treated with respect to non-U.S. holders in the same manner as actual distributions of capital gain dividends. Under this approach, the non-U.S. holders would be able to offset as a credit against their federal income tax liability their proportionate share of the tax that we paid on such retained net capital gains and to receive from the IRS a refund to the extent their proportionate share of such tax that we paid exceeds their actual federal income tax liability. If we were to designate any portion of our net capital gain as retained net capital gain, non-U.S. holders should consult their tax advisors regarding the taxation of such retained net capital gain.

*Sale of Our Capital Stock*

Except as described below under "—Redemption or Repurchase by Us," gain recognized by a non-U.S. holder upon the sale, exchange or other taxable disposition of our capital stock generally will not be subject to federal income taxation unless such stock constitutes a USRPI. In general, stock of a domestic corporation that constitutes a U.S. real property holding corporation, or USRPHC, will constitute a USRPI. We believe that we are a USRPHC.

Our capital stock will not, however, constitute a USRPI so long as we are a "domestically controlled qualified investment entity." A "domestically controlled qualified investment entity" includes a REIT in which at all times during a five-year period ending on the date of disposition of its stock less than 50% in value of its stock is held directly or indirectly by non-U.S. holders. We believe, but cannot guarantee, that we are a "domestically controlled qualified investment entity." Because our common stock is (and, we anticipate, will continue to be) publicly traded, no assurance can be given that we will continue to be a "domestically controlled qualified investment entity."

Notwithstanding the foregoing, gain from the sale, exchange or other taxable disposition of our capital stock not otherwise subject to FIRPTA will be taxable to a non-U.S. holder if either (1) the investment in our capital stock is treated as effectively connected with the non-U.S. holder's U.S. trade or business (through a U.S. permanent establishment, where applicable), in which case the non-U.S. holder will be subject to the same treatment as U.S. holders with respect to such gain, except that a non-U.S. holder that is a corporation may also be subject to a branch profits tax of up to 30%, as discussed above, or (2) the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and certain other conditions are met, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains (reduced by certain capital losses). In addition, even if we are a domestically controlled qualified investment entity, upon disposition of our capital stock, a non-U.S. holder may be treated as having gain from the sale or other taxable disposition of a USRPI if the non-U.S. holder (1) disposes of such stock within a 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been treated as gain from the sale or exchange of a USRPI and (2) acquires, or enters into a contract or option to acquire, or is deemed to acquire, other shares of that stock during the 61-day period beginning with the first day of the 30-day period described in clause (1). The preceding sentence shall not apply to a non-U.S. holder if the non-U.S. holder did not own more than 5% of the stock at any time during the one-year period ending on the date of the distribution described in clause (1) of the preceding sentence and the class of stock is "regularly traded" on an established securities market, within the meaning of applicable Treasury Regulations.

Even if we do not qualify as a "domestically controlled qualified investment entity" at the time a non-U.S. holder sells our capital stock, gain arising from the sale or other taxable disposition by a non-U.S. holder of such stock would not be subject to federal income taxation under FIRPTA as a sale of a USRPI if:

- such class of stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market such as the NYSE; and
- such non-U.S. holder owned, actually and constructively, 10% or less of such class of our stock throughout the five-year period ending on the date of the sale or exchange.

In addition, dispositions of our capital stock by qualified stockholders are exempt from FIRPTA, except to the extent owners of such qualified stockholders that are not also qualified stockholders own, actually or constructively, more than 10% of our capital stock. An actual or deemed disposition of our capital stock by such stockholders may also be treated as a dividend. Furthermore, dispositions of our capital stock by "qualified foreign pension funds" or entities all of the interests of which are held by "qualified foreign pension funds" are exempt from FIRPTA. Non-U.S. holders should consult their tax advisors regarding the application of these rules.

If gain on the sale, exchange or other taxable disposition of our capital stock were subject to taxation under FIRPTA, the non-U.S. holder would be subject to regular federal income tax with respect to such gain in the same manner as a taxable U.S. holder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In addition, if the sale, exchange or other taxable disposition of our capital stock were subject to taxation under FIRPTA, and if shares of our capital stock were not "regularly traded" on an established securities market, within the meaning of applicable Treasury Regulations, the purchaser of such capital stock would generally be required to withhold and remit to the IRS 10% (15% for dispositions occurring after February 16. 2016) of the purchase price.

*Redemption or Repurchase by Us*

A redemption or repurchase of shares of our capital stock will be treated under Section 302 of the Code as a distribution (and taxable as a dividend to the extent of our current and accumulated earnings and profits) unless the redemption or repurchase satisfies one of the tests set forth in Section 302(b) of the Code and is therefore treated as

a sale or exchange of the redeemed or repurchased shares. See "—Taxation of Taxable U.S. Holders of Our Capital Stock—Redemption or Repurchase by Us." If the redemption or repurchase of shares is treated as a distribution, the amount of the distribution will be measured by the amount of cash and the fair market value of any property received. See "—Taxation of Non-U.S. Holders of Our Capital Stock—Distributions Generally." If the redemption or repurchase of shares is not treated as a distribution, it will be treated as a taxable sale or exchange in the manner described under "—Taxation of Non-U.S. Holders of Our Capital Stock—Sale of Our Capital Stock."

**Information Reporting and Backup Withholding**

***U.S. Holders***

A U.S. holder may be subject to information reporting and backup withholding when such holder receives payments on our common stock or proceeds from the sale or other taxable disposition of our common stock. Certain U.S. holders are exempt from backup withholding, including corporations and certain tax-exempt organizations. A U.S. holder will be subject to backup withholding if such holder is not otherwise exempt and such holder:

- fails to furnish the holder's taxpayer identification number, which for an individual is ordinarily his or her social security number;
- furnishes an incorrect taxpayer identification number;
- is notified by the IRS that the holder previously failed to properly report payments of interest or dividends; or
- fails to certify under penalties of perjury that the holder has furnished a correct taxpayer identification number and that the IRS has not notified the holder that the holder is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

***Non-U.S. Holders***

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN or W-8BEN-E (or other applicable successor form) or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the non-U.S. holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

**Tax Rates**

The maximum tax rate for non-corporate taxpayers for (1) capital gains, including certain "capital gain dividends," is generally 20% (although depending on the characteristics of the assets which produced these gains and on designations which we may make, certain capital gain dividends may be taxed at a 25% rate) and (2) "qualified dividend income" is generally 20%. However, dividends payable by REITs are not eligible for the reduced tax rate on qualified dividend income, except to the extent that certain holding requirements have been met and the REIT's dividends are attributable to dividends received from taxable corporations (such as its taxable REIT subsidiaries) or to income that was subject to tax at the corporate/REIT level (for example, if the REIT distributed taxable income that it retained and paid tax on in the prior taxable year) or to dividends properly designated by the REIT as "capital gain dividends." U.S. holders that are corporations may be required to treat up to 20% of some capital gain dividends as ordinary income.

**Medicare Tax on Unearned Income**

Certain U.S. holders that are individuals, estates or trusts are required to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of stock. U.S. holders should consult their tax advisors regarding the effect, if any, of this tax on their ownership and disposition of our capital stock.

**Foreign Accounts**

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA") on certain types of payments made to "foreign financial institutions" and certain other non-U.S. entities (including payments to U.S. holders who hold shares of our capital stock through such a foreign financial institution or non-U.S. entity). Specifically, a 30% withholding tax may be imposed on dividends on, and gross proceeds from the sale or other disposition of, our capital stock in each case paid to a "foreign financial institution" or to a "non-financial foreign entity," (each as defined in the Code) unless (1) the foreign financial institution undertakes certain diligence and reporting, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and IRS guidance, withholding under FATCA generally applies to payments of dividends, and will apply to payments of gross proceeds from a sale or other disposition of capital stock on or after January 1, 2019. Because we may not know the extent to which a distribution is a dividend for U.S. federal income tax purposes at the time it is made, for purposes of the these withholding rules we may treat the entire distribution as a dividend. Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our capital stock .

**Other Tax Consequences**

State, local and non-U.S. income tax laws may differ substantially from the corresponding federal income tax laws, and this discussion does not purport to describe any aspect of the tax laws of any state, local or non-U.S. jurisdiction, or any federal tax laws other than federal income tax laws. You should consult your tax advisor regarding the effect of state, local, non-U.S. and other tax laws with respect to our tax treatment as a REIT and an investment in our capital stock.