

### Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1 Issuer's name</b>  STERLING REAL ESTATE TRUST FORMERLY INREIT REAL ESTATE INVESTMENT TRUST		<b>2 Issuer's employer identification number (EIN)</b>  90-0115411	
<b>3 Name of contact for additional information</b>  ANGIE STOCK		<b>4 Telephone No. of contact</b>  701-353-2730	
<b>5 Email address of contact</b>  ASTOCK@SRETRUST.COM		<b>6 Number and street (or P.O. box if mail is not delivered to street address) of contact</b>  1711 GOLD DRIVE SOUTH, SUITE 100	
<b>7 City, town, or post office, state, and ZIP code of contact</b>  FARGO, ND 58103		<b>8 Date of action</b>  VARIOUS	
<b>9 Classification and description</b>  STOCK		<b>10 CUSIP number</b>  859507 105	
<b>11 Serial number(s)</b>  N/A		<b>12 Ticker symbol</b>  N/A	
<b>13 Account number(s)</b>  N/A			

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶** Sterling Real Estate Trust made distributions to common shareholders during 2018.

**15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶** The above referenced distributions represent a 28.66568% return of capital to the common shareholders.

**16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶** During 2018, Sterling Real Estate Trust paid \$6,374,129 out of current and accumulated earnings and profits. The distributions made to the common shareholders of \$2,561,443 in excess of earnings and profits represents a return of capital. The above referenced return of capital is based on the company's best estimate of 2018 earnings and profits as of January 15, 2019.

**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
Internal Revenue Code Section 301(c)(2).

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18 Can any resulting loss be recognized? ▶ No.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶  
The reportable tax year is 2018.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ *Angela Stock* Date ▶ 2-13-19  
Print your name ▶ \_\_\_\_\_ Title ▶ \_\_\_\_\_

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>Randall Barrus</u>	<u><i>Randall Barrus</i></u>	<u>2-13-19</u>		<u>P00690169</u>
	Firm's name ▶ <u>Baker Tilly Virchow Krause, LLP</u>	Firm's EIN ▶ <u>39-0859910</u>		Phone no. <u>(312) 729-8000</u>	
	Firm's address ▶ <u>205 N. Michigan Avenue, Chicago, IL 60601</u>				