

FILED EFFECTIVESTATEMENT OF MERGER **2010 MAY 13 PM 2:14**

Effective December 8, 2009, Sovereign Growth REIT, Inc. (Sovereign or the "Surviving Entity") and DBSI Diversified Realty REIT, Inc. (DBSI or the "Merging Entity") agree as follows:

1. BACKGROUND.

1.1 Plan of Merger. Sovereign and DBSI have entered into this Plan of Merger ("Plan of Merger") which provides for the merger of DBSI with and into Sovereign.

1.2 Merging Entity.

1.2.1 Merging Entity. The name of the Merging Entity is DBSI Diversified Realty REIT, Inc.

1.2.2 Governing Law. The Merging Entity was incorporated in Idaho and subject to Idaho law.

1.3 Surviving Entity.

1.3.1 Surviving Entity. The name of the Surviving Entity is Sovereign Growth REIT, Inc.

1.3.2 Governing Law. The Merging Entity was incorporated in Maryland and subject to Maryland law.

1.4 Merging Entity Board and Member Approval. The Board of Directors and the Members of DBSI, respectively, have approved the merger with and into Sovereign and the consummation of the transactions contemplated by this Plan of Merger, Upon the terms and subject to the conditions set forth in this Plan of Merger, upon the terms and subject to the conditions set forth in this Plan of Merger, the Idaho Entity Transaction Act ("IETA"), and all other applicable laws, and the respective Articles of Incorporation and Bylaws of the Merging entity.

1.5 Foundation Board and Member Approval. The Board of Directors and the Members of Sovereign, respectively, have approved the merger of the Merging Entity with and into Sovereign and the consummation of the transactions contemplated by this Plan of Merger, upon the terms and subject to the conditions set forth in this Plan of Merger, the IETA, and all other applicable laws, the Articles of Incorporation and the Bylaws of Sovereign.

IDAHO SECRETARY OF STATE
05/13/2010 05:00
CK: 436652 CT: 172099 SH: 1222177
1 @ 30.00 = 30.00 STATE MERGE # 2

C157639

2. THE MERGER.

- 2.1 The Merger.** Upon the terms and subject to the conditions of the Plan of Merger, at the Effective Time (as defined in Section 2.2), in accordance with IETA. The Merging Entity shall be merged with and into Sovereign and the separate existence of the Merging Entity shall thereupon cease (the "Merger"). Sovereign shall be the surviving corporation in the Merger.
- 2.2 Effective Time of the Merger.** The Merger shall become effective as of 12:01 AM, Pacific Standard Time on the date a copy of the Plan of Merger, and any other documents necessary to effectuate the Merger in accordance with the IETA, are filed with the Secretary of State of the State of Idaho (the "Effective Time").
- 2.3 Effects of Merger.** The merger shall have the effects set forth in Section 30-18-206 of the IETA, and all other applicable laws.

3. SURVIVING CORPORATION.

- 3.1 Articles of Incorporation.** The Articles of Incorporation of the Surviving Corporation shall be the Articles of Incorporation
- 3.2 Bylaws.** The Bylaws of the Surviving Corporation shall be the Bylaws
- 3.3 Directors and Officers.** At and after the Effective Time, the directors and officers of Sovereign, and the directors and officers of the Merging Entity shall together be the directors and officers of the Surviving Corporation, in each case until their respective successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Articles of Incorporation and Bylaws.

4. MEMBERSHIP.

- 4.1 Conversion of Merging Entity Membership.** Upon the Effective Time, each member of the Merging Entity shall (without further action of the Merging Entity or Surviving Corporation) thereon be converted into membership in the Surviving Corporation, as set forth in the Article of Incorporation and Bylaws.
- 4.2 No Change to Sovereign Membership.** Upon the Effective Time, each member of Sovereign, the Surviving Corporation, will hold membership in the Surviving Corporation immediately after the Merger as held immediately prior to the Merger, subject to the terms and conditions of the Articles of Incorporation and Bylaws.

5. INTERPRETATION.

5.1 Amendment. This Plan of Merger may be amended by an instrument in writing signed on behalf of each of the parties in accordance with Section 30-18-204 of the IETA.

5.2 Notices. All notices and other communications ("Notices") under this Plan of Merger (i) shall be in writing, and (ii) shall be addressed or delivered to the following relevant address or at such other address as shall be given in writing by a party to the other:

If to "Sovereign" / "Surviving Entity"

Todd Mikles
Sovereign Growth REIT, Inc.
1501 Fifth Street, Suite 100
San Diego, California 92101

If to "DBSI" / "Merging Entity"

Todd Mikles
DBSI Diversified Realty REIT, Inc.
1501 Fifth Street, Suite 100
San Diego, California 92101

Notices complying with the provisions of this Section shall be deemed to have been delivered (i) upon the date of delivery if delivered in person or by facsimile, or (ii) on the date of the postmark on the return receipt if deposited in the United States Mail, with postage prepaid for certified or registered mail, return receipt requested.

5.3 Interpretation. This Plan of Merger (and other documents and instruments referenced in the Plan of Merger) (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, regarding the subject matter of the agreements, (ii) shall not be assigned by operation of law or otherwise without the prior written consent of the other parties, and (iii) shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Idaho.

5.4 Counterparts. This Plan of Merger may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

5.5 Parties in Interest. This Plan of Merger shall be binding upon and inure to the benefit of and be enforceable by the parties and their respective permitted successors and assigns. Nothing in this Plan of Merger, express or implied, is intended to confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Plan of Merger.

6. CERTIFICATION.

6.1 **Merging Entity.** By signing below, the President and Secretary of the respective Merging Entities, certify that they are, respectively, the duly appointed elected and acting President and Secretary, and that the necessary number of total votes cast by the Board of Directors and the Members approved this Plan of Merger.

6.2 **Sovereign.** By signing below the President and Secretary of Sovereign Growth REIT, Inc., hereby certify that they are, respectively, the duly appointed elected and acting President and Secretary, and that the necessary number of total votes cast by the Board of Directors and Members approved this Plan of Merger.

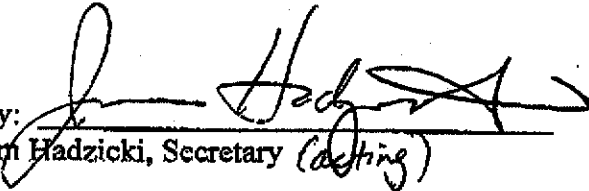
IN WITNESS WHEREOF, the undersigned have caused this Plan of Merger to be duly executed by their authorized officers, as of the date set forth above, effective as of the filing of this Plan of Merger with the Secretary of State for the State of Idaho.

Sovereign Growth REIT, Inc./
Surviving Entity

DBSI Diversified Realty REIT, Inc./
Merging Entity

By: 
Todd Mikles, President

By: 
Todd Mikles, Acting President

By: 
Jim Hadzicki, Secretary (acting)

By: 
Todd Mikles, Acting Secretary