UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION
Case No. 8:20-cv-00325-T-35AEP

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BRIAN DAVISON, BARRY M. RYBICKI,
EQUIALT LLC, EQUIALT FUND, LLC,
EQUIALT FUND II, EQUIALT FUND III,
EA SIP, LLC,

Defendants, and

128 E. DAVIS BLVD, LLC, 310 78TH
AVE, LLC, 551 3D AVE S, LLC, 604
WEST AZEELE, LLC, BLUE WATERS
TI, LLC, 2101 W. CYPRESS, LLC, 2112
W. KENNEDY BLVD, LLC, BNAZ, LLC,
BR SUPPORT SERVICES, LLC, CAPRI
HAVEN, LLC, EANY, LLC, BUNGALOWS
TI, LLC, EQUIALT 519 3RD AVE S., LLC,
MCDONALD REVOCABLE LIVING TRUST,
5123 E. BROADWAY AVE, LLC, SILVER SANDS
TI, LLC, TB OLDEST HOUSE EST. 1842, LLC,

Relief Defendants.
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DEFENDANT BRIAN DAVISON'S
OPPOSITION TO EXPAND RECEIVERSHIP

Defendant Brian Davison ("Davison"), through his undersigned counsel, submits the following opposition to the motion of the Receiver appointed in this action, Burton W. Wiand, to expand the receivership to include additional independent investment vehicles.

INTRODUCTION

The Receiver appointed in this action seeks to expand the receivership in this action to include several additional investment vehicles, the EquiAlt Qualified Opportunity Zone Fund, LP (the "QOZ"), and the EquiAlt Secured Income Portfolio REIT, Inc. (the "REIT") and related entities. (Docket Entry 90 (the "Motion")). In doing so, the Receiver points to – but does not submit admissible evidence to support – the claim that, essentially, these entities are so intertwined with the Receivership Funds[1] that they are properly brought under his authority.

As set forth below, the Receiver's claims are either without evidentiary foundation or contradicted by factual evidence to the contrary. Moreover, there is no "crisis" justifying the extreme remedy of an expanded Receivership. Thus, without the opportunity to take discovery on, and test the validity of, the Receiver's unsupported claims, it is premature to lend them any credence. Consequently, the Receiver's Motion (Docket Entry 90) should be denied.

BACKGROUND

At bottom, the Receiver claims that the QOZ and REIT are "similar in nature to the" Receivership Funds (Motion, 2), are inextricably linked to them (Motion, 2), received benefits from them (Motion 11) and were essentially run as one enterprise. (Motion, 11-12.) In particular, the Receiver asserts several grounds in support of this effort:

- That the REIT shared several investors with the Receivership Funds (no such claims are made with respect to the QOZ), and that those investors were misled into investing.
- That start-up expenses for the QOZ and REIT were borne by the manager for the Receivership Funds.

[1] When the above-captioned action was commenced, included as Defendants were certain investment vehicles: EquiAlt Fund, LLC, EquiAlt Fund II, LLC, EquiAlt Fund III, LLC, and EA SIP, LLC (hereinafter the "Receivership Funds"). Also named as a defendant, along with individuals Brian Davison and Barry M. Rybicki, was EquiAlt LLC, which was the manager of the Receivership Funds.

- That ongoing management costs and expenses for the QOZ and REIT were borne by the manager for the Receivership Funds.

As set forth below, these claims are misleading and fail to provide a legitimate ground for expanding the Receivership.

Perhaps more foundational, however, is the Receiver's failure to adduce facts to support the assertions that are at the core of its Motion. The Receiver premises his Motion in large part on several assertions of fact that are demonstrably false. Among other things, the Receiver claims that the "QOZ and REIT were investment vehicles similar in nature to the other funds which are currently part of the Receivership." (Motion, 20.) The Receiver also claims that "[i]t is without question that the REIT and QOZ are in financial distress. The QOZ has no operating income and the net income of the REIT's rental operations is insufficient to cover its dividend obligations." (Motion, 14.) Neither of these claims, upon which the Motion is premised, are true.

The Receiver's Motion has almost entirely relied on summary documents to support his position. "[T]he contents of voluminous recordings which cannot conveniently be examined in court may be presented in the form of a summary." *U.S. v. Francis*, 131 F.3d 1452, 1457 (11th Cir. 1997) (citing Fed. R. Evid. 1006). A district court, in its discretion, may admit a summary where showing the fact-finder every individual piece of evidence would be "inconvenient or unnecessarily time-consuming." *Id.* "The admissibility of the summary therefore depends on the admissibility of the underlying documents summarized." *DA Realty Holdings, LLC v. Tennessee Land Consultants, LLC*, 631 Fed. Appx. 817, 822 (11th Cir. 2015). The Receiver has not produced or provided any of the underlying documents that support the summaries. If the documents on which the summary is based are not admissible under the Federal Rules of Evidence, then the court may not admit them under FRE 1006. *Peat, Inc. v. Vanguard Research, Inc.*, 378 F.3d 1154, 1160 (11th Cir. 2004). "Summaries of records prepared for litigation are

indeed inadmissible[.]" *Id.* (citation omitted). Davison should have access to the documents being summarized and be able to challenge any inaccurate statement made about the documents. *See Michigan Carpenters' Pension Fund v. Rayonier Advanced Materials, Inc.*, 3:18-CV-771-J-34JRK, 2019 WL 1429667, at *3 (M.D. Fla. Mar. 29, 2019). Thus, the materials submitted to support the Receiver's claims are inadmissible, and cannot be relied upon.

These claims manifest either the Receiver's lack of candor, or its misunderstanding of how a QOZ or REIT significantly differ from the debenture funds over which the Receiver has assumed control. Either way, they militate against expanding the Receivership to include these entities.

The Nature of the QOZ and REIT: How They Differ from the Receivership Funds

The Receivership Funds are organized as debenture funds. As the SEC noted in commencing this action, the Receivership Funds "offer fixed-rate debentures. In connection with each investment, EquiAlt told investors it would pool their money to purchase under-valued real estate, rent or flip the properties, and pay them a fixed interest rate of 8-10% annually from revenues generated by the properties." Docket Entry 4, at 2. With a debenture fund, investors hold debt instruments and are owed periodic interest payments.

The QOZ and the REIT, on the other hand, were very different entities. Investors in the QOZ and REIT hold equity interests – limited partnership units, and shares, respectively. Unlike with debenture funds, they hold no right to defined, periodic interest payments; instead, management has the discretion to make distributions to investors. Revealingly, the Receiver has not attached any original materials relating to the QOZ or the REIT, and thus included in this opposition as Exhibits A and B are the private placement memoranda for the QOZ and REIT,

respectively. These materials spell out, in great detail, how the specifics regarding the QOZ and REIT were described to investors.

Among other things, the PPMs expressly explain that, unlike the debenture funds over which the Receiver currently has authority, the QOZ was organized as a limited partnership, with investors being equity unitholders in the partnership, and the REIT as a stock company where investors were shareholders. QOZ PPM at i, iv, 8-9; REIT PPM at 157. Unlike the Receivership Funds, holders of units in the QOZ or shares in the REIT are not entitled to regularly scheduled and defined interest payments.

It was clear *ab initio* that QOZ investors could not expect regular distributions such that a failure to pay them on a set schedule would constitute an event of urgency. The QOZ was structured as a limited partnership, and because its purpose was to invest in a tax advantaged manner "the Fund is likely to accrue most of its investment income rather than distribute that income." November 18, 2018 QOZ PPM, 8. *See also id*. at 16 ("We have not established a minimum distribution level, and our governing documents do not require that we make distributions to our unitholders."); 20 ("It is currently contemplated that 10 years after we have invested substantially all of the proceeds from our offering, our General Partner will begin to explore and evaluate various strategic options to provide our unitholders with liquidity of their investment . . . we have not established any pre-determined criteria. We are not required to pursue a liquidity event or any transaction to provide liquidity to our unitholders."); 24 ("We expect to have little, if any, cash flow from operations available for distribution until we make substantial investments).

The same held true for the REIT. Investors in a REIT are equity holders, *i.e.,* they are shareholders in the entity, not debt holders. As the PPM included as Exhibit B spells out, "a

REIT is an entity that: combines the capital of many investors to acquire or provide financing for real estate investments . . . [and] pays distributions to investors of at least 90% of its annual REIT taxable income." REIT PPM, 1; *see also* at 141, 161. As explained throughout that PPM, while one of the REIT's objectives is to provide "attractive and stable cash distributions" (*Id*., at 1) "we may be unable or limited in our ability to make distributions to our stockholders." (*Id*., 2); *see also* at 26, 141 ("losses might reduce the amount of distributions that we must make").[2] Accordingly, there is no mandated 7% minimum "dividend obligation" owed to investors in the REIT as the Receiver suggests. Wiand Aff., 6.

Consequently, for neither the QOZ nor the REIT are there any ongoing obligations to make regular, periodic payments to investors (unlike with the Receivership Funds). Contrary to the Receiver's claim, there are no current dividend obligations that are in danger of not being repaid. Consequently, there is no admissible evidence that either the QOZ or the REIT are in financial distress.

Indeed, as the Receiver concedes, the REIT earns over $60,000 per month (or about $720,000 per annum) from rental income alone. (Wiand Aff, 6.) Moreover, each of the QOZ and the REIT have between $300,000 and $350,000 in their accounts. (Wiand Aff., 8-9.) There is no evidence that this amount, and the REIT's income, is insufficient to satisfy any outstanding obligations. Thus, the purported urgency with which the Receiver presses its claim is based on a serious misapprehension of the relevant facts.

[2] The REIT PPM further explained that it might not be able to make distributions, but might "be able to rectify a failure to meet the distribution requirements for a year by paying "deficiency dividends" to stockholders in a later year." REIT PPM, 142.

ARGUMENT

A. The Claim That There Is Some Overlap in Investors – Or That Investors Were Misled – Is Not A Basis For Expanding the Receivership.

The Receiver notes that there is some overlap in investors between the REIT and the Receivership Funds. Of the $7.2 million raised for the REIT, supposedly $4.8 million came through investor redemption of debentures for Receivership Funds. (Motion, 8).[3]

The Receiver also claims that investors in the QOZ and REIT were misled into investing, because (1) they were not told that the Receivership Funds were fraudulent (Motion, 8; Wiand Aff., 5) [4], (2) they were told (in the case of the REIT) that it would eventually go public, which it did not (Motion, 8; Wiand Aff., 5), (3) they were not told of potential liability that would lead to investments being subject to rescission because sales were illegal (Motion 9-10; *see also* Wiand Aff., 11-12); and (4) investors were told that Davison was an investor, but the money he got to invest in REIT came from Receivership Funds. (Motion, 6.)

None of these baseless claims justify the expansion of the Receivership.

There is no admissible evidence from investors that there were material, false statements in connection with their making their investments. Notably, at no point does the Receiver provide any admissible evidence that ***any*** of their assertions about misrepresentations have a basis in fact. There are no statements by or interviews of investors, no evidence that any

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[3] There are no claims that any investors in the QOZ were previously investors in the Receivership Funds. Thus, if a purported overlap in investors is a basis for the Receiver's Motion, it does not support the inclusion of the QOZ in the Receivership.

[4] Additionally, the involvement of counsel in all aspects of the operation of the Receivership Funds as well as the creation of the QOZ and REIT (*see, e.g.*, REIT PPM at 176) might sustain an advice of counsel defense, which could negate any legal finding that there were any frauds. Supporting this is the fact that the Receiver has repeatedly stated that there are potential claims against counsel for wrongdoing. *See, e.g.*, Docket Entry 84 at 35, 54. At the very least, this presents a fact issue as to whether or not there was any fraud that would justify the expansion of the Receivership.

purported misrepresentation was material, nothing other than the bald, unsworn assertions of the Receiver. For example, the claim that the Receivership Funds were marred by fraud is both: (i) a conclusion, not evidence, and (ii) not supported with any evidence that investors were misled or that this was material to the QOZ and REIT investors.[5]

Equally baseless is the Receiver's argument that REIT investors were promised that the REIT would definitely go public. Not only does the Receiver provide no evidence that any investor was so misled, the REIT PPM clearly explains – repeatedly – that that the opposite was the case. *See* REIT PPM at 2 ("Our charter does not require our directors to provide our stockholders with a liquidity event by a specified date or at all."); 14 ("We can make no assurances, however, as to whether we will be successful in commencing a public offering. ***You should not purchase shares in this offering with the expectation that we will commence a public offering in the future***."); 23 (emphasis added) ("There is no assurance . . . when or whether we will conduct an initial public offering at all"). Given the substantial documentary evidence to the contrary, the claim that investors were told REIT would go public is not an actionable misrepresentation.

Nor is there any basis for the claim that investors were misled about investments potentially being subject to rescission because the sales of those interests were purportedly illegal. The Receiver does not spend any time explaining why that might be, and notably cites not a single case or statute in support. Nor is there any evidence or argument that, even if the Receiver's claim is credited, any investor was deceived or thought this material.

[5] At the very least, the utter absence of any admissible evidence that a single investor was misled demonstrates the premature nature of this Motion. At least when the SEC commenced its action there had been some investigation, albeit minimal. If at some later point discovery indicates that there may be a factual basis to the Receiver's invocation of fraud, it might be appropriate to revisit this issue. For now, however, given the absence of any admissible evidence on this point the Motion should be denied.

Moreover, if these interests were truly subject to rescission and investors in the QOZ and the REIT entitled to full refunds of their investments, this would militate strongly ***against*** including these entities in the Receivership. This would create a severe distinction between the remedies that holders of interests in the QOZ and REIT might be entitled to and those that investors in the Receivership Funds might reasonably expect in terms of recompense.

Finally, with respect to the argument that investors were misled about the source of certain funds invested in the REIT, the Receiver confusingly refers to Mr. Davison as the "sponsor" while the PPM defines the sponsor as EquiAlt Capital Advisors. *See, e.g.*, REIT PPM at 7 (also noting that the sponsor acquired 55, 248 shares of common stock in exchange for $500,001.00). Leaving aside the Receiver's confusion as to who put in what money, the fact remains that, ultimately, those funds came from somewhere else first is both immaterial and absurd. After all, all funds ultimately came from other sources. Furthermore, there is no evidence that any investor saw this as material.[6]

B. The Alleged Sharing of Start-Up Expenses Does Not Justify the Expansion of <u>The Receivership</u>.

The Receiver asserts that EquiAlt LLC, the manager of the Receivership Funds, incurred start-up expenses on behalf of the QOZ and REIT. (Motion, 2, 7). This includes payments to professionals, including lawyers and accountants, plus utilities, and employee support. *See* Motion 10; *see also* Wiand Aff., p. 7 ("The expenses for the creation of the QOZ were paid by EquiAlt and derived from investor funds. The administration of the QOZ, its management, accounting, and other activities were all performed by employees of EquiAlt who were paid for

[6] One last point: the mere fact that there is some duplication of investors between the investors in the Receivership Funds and the REIT is not in any relevant fashion equivalent to the commingling of funds. It is likely that many investors who redeemed might have reinvested those proceeds in mutual funds run by Vanguard, or Fidelity – surely no one would claim that there is commingling between the Receivership Funds and those entities!

by investor funds from the Receivership Funds.") The Receiver further claims that the funds expended "were never reimbursed." Motion, 2, 11.

This argument fails, for several reasons.

First, it does not appear to be true. Indeed, the Receiver's own submissions in this action belie this claim, in particular, the exhibits to the Receiver's First Quarterly Status Report, Docket Entry 84 ("FQSR"). Multiple exhibits demonstrate that there were transfers to the manager of the Receivership Funds on behalf of the QOZ and REIT, as does the body of the FQSR. *See*, *e.g.*, FQSR at 23 (showing funds received from QOZ); *see also* FQSR, Ex. Z (email from Davison indicating payment of $400,000 owed to EquiAlt LLC from the REIT). At the very least, there is a fact issue as to whether or not there were improper expense allocations, and whether, and to what extent, there has been any repayment. Until Davison has had the opportunity to conduct discovery on this point it is premature to consider this Motion.

Second, to the extent that the claim of unreimbursed start-up expenses is true, there is a far less intrusive remedy available, and that is to recognize that there might be a debt owed. There is no reason that the far more radical remedy of an expanded receivership is warranted. Ultimately, if it is legitimately owed the debt will either be repaid, or negotiated – but the existence of a debt is no justification for collapsing the QOZ and the REIT into the Receivership Funds.

Finally, the start-up period is over. No such additional costs will or can be incurred, and a new and separate entity – PPA – has been placed in charge of the QOZ and REIT. If the concern was Davison's purported mismanagement of these entities, that should no longer be an issue since he does not currently exercise any control or authority over these entities. Consequently, there is no longer any need for the remedy of a receivership.

C. The Purported Use of Receivership Assets for the Benefit of the QOZ and REIT Cannot Support the Expansion of the Receivership.

The Receiver asserts that the day-to-day management and operation of the QOZ and REIT were inextricably intertwined with that of the Receivership Funds. Motion, 3, including the payment by the manager of the Receivership Funds, of the employee costs for the QOZ and REIT. Motion 10-11.[7] Consequently, he argues, an expansion of the Receivership is warranted.

This tactic fails for multiple reasons. Perhaps most foundationally, whether or not at one time this was true[8] it is no longer the case. An independent manager, PPA, is now in charge, and no current employees of the Receivership Funds are involved in the management or operation of the QOZ and REIT. If, as the Receiver intimates, the "intertwined nature" of these funds and the Receivership Funds justifies the expansion of the Receivership, the fact that they are no longer intertwined counsels against granting the Motion. Moreover, the Receiver appears to be conflating the alleged involvement of the manager of the Receivership Funds with a commingling of assets between those entities and the QOZ and REIT.

Secondly, to the extent that there were any expenses that should have been reimbursed, they could be done so later. There is no reason to impose the extreme remedy of an expanded receivership when there is another, simpler less intrusive remedy.

Finally, to the extent that the Receiver is arguing that there was some conflict of interest because Davison and others were involved in the QOZ and REIT as well as the Receivership

[7] This argument applies appears to relate largely to the REIT, as the only allegedly improper benefit the QOZ received was the use of Receivership Fund employees (see motion 10-11; Wiand Aff., 7) and there is no evidence that these are significant costs.

[8] Defendant contests the factual claim that these expenses were entirely unreimbursed. For the reasons set out in the prior section, it appears that there was some, potentially substantial, reimbursement of expenses incurred.

Funds, any such conflict was fully disclosed. *See, e.g.*, QOZ PPM, 8-9,11-12, 25-26, 58-60; REIT PPM, 2, 28-30, 79-85.

D. <u>Conclusion: The Law Disfavors the Expansion of the Receivership</u>

The Receiver argues that it is appropriate to "expand the receivership" as "an exercise of its broad discretion to fashion equitable relief." Motion, 11. The Receiver also claims that there is an urgent need for the expansion: "It is without question that the REIT and QOZ are in financial distress. The QOZ has no operating income and the net income of the REIT's rental operations is insufficient to cover its dividend obligations." Motion, 14.

The Receiver is wrong. Equity actually disfavors the expansion of the receivership to encompass the QOZ and the REIT, and the Receiver has failed to establish an evidentiary basis for the extreme remedy he seeks.

The Receiver's citations do not support his efforts. *SEC v. Elliott*, 953 F.2d 1560 (11th Cir. 1992) did not, for example, relate to either the imposition of or expansion of a receivership. It related instead to the claims procedures to be followed under a plan of distribution to dispose of receivership property, and what procedural rights claimants to that property had. The footnote cited by the Receiver had nothing to do with the expansion of a receivership to different entities. Nor did *SEC v. Elmas Trading Corp.*, 620 F. Supp. 231 (D. Nev. 1985) have facts similar to the case at bar; instead, it related to the treatment to be accorded to alter egos. There is no claim that the QOZ or REIT are alter egos of the Receivership Funds, or that there was disregard of the corporate form, or that they were merely shell corporations, rendering that case completely inapplicable. The same holds true for *SEC v. Torchia*, 2016 WL 6212002 (N.D. Ga. Oct. 25,

2016) (finding based on alter ego theory).[9] Indeed, courts in this District have denied such applications where there is no alter ego finding. *See, e.g., SEC v. Kirkland*, 2006 WL 3388463 (M.D. Fla. Nov. 21, 20016).

1. An Expansion of the Receivership is Not in the Interests of Investors

The fundamental justification for the appointment of a Receiver is the preservation of assets for the benefit of investors. The cases appointing a receiver justify that appointment by finding that is an imminent risk of loss, either of dissolution of the company or diversion of assets. The purpose of that appointment is therefore to prevent putting the interests of public investors in substantial jeopardy. *SEC v. RJ Allen*, 386 F. Supp. 866, 878 (S.D. Fla. 1974). *See also SEC v. Gulf Intercontinental Finance Corp*., 223 F. Supp. 987, 996 (S.D. Fla. 1963) (appointment of receiver should be in best interests of public investors); *SEC v. First Financial Group of Texas*, 645 F.2d 429, 439 (5th Cir. 1981) (finding appointment of receiver was a "necessary relief measure" to "protect the public welfare – and especially the interest of those who invested").Where a receiver seeks to expand a receivership, it must be able to show "beyond mere speculation that these entities should be brought within the Receivership." *S.E.C. v. Elmas Trading Corp.*, 620 F. Supp. 231, 233 (D. Nev. 1985), *aff'd*, 805 F.2d 1039 (9th Cir. 1986). The burden of proof rests on the receiver to make such a showing. *See id.*; *see also Sec. & Exch. Comm'n v. Creative Capital Consortium, LLC*, 08-81565-CIV, 2009 WL 10664430 (S.D. Fla. Sept. 21, 2009). The Receiver has failed to shoulder this burden.

[9] The other cases cited by the Receiver are even further afield. *SEC. v. Lauer*, 2009 WL 812719 (S.D. Fla. 2009) does not relate to receiverships, but to carve-out applications for counsel fees. The reference to *U.S. v. Ward*, 197 F.3d 1076 (11th Cir. 1999) relates only to a boilerplate statement about the fungibility of money, and has no bearing to receiverships. *In re Fin. Fed. Title & Trust, Inc*., 347 F.3d 880 (11th Cir. 2003) is largely a discussion about the applicability of Florida's homestead exemption in bankruptcy cases.

There is no admissible evidence that the expansion of the Receivership will benefit QOZ or REIT investors. The Receiver has not proposed to inject any capital into either vehicle, or provided evidence that any is needed. Moreover, the fact remains that the Receiver and its designees have managed to incur over $600,000 in costs and expenses in approximately six weeks of a receivership. *See* Docket Entry 88. Given that PPA has been put into place and will likely not impose even a semblance of those costs, it would appear that the expansion of the Receivership is not in the financial interests of investors.

Nor is it in their other interest in being managed by a party with their best interests in mind. Now that PPA is in place, the QOZ and the REIT investors have someone managing those entities in their interest, and their interest alone. That is far preferable to having the conflicted Mr. Wiand appointed, given his stated intent to plunder the QOZ and REIT for the benefit of the Receivership Funds. While it ultimately might be proven, after discovery, that the QOZ and the REIT owe a debt to the Receivership Funds, it is not fair to the investors of the QOZ and REIT to appoint someone who appears predisposed to subordinate their interests to those of the investors in the Receivership Funds.[10]

2. <u>There is No Factual Basis for the Receiver's Application</u>

The Receiver's Motion rests largely on two factual claims: that there is an urgency to his Motion, and that absent his appointment, the QOZ and REIT will suffer extreme financial distress. Neither has been proven.

The factors that allegedly demonstrate this urgency – in large part, the presence of common management, are no longer operative. The Receiver premises the "affiliation" and

[10] Furthermore, it is possible that the inclusion of the QOZ with the Receivership Funds might detriment the tax status of the QOZ investors. *See* QOZ PPM, 44-46, 76-80.

"overlapping" of the QOZ and REIT and Receivership Funds as grounds for expanding the receivership, claiming "the presence of overlapping control persons, the transference of monies between entities, and common addresses." Motion, 13, *citing SEC v. Private Equity Mgmt. Group, Inc*., 2009 WL 3074604 (C.D.Cal. Sept. 21, 2009). But Davison no longer is in a position of control or authority over the QOZ or REIT, and there is no current transfer, or risk of transfer, of funds between the QOZ or REIT and any entities under the Receiver's control. There is no longer a common address. Consequently any purported urgency on this basis no longer exists.

There is clearly no financial urgency as well. Whatever concerns might once have been valid, they are no longer. PPA has been appointed as a temporary administrator of the QOZ and REIT, to pay expenses, collect rents, pay contractors, make repairs, and so on. It is also noteworthy that, at the May 21, 2020 hearing, Receiver's counsel first argued that an additional $50,000.00 was enough to cover any current expenses of the QOZ and REIT. Furthermore, the entities' respective bank accounts show a balance of more than $350,000 and $310,000, and the REIT earns at least $720,000 per annum in rental income. (Presumably, with active management that figure would be even higher.) This would indicate that the Receiver, which is in the best position to gauge what resources are needed, did not believe that there was any imminent financial distress that would justify additional funds.[11]

Nor is there any reason to believe that the inclusion of the QOZ and the REIT in the Receivership would somehow make them financially more viable. The Receiver has not suggested that he would use funds from the Receivership Funds to benefit the QOZ or REIT. Nor has he suggested anything that would indicate he would put the QOZ or REIT on a better

[11] To the extent that there are any concerns about improper use of Receivership Fund assets, that related to past alleged misuse, and cannot be an issue going forward.

financial footing. To the contrary, the Receiver's repeated reference to rescission apparently reflects his intent to liquidate the QOZ and REIT (which would likely have catastrophic tax consequences for the investors in the QOZ.)

3. The Receiver Cannot Bootstrap This Motion On His Prior Appointment

To a significant degree, the Receiver's Motion relies upon the fact of his prior appointment over the Receivership Funds, and attempts to bootstrap it into an all-encompassing governance of multitudes of vehicles. But the fact remains that all that the Court did was grant a temporary order appointing Mr. Wiand as Receiver over the Receivership Funds, accompanying an emergency SEC action alleging that the management of those entities violated various securities laws. There was no opposition to that motion, and no opportunity for the court to conduct a fact-finding based on discovery. Among other things, there was no opportunity to contest the claim that the value of the properties was insufficient to satisfy the debenture obligations of the Receivership funds.[12] Nor was there an opportunity to contest the claim that Davison, who had minimal involvement in the sales process of investments, was responsible for various alleged misrepresentations to investors.

Yet the Receiver seeks to expand an emergency finding made with no opposition into a license to allege that everything in which Davison was involved is somehow fraudulent, notwithstanding the utter absence of evidence from any investor that they believe that they were defrauded into investing in either the QOZ or the REIT. There is no evidentiary basis to

[12] Although the inability to conduct discovery, along with the seizure of all corporate books and records, hampers his ability to contest that claim, Mr. Davison believes that the SEC and the Receiver incorrectly valued the properties held by the Receivership Funds at acquisition and rehabilitation costs, rather than their current fair market value, thus coming up with an unjustifiably low assessment for the value of those properties. This cost value approach does not reflect the market appreciation in value for these properties nor the "value add" component through capital improvement or through buying them at below market prices.

justify the expansion of that emergency relief regarding the Receivership Funds to other investment vehicles against which no law enforcement authorities have levied any charges.

4. There Are Other, Less Radical Remedies Available

Finally, to the extent that the Court needs to take any action, there are other less intrusive remedies that can be imposed. Among other things, if it turns out that the QOZ and REIT improperly received a benefit at the expense of the Receivership Funds, there can be an accounting. If any investors who redeemed interests in a Receivership Fund got what turns out to be a preference, that too can be dealt with, by a claw back or some similar mechanism.

Given that the QOZ and REIT are no longer being managed by Davison, there is no need for the Receiver to step in. Nonetheless, should the Court think it necessary, Davison would agree to provide the Receiver with the ability to monitor the management of the QOZ and REIT for a period of three months, renewable on application, should it wish to ascertain that PPA is managing those entities successfully. This monitoring would provide the Receiver with the ability to be informed of any transactions undertaken by PPA, and provide access to the books and records of the QOZ and REIT, and their related entities.

In conclusion, as set forth above, the Receiver has failed to make the evidentiary showing that would be required to expand the Receivership to include the QOZ and the REIT. Not only has he failed to make that showing, he has failed to demonstrate that there is any emergency to warrant this Court's exercise of its equitable powers. His Motion should be denied.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing has been filed via the Court's CM/ECF system, which will send an electronic copy of the foregoing and a notice of filing same to all counsel of record, on this 2nd day of June, 2020.

/s/ Gerald D. Davis
Attorney

EXHIBIT A

Confidential Private Placement Memorandum

EQUIALT QUALIFIED OPPORTUNITY ZONE FUND, LP

Maximum Offering of $500,000,000 in Units

EquiAlt Qualified Opportunity Zone Fund, LP (the "Fund") is a recently organized Delaware limited partnership formed to invest in a portfolio of residential and commercial real estate properties, joint venture equity investments, and other real-estate related assets with a focus on investments located within qualified opportunity zones ("Opportunity Zones"), as designated in the Tax Cuts and Jobs Act (the "TCJA"). During the term of this offering, we will supplement this memorandum to disclose information concerning any significant investment identified or acquired by us.

We are seeking to raise up to $500,000,000 through our best efforts offering of Units to accredited investors, which amount may be increased to $1,000,000,000 in the sole discretion of our General Partner. As of the date of this memorandum, we have only designated one class of partnership Units. We expect this offering will terminate no later than our acceptance of subscriptions with an aggregate purchase price of $500,000,000. However, the term of this offering and the maximum offering amount may be extended in the sole discretion of our General Partner. We may terminate this offering at any time.

We intend to qualify as a qualified opportunity fund. However, there is no guarantee that we will so qualify or that any investor would be able to realize any particular tax results by making an investment in us. Our ability to be treated as a qualified opportunity fund is subject to considerable uncertainty.

The qualified opportunity zone rules were recently enacted, and the proposed implementing regulations were promulgated by the U.S. Treasury Department on October 19, 2018 (the "Proposed Regulations").

It is possible that we may fail to meet the requirements to be treated as a qualified opportunity fund, and there can be no guarantee that any investor will realize any tax advantages of investing in a qualified opportunity fund as a result of an investment in us.

Investing in our Units involves a degree of risk. See "Risk Factors" to read about risks investors should consider before buying our Units. These risks include the following:

- No public market currently exists for our Units, and we have no plans at this time to list our Units on an exchange. Our charter does not require our General Partner to provide our unitholders a liquidity event by a specified date. In addition, the Units are subject to restrictions on transferability and re-sale and you may be required to bear the financial risk of this investment for an indefinite period of time.
- This Fund was recently formed and has no operating history. Our prior performance tables reflect the returns of other funds within the EquiAlt family of funds.
- This is a fixed price offering, and we set the offering price of our Units arbitrarily. This price is unrelated to the book or net value of our assets or to our expected operating income.
- If we are unable to raise substantial funds during our offering stage, we may not be able to acquire a diverse portfolio of real estate investments and the value of our unitholders' investment may vary more widely with the performance of specific assets.
- All of our executive officers and other key professionals are also officers, managers, directors, key professionals and/or holders of an interest in our advisor and/or other EquiAlt-affiliated entities. As such, they will face conflicts of interest, including significant conflicts created by our advisor's compensation arrangements with us and other EquiAlt-sponsored programs. Fees we pay our advisor in connection with the acquisition or origination and management of our investments will be based on the cost of the investment, not on the quality of the investment or services rendered to us.
- We depend on our advisor and its affiliates to conduct our operations and this offering.
- We will pay substantial fees and expenses to our property manager, our advisor, and their affiliates.
- If you subscribe for Units in this private offering, you will grant an irrevocable authorization for our advisor to be your proxy at a meeting of our partners with permission to vote your Units on certain matters, including amendments to our charter.
- Disruptions in the financial markets and uncertain economic conditions could adversely affect our ability to implement our business strategy and generate returns to unitholders.

Neither the SEC nor any other state securities regulator has approved or disapproved of our Units, determined if this memorandum is truthful or complete, or passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.

This investment involves a high degree of risk. You should purchase these securities only if you can afford a complete loss of your investment. No one is permitted to make any predictions about the cash benefits or tax consequences you will receive from your investment.

The date of this memorandum is November 1, 2018

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") IS BEING FURNISHED ON A CONFIDENTIAL BASIS SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED ON BEHALF OF US, EQUIALT QUALIFIED OPPORTUNITY ZONE FUND, LP THIS MEMORANDUM IS NOT AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO PURCHASE UNITS TO ANY PERSON IN ANY JURISDICTION IN WHICH AN OFFER OR SOLICITATION IS UNLAWFUL OR NOT AUTHORIZED. ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ITS CONTENTS, WITHOUT OUR PRIOR WRITTEN CONSENT, IS PROHIBITED. THE OFFEREE, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN THIS MEMORANDUM AND ALL ENCLOSED DOCUMENTS TO US IF: (i) THE OFFEREE DOES NOT SUBSCRIBE TO PURCHASE ANY OF THE UNITS OFFERED HEREBY; (ii) THE OFFEREE'S SUBSCRIPTION IS NOT ACCEPTED; OR (iii) THE OFFERING IS TERMINATED FOR ANY REASON.

THE UNITS ARE OFFERED SUBJECT TO THE ACCEPTANCE BY US OF OFFERS BY PROSPECTIVE INVESTORS. WE MAY REJECT ANY OFFER IN WHOLE OR IN PART AND NEED NOT ACCEPT OFFERS IN THE ORDER RECEIVED.

THIS OFFERING IS BEING MADE IN RELIANCE UPON THE AVAILABILITY OF AN EXEMPTION FROM THE REGISTRATION PROVISIONS OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), BASED UPON OUR INTENDED COMPLIANCE WITH THE PROVISIONS OF REGULATION D UNDER THE SECURITIES ACT. ACCORDINGLY, A SALE WILL NOT BE MADE TO ANY PERSON UNLESS WE HAVE REASONABLE GROUNDS TO BELIEVE, AND DO BELIEVE, IMMEDIATELY PRIOR TO MAKING SUCH SALE, THAT SUCH PERSON IS A SUITABLE INVESTOR AS DESCRIBED IN THE SECURITIES ACT. SEE "WHO MAY INVEST."

THE UNITS HAVE NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR THE STATE SECURITIES AUTHORITIES OF ANY STATE, NOR HAS THE SEC OR ANY STATE SECURITIES AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. AS A RESULT, THE UNITS MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF ONLY IF, AMONG OTHER THINGS, SUCH TRANSACTION IS REGISTERED OR SUCH TRANSACTION IS EXEMPT FROM THE REGISTRATION PROVISIONS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THIS MEMORANDUM SUPERSEDES ALL PREVIOUSLY PROVIDED MATERIALS, IF ANY. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

INFORMATION RELATING TO OUR COMPANY IS BASED ON THE BELIEFS OF OUR COMPANY AND OUR ADVISOR, EQUIALT CAPITAL ADVISORS, AS WELL AS ASSUMPTIONS MADE BY, AND INFORMATION CURRENTLY AVAILABLE TO, US AND OUR ADVISOR. WHEN USED IN THIS MEMORANDUM, THE WORDS "ANTICIPATE", "BELIEVE", "ESTIMATE", "INTEND", AND WORDS OR PHRASES OF SIMILAR IMPORT, AS THEY RELATE TO OUR COMPANY OR THE INVESTMENTS TO BE MADE BY US, ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS REFLECT THE CURRENT RISKS, UNCERTAINTIES, AND ASSUMPTIONS RELATED TO CERTAIN FACTORS INCLUDING, WITHOUT LIMITATION, COMPETITIVE FACTORS, GENERAL ECONOMIC CONDITIONS, MARKET CONDITIONS, ONE-TIME EVENTS, AND OTHER FACTORS DESCRIBED HEREIN, PARTICULARLY IN THE SECTION ENTITLED "RISK FACTORS." BASED UPON CHANGING CONDITIONS, SHOULD ANY ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALIZE OR SHOULD AN UNDERLYING ASSUMPTION PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED HEREIN AS ANTICIPATED, BELIEVED, ESTIMATED, EXPECTED OR INTENDED. THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION SET FORTH HEREIN IS CORRECT SUBSEQUENT TO THE DATE OF THIS MEMORANDUM. WE DO NOT INTEND TO UPDATE THESE FORWARD-LOOKING STATEMENTS. THIS MEMORANDUM MAY BE SUPPLEMENTED FROM TIME TO TIME TO SET FORTH MATERIAL SUBSEQUENT EVENTS OR INFORMATION AND ANY SUCH SUPPLEMENTS ARE INCORPORATED HEREIN BY REFERENCE.

OFFEREES ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS AS LEGAL, TAX OR INVESTMENT ADVICE. EACH OFFEREE SHOULD CONSULT HIS OWN COUNSEL, ACCOUNTANT OR BUSINESS ADVISOR AS TO LEGAL, TAX AND RELATED MATTERS COVERING THE UNITS OFFERED HEREBY. AN INVESTMENT IN OUR COMPANY DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM. INVESTORS MUST FULLY UNDERSTAND AND BE WILLING TO ASSUME THE RISKS INVOLVED IN OUR INVESTMENT PROGRAM. SUBSCRIBERS FOR UNITS WILL REPRESENT THAT THEY ARE ACQUIRING THE UNITS FOR INVESTMENT PURPOSES ONLY.

DURING THE COURSE OF THE OFFERING MADE HEREBY AND PRIOR TO THE PURCHASE OF UNITS, EACH OFFEREE OF UNITS AND HIS PURCHASER REPRESENTATIVE(S), IF ANY, ARE INVITED TO ASK QUESTIONS OF, AND TO OBTAIN ADDITIONAL INFORMATION FROM, US CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, OUR COMPANY OR ANY OTHER RELEVANT MATTERS INCLUDING ADDITIONAL INFORMATION TO VERIFY THE ACCURACY OF THE INFORMATION IN THIS MEMORANDUM TO THE EXTENT WE POSSESS SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE. IN ORDER TO BE RELIED UPON BY THE OFFEREE, ANY SUCH ADDITIONAL INFORMATION OR ANSWERS TO QUESTIONS MUST BE IN WRITING, MUST BE IDENTIFIED AS SUCH, MUST BE DELIVERED AFTER THIS MEMORANDUM, AND MUST BE PROVIDED BY OUR COMPANY. ALL DOCUMENTS REASONABLY RELATED TO THIS INVESTMENT THAT DO NOT ACCOMPANY THIS MEMORANDUM AS EXHIBITS WILL BE MADE AVAILABLE TO THE OFFEREE (OR TO ANY PURCHASER REPRESENTATIVE(S) RETAINED TO ADVISE HIM WITH RESPECT THERETO) UPON REQUEST.

NOTICE TO FLORIDA RESIDENTS: THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. UNDER FLORIDA LAW, IF SECURITIES ARE SOLD TO FIVE OR MORE FLORIDA RESIDENTS, SUCH INVESTORS WILL HAVE A THREE DAY RIGHT OF RESCISSION. INVESTORS WHO HAVE EXECUTED A SUBSCRIPTION AGREEMENT MAY ELECT, WITHIN THREE BUSINESS DAYS AFTER THE FIRST TENDER OF CONSIDERATION THEREFORE, TO

WITHDRAW THEIR SUBSCRIPTION AND RECEIVE A FULL REFUND OF ANY MONEY PAID BY THEM. SUCH WITHDRAWAL WILL BE WITHOUT ANY LIABILITY TO ANY PERSON. TO ACCOMPLISH SUCH WITHDRAWAL, THE WITHDRAWING INVESTOR MUST (I) PROVIDE WRITTEN NOTICE TO THE COMPANY INDICATING THE INVESTOR'S DESIRE TO WITHDRAW AND (II) NOT BE A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY, A PENSION OR PROFIT-SHARING TRUST, OR A QUALIFIED INSTITUTIONAL BUYER. THE WRITTEN NOTICE MUST BE SENT AND POSTMARKED PRIOR TO THE END OF THE THIRD BUSINESS DAY AFTER THE FIRST TENDER OF CONSIDERATION FOR THE SECURITIES PURCHASED. NOTICE LETTERS SHOULD BE SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND TO EVIDENCE THE TIME WHEN IT IS MAILED. ANY ORAL REQUESTS FOR RESCISSION SHOULD BE ACCOMPANIED BY A REQUEST FOR WRITTEN CONFIRMATION FROM THE COMPANY THAT THE ORAL REQUEST WAS RECEIVED ON A TIMELY BASIS.

NOTICE TO PENNSYLVANIA RESIDENTS: EACH SUBSCRIBER WHO IS A PENNSYLVANIA RESIDENT HAS THE RIGHT TO CANCEL AND WITHDRAW HIS OR HER SUBSCRIPTION AND HIS OR HER PURCHASE OF SECURITIES THEREUNDER, UPON WRITTEN NOTICE TO THE COMPANY GIVEN WITHIN TWO BUSINESS DAYS FOLLOWING THE RECEIPT BY THE COMPANY OF HIS OR HER EXECUTED SUBSCRIPTION AGREEMENT. ANY LETTER OR TELEGRAM NOTICE SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED. IF YOU MAKE THE REQUEST ORALLY, YOU SHOULD ASK FOR WRITTEN CONFIRMATION FROM THE COMPANY THAT YOUR REQUEST HAS BEEN RECEIVED. UPON SUCH CANCELLATION OR WITHDRAWAL, THE SUBSCRIBER WILL HAVE NO OBLIGATION OR DUTY UNDER THE SUBSCRIPTION AGREEMENT TO THE COMPANY OR ANY OTHER PERSON AND WILL BE ENTITLED TO THE FULL RETURN OF ANY AMOUNT PAID BY HIM OR HER, WITHOUT INTEREST. NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY PASSED ON OR ENDORSED THE MERITS OF THE OFFERING, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON.

WHO MAY INVEST

The Units we are offering through this memorandum are being offered and sold in reliance on an exemption from the registration requirements of the Securities Act. Accordingly, purchasers in this offering will be strictly limited to persons who meet the requirements and make the representations set forth below. We reserve the right to declare any prospective investor ineligible to purchase Units based on any information that may become known or available to us concerning the suitability of such prospective investor or for any other reason.

Investor Suitability Standards

Investment in the Units involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. Investors should be able to afford the loss of their entire investment. This investment will be sold only to investors who (i) purchase a minimum of $25,000 of Units or $5,000 of Units for qualified accounts (as defined below), except that we may permit certain investors to make a smaller investment in our Units, in our sole discretion, and (ii) represent in writing that they meet the investor suitability standards established by us and as may be required under federal law.

A qualified account includes an account established for (i) an "employee pension benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA") and subject to the requirements of Title I of ERISA, (ii) an "individual retirement account" within the meaning of section 408(a) of the Code and/or a "Plan" within the meaning of section 4975(e)(1) of the Code, or (iii) a "governmental plan" within the meaning of section 3(32) of ERISA.

As a proposed investor in the Units, you must represent in writing that you meet, among others, all of the following suitability standards:

a. You are aware that an investment in the Units involves a high degree of risk of loss of your entire investment, and you understand and take full cognizance of the risk factors related to the purchase of the Units, including, but not limited to, those set forth in the section entitled "Risk Factors" in this memorandum.

b. You are aware that the Units are restricted securities, and may not be transferred or resold except as permitted under the Securities Act, and applicable state securities laws, pursuant to registration or exemption therefrom; no public market for the Units exists and none is expected to develop; and it may not be possible for you to liquidate your investment in the Units.

c. You have received and carefully read and understand this memorandum, the subscription agreement, and all other documents in connection therewith, and you confirm that all documents, records and books pertaining to the investment in the company through the Units have been made available to you and/or your purchaser representative or other personal investment, tax and legal advisers, if such advisers were utilized by yourself, and you agree to be bound by the terms of the subscription agreement and all such other documents.

d. You are the sole party in interest as to the Units subscribed for and are acquiring the Units for your own account, for investment only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Units and you have adequate means of providing for your current needs and personal contingencies, and do not anticipate that you will have a need to liquidate or transfer the Units during the term of the company.

e. You are capable of bearing the high degree of economic risk of this investment including, but not limited to, the possibility of complete loss of investment and the lack of a public market that may make it impossible to readily liquidate the investment whenever desired, and your overall commitment to investments that are not readily marketable is not disproportionate to your net worth, and your investment in the Units will not cause such overall commitment to become excessive.

f. You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in your investment in the Units.

g. You have knowledge and experience in financial and business matters (either alone or with the aid of a purchaser representative), are capable of evaluating the merits and risks of an investment in the company and its proposed activities, have the ability to protect your interests in connection with such investment and have carefully considered the suitability of an investment in the company for your particular financial situation, and have determined that the Units are a suitable investment.

h. You are an accredited investor. Generally, to be an "accredited investor," an investor who is a natural person must, at the time of his or her purchase, (i) have a net worth, individually or jointly with one's spouse, in excess of $1,000,000 or (ii) have had an individual income in excess of $200,000 in each of the two most recent years, or joint income with one's spouse in excess of $300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year. In determining net worth, the value of the investor's principal residence, and debt secured thereby, is excluded from the calculation, provided, that if the debt exceeds the fair market value of the principal residence, then the excess of such debt is included in total liabilities.

An organization or entity may qualify as an "accredited investor" if it is (i) a corporation, an organization described in Section 501 (c)(3) of the Internal Revenue Code, Massachusetts or similar business trusts or partnership not formed for the specific

purpose of acquiring Units, with total assets in excess of $5,000,000, (ii) a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Units, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in a share, (iii) a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); (iv) an insurance company as defined in Section 2(13) of the Securities Act; (v) an investment company registered under the Investment Company Act of 1940 (the "Investment Company Act"); (vi) a business development company as defined in Section 2(a)(48) of the Investment Company Act; (vii) any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; (viii) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, if such plan has total assets in excess $5,000,000; (ix) an employee Benefit Plan within the meaning of ERISA, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee Benefit Plan has total assets in excess of $5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors, (x) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, (xi) a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; (xii) an entity all of the equity owners of which are accredited investors.

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SUMMARY OF THE OFFERING

This summary highlights material information contained elsewhere in this memorandum. Because it is a summary, it may not contain all of the information that is important to you. To understand this offering fully, you should read the entire memorandum, as supplemented, carefully, including the "Risk Factors" section, before making a decision to invest in our Units ("Units").

What is EquiAlt Qualified Opportunity Zone Fund, LP?

EquiAlt Qualified Opportunity Zone Fund, LP (the "Fund") is a recently formed Delaware limited partnership that intends to qualify as a qualified investment zone fund. We expect to use substantially all of the net proceeds raised during our offering stage to acquire, substantially improve, and manage a diverse portfolio of real estate properties and real estate-related assets. Based on the current market outlook, we expect our focus in the U.S. market to reflect a more valuecreating core strategy. We may invest in single family residential, multifamily, commercial, industrial, or mixed-use properties. We may make our investments through the acquisition of individual assets or by acquiring portfolios of assets. While we generally expect to have little to no leverage, we may incur debt if our advisor or General Partner determines that it is in the best interests of the Fund. We plan to diversify our portfolio by geographic region, investment size, and investment risk, with the goal of acquiring a portfolio of incomeproducing assets that provides attractive and stable returns to our investors.

We were formed in the State of Delaware on August 10, 2018, and as of the date of this memorandum, have not yet made any investments. Our external advisor, EquiAlt Capital Advisors LLC, will conduct our operations and oversee our portfolio of real estate investments. We have no paid employees and rely on the staff of our advisor and our property manager.

Our office is located at 2112 W. Kennedy Blvd., Tampa, Florida 33606. Our telephone number is (855) EquiAlt.

What are your investment objectives?

Our primary investment objectives are to preserve and return our unitholders' capital contribution and to provide them with attractive and stable returns. We will also seek to realize growth in the value of our investments by timing asset sales to maximize asset value.

We may return all or a portion of our unitholders' capital contribution in connection with the sale of the company or the assets we acquire or upon maturity or payoff of our debt investments. Alternatively, and while the sale of our unitholders' Units may be difficult for the reasons discussed in the risk factors below, our unitholders may be able to obtain a return of all or a portion of their capital contribution in connection with the sale of their Units.

Once we make our first real estate investment, our General Partner may authorize and declare distributions based on daily record dates and to pay these distributions on a quarterly basis; however, because the General Partner intends for the Fund to be a qualified opportunity zone fund, providing long-term tax benefits to its unitholders, the Fund is likely to accrue most of its investment income rather than distribute this income.

Are there any risks involved in an investment in your Units?

Investing in our Units involves a degree of risk. You should carefully review the "Risk Factors" section of this memorandum, which contains a detailed discussion of the material risks that you should consider before you invest in our Units. Some of the more significant risks relating to an investment in our Units include:

- No public market currently exists for our Units, and we have no plans at this time to list our Units on a national securities exchange. Our governing documents do not require our General Partner to provide our unitholders with a liquidity event by a specified date or at all. In addition, the Units are subject to restrictions on transferability and resale and you will be required to bear the financial risk of this investment for an indefinite period of time. Further, any sale must comply with applicable state and federal securities laws. Our Units cannot be readily sold.
- We have no operating history. As of the date of this memorandum, we did not own any real estate investments.
- This is a fixed price offering, and we set the offering price of our Units arbitrarily. This price may not be indicative of the price at which our Units would trade if they were listed on an exchange or actively traded, and this price bears no relationship to the book or net value of our assets or to our expected operating income.
- If we are unable to raise substantial funds during our offering stage, we may not be able to acquire a diverse portfolio of real estate investments, which may cause the value of an investment in us to vary more widely with the performance of specific assets and cause our general and administrative expenses to constitute a greater percentage of our revenue. Raising fewer proceeds during our offering stage, therefore, could increase the risk that our unitholders will lose money in their investment.
- We depend on our advisor and its affiliates to select and manage our investments and conduct our operations and this offering.
- All of our executive officers and other key real estate professionals are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor and/or other EquiAlt-affiliated entities. As a result, our executive officers and some of our key real estate professionals, our advisor and its affiliates will face conflicts of interest, including significant conflicts created by our advisor's and its affiliates' compensation

arrangements with us and other EquiAlt-sponsored programs and conflicts in allocating time among us and these other programs. Furthermore, these individuals may become employees of another EquiAlt-sponsored program in an internalization transaction or, if we internalize our advisor, may not become our employees as a result of their relationship with other EquiAlt-sponsored programs. These conflicts could result in action or inaction that is not in the best interests of our unitholders.

- We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). We may also fund distributions from the sale of assets or from the maturity, payoff or settlement of debt investments. If we pay distributions from sources other than our cash flow from operations, we will have less funds available for investment in assets, the overall return to our unitholders may be reduced and subsequent investors will experience dilution.
- Because investment opportunities that are suitable for us may also be suitable for other EquiAlt-sponsored programs, our advisor and its affiliates could face conflicts of interest relating to the purchase of properties and other investments. Any such conflicts in directing investment opportunities may not be resolved in our favor, meaning that we could invest in less attractive assets, which could reduce the investment return to our unitholders. Currently, the only other EquiAlt-sponsored programs are no longer making acquisitions of properties. Accordingly, any conflicts we face would be with respect to future EquiAlt-sponsored programs, none of which are contemplated at this time.
- Our advisor and its affiliates will receive fees in connection with transactions involving the acquisition or origination and management of our investments. These fees will be based on the cost of the investment, and not based on the quality of the investment or the quality of the services rendered to us.
- We will pay substantial fees to and expenses of our advisor, its affiliates, and brokerdealers, which payments increase the risk that our unitholders will not earn a profit on their investment. We may also pay significant fees during our liquidation stage.
- If we are unable to locate investments with attractive yields while we are investing the proceeds raised in our offering stage, our distributions and the longterm returns of our investors may be lower.
- If you subscribe for Units in this offering, you will grant an irrevocable authorization for our advisor to be your proxy at a meeting of our unitholders with permission to vote your Units on certain matters, including certain amendments to our governing documents.
- We will depend on tenants for the revenue generated by any real estate investments we make and, accordingly, the revenue generated by our real estate investments is dependent upon the success and economic viability of our tenants. Revenues from any properties we acquire could decrease due to a reduction in occupancy (caused by factors including, but not limited to, tenant defaults, tenant insolvency, early termination of tenant leases and nonrenewal of existing tenant leases) and/or lower rental rates, making it more difficult for us to meet any debt service obligations we have incurred and limiting our ability to pay distributions to our unitholders.
- Our future real estate investments may be affected by unfavorable real estate market and general economic conditions, which could decrease the value of those assets and reduce the investment return to our unitholders. Revenues from such real estate properties and assets directly securing any real estaterelated investments we acquire or originate could decrease. Such events would make it more difficult for the borrowers under such investments to meet their payment obligations to us and could in turn make it more difficult for us to meet debt service obligations and limit our ability to pay distributions to our unitholders.
- Disruptions in the financial markets and uncertain economic conditions could adversely affect our ability to implement our business strategy and generate returns to our unitholders.
- We may incur debt obligations that have variable interest rates with interest and related payments that vary with the movement of the prime rate or other indexes. Increases in the indexes could increase the amount of payments on such debt obligations and limit our ability to pay distributions to our unitholders.
- We cannot predict with any certainty whether and to what extent the current tax code will be revised by the U.S. Congress, which could impact the Fund's status as a qualified opportunity zone fund.

Who is your advisor and what will the advisor do?

As our advisor, EquiAlt Capital Advisors LLC ("EquiAlt Capital Advisors") will manage our daytoday operations and our portfolio of real estate investments, all subject to the supervision of our General Partner. Our advisor is indirectly owned and controlled by Brian Davison. Mr. Davison and his team of real estate professionals, acting through EquiAlt Capital Advisors will make most of the decisions regarding the selection and the negotiation of our real estate investments. EquiAlt Capital Advisors then makes recommendations on all investments to our General Partner. EquiAlt Capital Advisors will also provide asset management, marketing, investorrelations and other administrative services on our behalf with the goal of maximizing our cash flow from operations.

What is the experience of your sponsor?

EquiAlt Holdings LLC, which is owned and controlled by Brian Davison, acts as our sponsor. EquiAlt Holdings owns and controls our advisor and EquiAlt Property Management LLC, our property manager. Mr. Davison actively participates in the management and operations of our advisor and our property manager.

Mr. Davison works at EquiAlt Capital Advisors with his team of key real estate professionals. The key real estate professionals at our advisor include Mr. Davison, Barry Rybicki, Tony James Michael Kelly, Bertram Andy Nyka and Michelle Rodriquez Diaz. These key real estate professionals, collectively, have over 50 years of real estate experience. The key real estate professionals at our advisor have been through multiple real estate cycles in their careers and have the expertise gained through handson experience in acquisitions, originations, asset management, dispositions, development, leasing and property and portfolio management.

Collectively, EquiAlt Fund, LLC ("EquiAlt Fund I"), EquiAlt Fund II, LLC ("EquiAlt Fund II"), EA SIP, LLC ("EA SIP"), EquiAlt Secured Income Portfolio REIT, Inc. ("EquiAlt REIT"), and EquiAlt, LLC own approximately 400 properties, largely consisting of single-family residential properties and multifamily properties, primarily in Florida and Tennessee.

When we refer to a "EquiAlt-sponsored program," we are referring to the real estate programs sponsored by an investment advisor affiliated with Mr. Davison and our company, that have been or are currently being sponsored by Mr. Davison. As noted above, Mr. Davison has sponsored EquiAlt Fund I, EquiAlt Fund II, EA SIP, and EquiAlt Qualified Opportunity Zone Fund, LP, which continue to manage properties. Mr. Davison also sponsored EquiAlt Fund III, LLC ("EquiAlt Fund III"), which returned all principal plus a fixed 9% annual return to third-party investors. EquiAlt, LLC was the manager of EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP.

Mr. Davison is the manager of our General Partner. Mr. Davison is also the Chief Executive Officer and a principal of our advisor and our property manager. Mr. Davison is the founder of the EquiAlt family of companies, and has served as the Chief Executive Officer of EquiAlt, LLC since the company's inception in 2011. Mr. Davison has extensive executive management experience and more than 20 years of experience in the real estate industry, with an emphasis on the single-family residential market. In 2009, Mr. Davison founded EquityAlt, LLC through which he acquired real property with third-party investors, typically structured as tenancies in common. Under his leadership, EquityAlt, LLC began acquiring distressed real estate assets, including single-family properties sold at auction. Having successfully completed numerous transactions between 2009 and 2011, Mr. Davison founded EquiAlt, LLC in early 2011 to introduce a fixed-return fund concept for its investors. EquiAlt, LLC served as the manager for four EquiAlt-sponsored programs, EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP. These programs offered investors fixed-rate debentures and targeted the single-family residential market. EA SIP, however, focuses on single-family residential and multifamily developments. Mr. Davison has purchased, rehabilitated, and either sold or rented more than $300 million in single-family and multi-family properties on behalf of the EquiAlt-sponsored programs, delivering impressive returns to the funds.

From 2003 to the start of 2008, Mr. Davison served as the Chief Executive Officer of Affinity Capital LLC, a national mortgage brokerage with offices in three states, where he successfully completed over $600 million in funded projects for single-family residential property, commercial property, and tenants-in-common transactions before the U.S. economy suffered its severe downtown.

Prior to that experience, he served as an officer or director of several real estate lending or investment companies beginning in 1995, with a focus on single-family residential products.

Mr. Davison studied political science at California State University San Marcos, and holds, or has held, mortgage broker licenses in Nevada and Florida, and real estate licenses in California and Nevada.

Mr. Rybick has served as our Chief Financial Officer, Treasurer, Secretary and Executive Vice President since October 2017 and as a member of the General Partner since August 2017. Mr. Rybicki is also the Chief Operating Officer of our advisor and our property manager. Mr. Rybicki has served as Managing Director of EquiAlt, LLC since its inception in January 2011. He served as President of Operations of EquityAlt, LLC from June 2009 to early 2011, when he and Mr. Davison formed EquiAlt, LLC.

Mr. Rybicki has over 20 years of experience in residential real estate investment, banking, and investment funds. For the past six years, he has managed a $100 million capital raise for the EquiAlt family of funds, and he oversaw the successful dissolution of EquiAlt Fund III.

Mr. Rybicki also founded and successfully grew Integrity Funding, LLC, a mortgage bank, from March 2003, until its dissolution in June 2009. During that time, Mr. Rybicki acted as Chief Executive Officer and oversaw the origination of over $500 million in real estate loans, ranking it within the top five financial institutions in the Western region of the United States, before the collapse of the real estate lending industry. He developed numerous relationships within Wells Fargo, Citi Bank, JP Morgan and Bank of America. As a result of the Great Recession and its impact on the real estate industry, including his then-employer, Mr. Rybicki filed for bankruptcy, which was discharged in 2009.

Mr. Rybicki has a thorough knowledge of business administration and management as well as an extensive experience in lending, portfolio management, marketing, acquisition analysis and contract negotiation. Mr. Rybicki has held numerous banking licenses and has many affiliations with the National Association of Mortgage Brokers.

How do you expect your portfolio to be allocated between real estate properties and real estaterelated assets?

We intend to acquire and manage a diverse portfolio of real estate investments. We plan to diversify our portfolio by geographic region, investment size and investment risk with the goal of acquiring a portfolio of incomeproducing assets that provides attractive and stable returns to our investors. However, in order to be a qualified opportunity zone fund, we intend to allocate at least 90% of our portfolio to investments in assets located within qualified opportunity zones.

Although this is our current target portfolio, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities. We will not forego a good investment because it does not precisely fit our expected portfolio composition. We believe that we are most likely to meet our investment objectives through the careful selection and underwriting of assets. When making an acquisition, we will emphasize the performance and risk characteristics of that investment, how that investment will fit with our portfoliolevel performance objectives, the other assets in our portfolio and how the returns and risks of that investment compare to the returns and risks of available investment alternatives. Thus, to the extent that our advisor presents us with what we believe to be good investment opportunities, our portfolio composition may vary from what we initially expect. However, we will attempt to construct a portfolio that produces stable and attractive returns by spreading risk across different real estate investments.

Will you use leverage?

While we generally expect to have little to no leverage, we may incur debt if our advisor or General Partner deem it to be in the best interests of the Fund.

How will you structure the ownership and operation of your assets?

We plan to own substantially all of our assets and conduct our operations through one or more limited liability companies, which will act as single-purpose vehicles. An exception may be made for holdings that consist of single-family residential properties. Our affiliates' practice has been to aggregate such properties in investment vehicles based on jurisdiction.

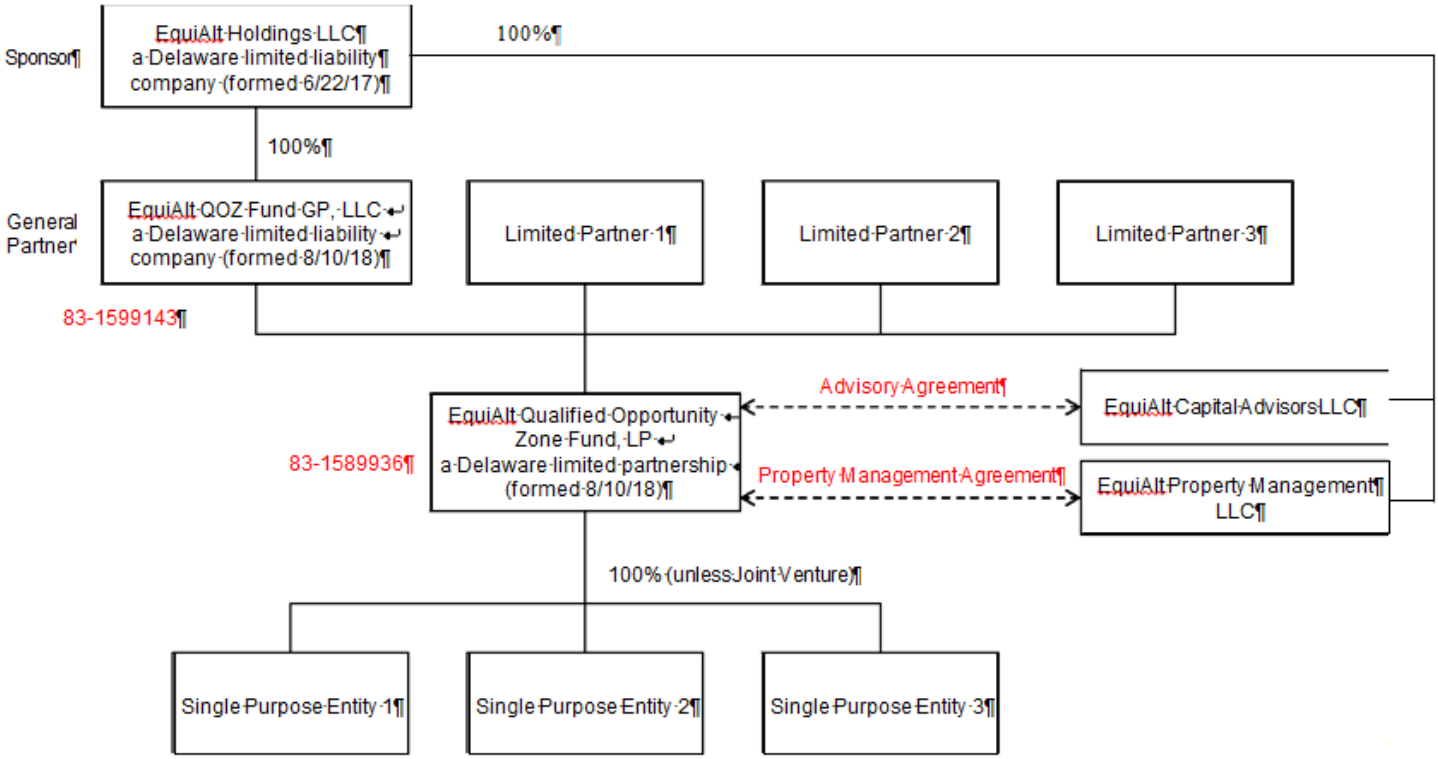
What conflicts of interest will your advisor face?

EquiAlt Capital Advisors and its affiliates will experience conflicts of interest in connection with the management of our business. Mr. Davison controls and indirectly owns both our advisor and our property manager. Some of the material conflicts that EquiAlt Capital Advisors and its affiliates will face include the following:

- The team of real estate professionals at our advisor must determine which investment opportunities to recommend to us and any future EquiAlt-sponsored programs, or programs for whom EquiAlt-affiliated entities serve as an advisor;
- The team of professionals at EquiAlt Capital Advisors and its affiliates have to allocate their time between us and other programs and activities in which they are involved;
- EquiAlt Capital Advisors and its affiliates will receive fees in connection with transactions involving the acquisition or origination, management and sale of our assets regardless of the quality of the asset acquired or the services provided to us;
- EquiAlt Capital Advisors and its affiliates will receive fees in connection with our offerings of equity securities;
- The negotiations of the advisory agreement and the property management agreement (including the substantial fees EquiAlt Capital Advisors and its affiliates will receive thereunder) were not at arm's length;
- EquiAlt Capital Advisors may terminate the advisory agreement without cause or penalty upon 60 days' written notice.
- The key real estate, debt finance, management and accounting professionals at our advisor may become employees of another EquiAlt-sponsored program in an internalization transaction or, if we internalize our advisor, may not become our employees as a result of their relationship with other EquiAlt-sponsored programs.
- EquiAlt Capital Advisors and its affiliates may structure the terms of joint ventures between us and other EquiAlt-sponsored programs or EquiAlt-advised entities.

Who owns and controls the advisor?

The following chart shows the ownership structure of EquiAlt Capital Advisors, EquiAlt Property Management and their affiliates that will perform services for us:



As of the date of this memorandum, Mr. Davison is the sole owner of EquiAlt Holdings LLC.

What are the fees that you will pay to the advisor and its affiliates?

EquiAlt Capital Advisors and/or its affiliates will receive compensation and reimbursement for services related to this offering and the investment, management, and disposition of our assets. The most significant items of compensation are included in the table below. The table assumes the maximum commissions, allowances, expense reimbursements and placement fees (collectively, the "Selling Commissions and Expenses") (with no discounts to any categories of purchasers). No Selling Commissions and Expenses are payable on Units sold through our distribution reinvestment plan if we create one.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for Maximum Primary Offering $500,000,000 in Units
	Organization and Offering Stage	
Selling Commissions – Broker-Dealers	Up to 10% of the purchase price of the Units sold in the offering will be paid to broker-dealers or other licensed professionals.	$50,000,000
Marketing and Due Diligence Allowance – Broker-Dealers	Up to 1% of the purchase price of the Units sold in the offering will be paid to broker-dealers as an allowance for marketing and due diligence.	$5,000,000
Placement Fee – Broker-Dealers	Up to 1% of the purchase price of the Units sold in the offering will be paid to broker-dealers as a placement fee.	$5,000,000

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for Maximum Primary Offering $500,000,000 in Units
Organization and Other Offering Expenses (1)	To date, our sponsor has paid organization and other offering expenses on our behalf. We will reimburse our sponsor for these costs and future organization and other offering costs it may incur on our behalf. These organization and other offering expenses include all expenses (other than Selling Commissions and Expenses) to be paid by us in connection with the offering, including our legal, accounting, printing, mailing and filing fees, charges of our advisor for administrative services related to the issuance of Units in this offering, reimbursement of due diligence expenses of brokerdealers, reimbursement of our advisor for costs in connection with preparing supplemental sales materials, the cost of training and education meetings held by us (primarily the travel, meal and lodging costs of registered representatives of broker-dealers), attendance and sponsorship fees, wholesaling compensation expenses and travel, meal and lodging costs for registered persons associated with broker-dealers and officers and employees of our affiliates to attend retail seminars conducted by broker-dealers. If we raise the maximum offering amount, we expect our organization and other offering expenses to be less than 0.5% of gross offering proceeds; however, there is no limit on the amount of organization and other offering expenses we may incur.	Actual amounts are dependent upon a variety of third-parties, including the Fund's outside legal counsel and accounting professionals; we cannot determine these amounts at the present time.
Acquisition and Development Stage		
Acquisition and Origination Fees – EquiAlt Capital Advisors (1)(2)	1.5% of the cost of investments acquired by us, or the amount to be funded by us to acquire or originate loans, including any acquisition expenses associated with the purchase of such investment or the acquisition or origination of such loan, and any debt attributable to such investment or loan, plus significant capital expenditures budgeted as of the date of acquisition related to the development, construction or improvement of a real estate property. Acquisition fees calculated based on capital expenditures budgeted as of the date of acquisition shall be paid at the time funds are disbursed pursuant to a final approved budget upon receipt of an invoice by us.	$7,500,000 (assumes maximum offering and no debt)
Acquisition and Origination Expenses	Reimbursement of customary acquisition and origination expenses (including expenses relating to potential investments that we do not close), such as legal fees and expenses (including fees of independent contractor inhouse counsel that are not employees of our advisor), costs of due diligence (including, as necessary, updated appraisals, surveys and environmental site assessments), travel and communications expenses, accounting fees and expenses and other closing costs and miscellaneous expenses relating to the acquisition or origination of real estate properties and real estate-related investments. We estimate that these expenses will average approximately 0.6% of the purchase price or origination amount of our investments, excluding fees and expenses associated with such investments.	$3,000,000 (assumes maximum offering and no debt)
Operational Stage		

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for Maximum Primary Offering $500,000,000 in Units
Asset Management Fees – EquiAlt Capital Advisors (1)(2)	A monthly fee equal to one-twelfth of 1.6% of the cost of our investments, less any debt secured by or attributable to our investments. The cost of our real property investments will be calculated as the amount paid or allocated to acquire the real property, plus budgeted capital improvement costs for the development, construction or improvements to the property once such funds are disbursed pursuant to a final approved budget and fees and expenses associated with the purchase of such real property, but excluding acquisition fees paid or payable to our advisor or its affiliates. The cost of our real estate-related investments and any investments other than real property will be calculated as the lesser of: (x) the amount paid or allocated to acquire, originate or fund the investment, including fees and expenses associated with the acquisition, origination or funding of such investment (but excluding acquisition or origination fees paid or payable to our advisor or its affiliates), and (y) the outstanding principal amount of such investment, including fees and expenses associated with the acquisition, origination or funding of such investment (but excluding acquisition or origination fees paid or payable to our advisor or its affiliates). In the case of investments made through joint ventures, the asset management fee will be determined based on our proportionate share of the underlying investment.	Actual amounts are dependent upon the total capital we raise, the cost of our investments and the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for Maximum Primary Offering $500,000,000 in Units
Other Operating Expenses – EquiAlt Capital Advisors and EquiAlt Property Management	We may reimburse the expenses incurred by our advisor in connection with its provision of services to us, including our allocable share of our advisor's overhead, such as rent, employee costs, utilities and IT costs. Our advisor may seek reimbursement for employee costs under the advisory agreement. However, we will not reimburse our advisor or its affiliates for employee costs in connection with services for which our advisor earns acquisition or origination fees or disposition fees (other than reimbursement of travel and communication expenses) or for the salaries or benefits our advisor or its affiliates may pay to our named executive officers. We will reimburse our property manager for all expenses and liabilities incurred in connection with certain utility and service contracts entered into on our behalf. We will reimburse the costs and expenses incurred by our property manager on our behalf, including the wages and salaries and other employee-related expenses and benefits of all on-site employees of our property manager who are engaged in the operation, management, maintenance and leasing or access of our properties, including taxes, insurance and benefits relating to such employees, costs of technology related to specific properties, and legal, travel and other out-of-pocket expenses that are directly related to the management of specific properties. We will not be obligated to reimburse our property manager for any expense allocable to (i) time spent on properties other than those properties the property manager manages under the property management agreement and (ii) any personnel other than on-site personnel or personnel spending a portion of their working hours (to be charged on a pro rata basis) on-site. We may also reimburse our property manager for certain third-party charges and miscellaneous expenses.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
Property Management Fee – EquiAlt Property Management	A monthly management fee equal to the following: (a) for any single-family residential property, (i) 10% of gross revenues for each such property for such month payable monthly in arrears, and (ii) the first month's rent payment for any property for which property manager has placed a new tenant, plus (b) for any property that is not a single-family residence, including multifamily and commercial properties, 4.5% of gross revenues for each such property for such month payable monthly in arrears. "Gross revenues" means all amounts actually collected as rents or other charges for use and occupancy of properties, whether residential or commercial, and concessionaires (if any) in respect of each property, including furniture rental, parking fees, forfeited security deposits, application fees, late charges, income from coin operated machines, proceeds from rental interruption insurance, and other miscellaneous income collected at each property; but shall exclude all other receipts, including but not limited to, income derived from interest on investments or otherwise, proceeds of claims on account of insurance policies (other than rental interruptions insurance), abatement of taxes, and awards arising out of eminent domain proceedings, discounts and dividends on insurance policies.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for Maximum Primary Offering $500,000,000 in Units
Oversight Fee – EquiAlt Property Management	If we hire a third-party property manager not affiliated with the property manager in respect of a property for which we, in our sole discretion, have the ability to appoint or hire the property manager, we will pay the property manager an oversight fee equal to 0.50% of gross revenues of such property.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
	Liquidation	
Disposition Fees– EquiAlt Capital Advisors or its affiliates (1)(2)	In connection with the sale of our assets, which includes the sale of a single asset or the sale of all or a portion of our assets through a portfolio sale, merger or business combination transaction, we will pay our advisor or its affiliates a percentage of the contract sales price of the assets sold (including residential or commercial mortgagebacked securities issued by a subsidiary of ours as part of a securitization transaction). For dispositions with a contract sales price less than or equal to $1.5 billion, the disposition fee will equal 1.5% of the contract sales price. For dispositions with a contract sales price greater than $1.5 billion, the disposition fee will equal 1.5% of the first $1.5 billion of the contract sales price, plus 1.1% of the amount of the contract sales price in excess of $1.5 billion. Provided, however, that upon commencement of an initial public offering, the disposition fees paid to our advisor, its affiliates and unaffiliated third parties may not exceed 6% of the contract sales price. We will not pay a disposition fee upon the maturity, prepayment or workout of a loan or other debtrelated investment, provided that if we negotiate a discounted payoff with the borrower, we will pay a disposition fee and if we take ownership of a property as a result of a workout or foreclosure of a loan, we will pay a disposition fee upon the sale of such property. We do not intend to sell assets to affiliates. However, if we do sell assets to an affiliate, our organizational documents would not prohibit us from paying our advisor a disposition fee. Although we are most likely to pay disposition fees during our liquidation stage, these fees may also be incurred during our operational stage.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

How many real estate investments do you currently own?

As of the date of this memorandum, we did not own any real estate investments. Our Affiliates own approximately 400 properties. As other significant investments become probable, we will supplement this memorandum to provide information regarding the likely investment. We will describe material changes to our portfolio, including the closing of significant asset acquisitions or originations, by means of a supplement to this memorandum.

If I buy Units, will I receive distributions and how often?

After we have made an initial investment, we expect our General Partner to authorize and declare distributions based on daily record dates, and we expect to pay these distributions on a quarterly basis. The rate and type of distribution (whether cash or stock) will be determined by our General Partner based on our financial condition and such other factors as our General Partner deems relevant. Our General Partner has not preestablished a percentage rate of return for distributions to unitholders. We have not established a minimum distribution level, and our governing documents do not require that we make distributions to our unitholders.

We may authorize and declare cash and stock distributions. Generally, our policy will be to pay cash distributions from cash flow from operations. However, we expect to have little, if any, cash flow from operations available for distribution until we make substantial investments. During our offering stage, when we may raise capital more quickly than we acquire incomeproducing assets, and for some period after our offering stage, we may not be able to pay distributions solely from our cash flow from operations. Further, because we may receive income from interest or rents at various times during our fiscal year and because we may need cash flow from operations during a particular period to fund capital expenditures and other expenses, we expect that, at least during the

early stages of our development and from time to time during our operational stage, we will declare distributions in anticipation of cash flow that we expect to receive during a later period and we will pay these distributions in advance of our actual receipt of these funds. In these instances, we expect to utilize offering proceeds to fund at least a portion of our distributions. We may also fund such distributions from the sale of assets or from the maturity, payoff or settlement of debt investments. We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). If we pay distributions from sources other than our cash flow from operations, we will have less funds available for investment in assets, the overall return to our unitholders may be reduced and subsequent investors will experience dilution.

How will you use the proceeds raised in this offering?

The following table sets forth information about how we intend to use the proceeds raised in this offering assuming that we sell a maximum of $500,000,000 in Units in this offering. Many of the amounts set forth below represent management's best estimate since they cannot be precisely calculated at this time. This table assumes the maximum Selling Commissions and Expenses (with no discounts to any categories of purchasers).

We estimate that we will use 61.49% of the gross proceeds in the primary offering to acquire real estate and real estate-related investments, and another 25.00% to fund our working capital reserve, which will be used, in part, to make substantial improvements to the properties we acquire.

We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). If we pay distributions from sources other than our cash flow from operations, we will have less funds available to make real estate investments, the overall return to our unitholders may be reduced and subsequent investors may experience dilution.

	Primary Offering	
	$500,000,000 in Units	
	$	**% of Offering Proceeds**
Gross Offering Proceeds	**500,000,000**	**100.00**
Less Offering Expenses:		
Selling Commissions [1]	50,000,000	10.00
Marketing and Due Diligence [2]	5,000,000	1.00
Placement Fee [3]	5,000,000	1.00
Organization and Other Offering Expenses	500,000	0.10
Amount Available for Investment	**439,500,000**	**87.9**
Acquisition and Origination Fees	4,617,230	0.92
Acquisition and Origination Expenses	2,462,520	0.49
Initial Working Capital Reserve	125,000,000	25.00
Targeted Investment Capital [8]	**319,420,250**	**61.49**

[1] Selling commissions in an amount up to 10% of the purchase price of the Units sold in the primary offering will be paid to broker-dealers. In certain circumstances, the fund may pay a broker-dealer a commission greater than 10% if, in the opinion of the General Partner, it is advisable and in the best interest of the Fund to do so and provided such payment is made in compliance with applicable Federal and state securities laws. The standard commission structure for this offering will pay a 5% commission to the broker-dealer at the time the investment is made, and, provided the investor has not withdrawn the investment, 1% on the fifth anniversary, 1% on the seventh anniversary, and 3% on the tenth anniversary of the investment

[2] Broker-dealers may receive a non-accountable marketing and due diligence allowance of up to 1% of the purchase price of the Units sold in the primary offering.

[3] Broker-dealers may receive a placement fee of up to 1% of the purchase price of the Units sold in the primary offering.

What kind of offering is this?

We are seeking to raise a maximum of $500,000,000 of our Units through a best efforts offering of our Units to accredited investors, which amount may be increased to $1,000,000,000 in the sole discretion of our General Partner. We are offering up to $500,000,000 of Units at an initial purchase price of $10.00 per Unit. Discounts will be available to some categories of purchasers.

How does a "best efforts" offering work?

When Units are offered on a "best efforts" basis, we will be required to use only our best efforts to sell the Units, and we have no firm commitment or obligation to purchase any of the Units. Therefore, we may sell fewer Units than anticipated.

How long will this offering last?

We currently expect our primary offering to terminate upon our acceptance of subscriptions with an aggregate purchase price of $500,000,000; however, in our sole discretion and without notice to you, we may increase the size of this offering and offer additional Units on the same or different terms and conditions. If we decide to increase the size of our primary offering or otherwise extend the term of this offering, we will provide that information in a supplement to this memorandum. We may terminate this offering at any time.

Who can buy Units?

An investment in our Units is suitable only for persons who have adequate financial means and who will not need immediate liquidity from their investment. An investment in our Units is strictly limited to persons who meet certain minimum financial and other requirements. See "Who May Invest."

Who might benefit from an investment in our Units?

An investment in our Units may be beneficial for you if you seek to roll over a capital gain from a prior investment, including the sale of stock, investment property, or a business, and seek to diversify your portfolio with a real estatebased investment, seek to preserve capital, seek to obtain the benefits of potential tax exempt, longterm capital appreciation and are able to hold your investment for a time period consistent with our liquidity strategy and the rules governing investments in qualified opportunity zones. On the other hand, we caution persons who require immediate liquidity or guaranteed income, or who seek a shortterm investment, that an investment in our Units will not meet those needs.

Is there any minimum investment required?

You must generally initially invest at least $25,000 in our Units to be eligible to participate in this offering; provided, however, qualified accounts (as defined below) must initially invest at least $5,000 in our Units to be eligible to participate in this offering. In our sole discretion, we may permit certain investors to invest less. If you are not a qualified account and have satisfied the applicable minimum purchase requirement, any additional purchase must be in amounts of at least $100. The investment minimum for subsequent purchases does not apply to Units purchased pursuant to our distribution reinvestment plan.

A qualified account includes an account established for (i) an "employee pension benefit plan" within the meaning of Section 3(3) of ERISA and subject to the requirements of Title I of ERISA, (ii) an "individual retirement account" within the meaning of section 408(a) of the Code and/or a "Plan" within the meaning of section 4975(e)(1) of the Code, or (iii) a "governmental plan" within the meaning of section 3(32) of ERISA.

Are there any special restrictions on the ownership or transfer of Units?

Yes, the Units in this offering have not been registered under the Securities Act or by the securities regulatory authority of any state. The Units may not be resold unless they are registered under the Securities Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available.

Are there any special considerations that apply to employee benefit plans subject to ERISA or other retirement plans that are investing in Units?

Yes. The section of this memorandum entitled "ERISA Considerations" describes special procedures for the purchase of our Units that apply to Benefit Plan investors, and the effect the purchase of Units will have on, individual retirement accounts and retirement plans subject to ERISA, and/or the Internal Revenue Code. We refer to these types of accounts as "Benefit Plan" investors. ERISA is a federal law that regulates the operation of certain tax advantaged retirement plans. Any retirement plan trustee or individual considering purchasing Units for a retirement plan or an individual retirement account should carefully read that section of the memorandum. Unitholders in this Fund may not own more than 24.9% of the outstanding Units.

We may make some investments that generate "excess inclusion income" which, when passed through to our tax exempt unitholders, can be taxed as unrelated business taxable income ("UBTI") or, in certain circumstances, can result in a tax being imposed on us. Although we do not expect the amount of such income to be significant, there can be no assurance in this regard.

May I make an investment through my IRA, SEP or other taxdeferred account?

Yes, you may make an investment through your individual retirement account ("IRA"), a simplified employee pension ("SEP") plan or other tax deferred account but only if the decisions made by as sophisticated fiduciary. In making these investment decisions, the fiduciary should consider, at a minimum, (i) whether the investment is in accordance with the documents and instruments governing your IRA, plan or other account, (ii) whether the investment satisfies the fiduciary requirements associated with your IRA, plan or other account, (iii) whether the investment will generate UBTI for your IRA, plan or other account, (iv) whether there is sufficient liquidity for such investment under your IRA, plan or other account, (v) the need to value the assets of the IRA, plan or other account annually or more frequently, and (vi) whether the investment would constitute a prohibited transaction under applicable law. See above for considerations related to investments through an IRA, SEP or other tax-deferred account.

How do I subscribe for Units?

If you choose to purchase Units in this offering, you will need to complete and sign a subscription agreement (in the form attached to this memorandum as Appendix A) for a specific dollar amount of Units and pay for the Units at the time of your subscription. Units in this offering will be purchased at the offering price and either (i) processed by us or our advisor, or (ii) confirmed for acceptance into the escrow account applicable to subscription proceeds received from Benefit Plan investors, as applicable to your Units.

If I buy Units in this offering, how may I sell them later?

The Units will not be registered under the Securities Act or any other securities laws and are being offered and sold in reliance on exemptions from registration under the Securities Act for offers and sales of securities that do not involve any public offering contained in Section 4(2) of the Securities Act and Regulation D promulgated thereunder and analogous exemptions under state securities laws. At the time you purchase the Units, they will not be listed for trading on any national securities exchange or over-the-counter market. The Units may not be sold or transferred unless they are registered under the laws of the relevant jurisdictions, or unless such sale, transfer, or disposition is exempt from such registration under the Securities Act and under all other applicable laws.

Our General Partner has adopted a redemption program pursuant to which our unitholders may be able to have their Units repurchased by us, subject to numerous restrictions that limit our unitholders' ability to sell their Units to us. The price at which we repurchase Units in our redemption program will vary depending on whether we have announced an estimated NAV and the circumstances under which the redeeming unitholder is requesting redemption. The terms of our redemption program are more generous with respect to redemptions sought upon a unitholder's death, "qualifying disability", or "determination of incompetence" (each as defined in the program and collectively, "Special Redemptions"), as described below.

If and when we do have funds available for redemption, with respect to Units submitted for redemption, other than in connection with a Special Redemption (an "Ordinary Redemption"), for those Units held by the redeeming unitholder for at least one year, we expect to initially redeem Units submitted for redemption at 95.0% of the price paid to acquire the Units from us. For purposes of the foregoing, the price paid to acquire Units received as a stock distribution will be deemed to be the purchase price for Units in our primary offering in effect on the date of the issuance of the stock distribution. Once we establish an estimated NAV per Unit of our Units, for those Units held by the redeeming unitholder for at least one year, we will redeem all Units submitted in connection with an Ordinary Redemption at 95.0% of our estimated NAV per Unit as of the applicable redemption date.

For purposes of determining whether a redeeming unitholder has held the share submitted for redemption for at least one year, the time period begins as of the date the unitholder acquired the share; provided, that Units purchased by the redeeming unitholder pursuant to our distribution reinvestment plan or received as a stock distribution will be deemed to have been acquired on the same date as the initial share to which the distribution reinvestment plan Units or stock distribution Units relate. The date of the share's original issuance by us is not determinative.

The terms of our redemption program are more generous with respect to Special Redemptions:

- There is no oneyear holding requirement;
- Until we establish an estimated NAV per unit, the redemption price is the amount paid to acquire the Units from us; provided that, for purposes of the foregoing, the price paid to acquire Units received as a stock distribution will be deemed to be the purchase price for Units in our primary offering in effect on the date of the issuance of the stock distribution; and
- Once we have established an estimated NAV per unit, the redemption price for all Units will be the estimated NAV per unit.

In order for a determination of disability or incompetence to entitle a unitholder to these special redemption terms, the determination of disability or incompetence must be made by the government entities specified in our redemption program.

Our redemption program contains numerous other restrictions on our unitholders' ability to sell their Units to us. During each calendar year, redemptions are limited to the amount of net proceeds from the sale of Units under our distribution reinvestment plan during the prior calendar year; however, we may increase or decrease the funding available for the redemption of Units upon 10 business days' notice to our unitholders. Further, during any calendar year, we may redeem no more than 5% of the weightedaverage number of Units outstanding during the prior calendar year. We also have no obligation to redeem Units if the redemption would violate the restrictions on distributions under Delaware law, which prohibits distributions that would cause a corporation to fail to meet statutory tests of solvency. We may amend, suspend or terminate the program for any reason upon 10 business days' notice to unitholders.

Will you register as an investment company?

We intend to conduct our operations so that neither we nor any of our subsidiaries will be required to register as an investment company under the Investment Company Act of 1940, as amended, or the Investment Company Act. Under the relevant provisions of Section 3(a)(1) of the Investment Company Act, an investment company is any issuer that:

- is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities (the "primarily engaged test"); or
- is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of such issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis (the "40% test"). "Investment securities" excludes U.S. government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

We believe that we will not be required to register as an investment company based on the following analysis. With respect to the 40% test, most of the entities through which we will own our assets will be majority-owned subsidiaries that will not themselves be investment companies and will not be relying on the exceptions from the definition of investment company under Section 3(c)(1) or Section 3(c)(7).

With respect to the primarily engaged test, we will be holding companies and do not intend to invest or trade in securities ourselves. Rather, through the majority-owned subsidiaries, we will be primarily engaged in the non-investment company businesses of these subsidiaries, namely the business of purchasing or otherwise acquiring real estate and real estate-related assets.

We believe that most of our subsidiaries will be able to rely on Section 3(c)(5)(C) of the Investment Company Act for an exception from the definition of an investment company. (Any other subsidiaries will be able to rely on the exceptions for private investment companies pursuant to Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act.) As reflected in no-action letters, the SEC staff's position on Section 3(c)(5)(C) generally requires that an issuer maintain at least 55% of its assets in "mortgages and other liens on and interests in real estate," or qualifying assets; at least 80% of its assets in qualifying assets plus real estate-related assets; and no more than 20% of the value of its assets in other than qualifying assets and real estate-related assets, which we refer to as miscellaneous assets. To constitute a qualifying asset under this 55% requirement, a real estate interest must meet various criteria based on no-action letters. We expect that each of our subsidiaries relying on Section 3(c)(5)(C) will invest at least 55% of its assets in qualifying assets, and approximately an additional 25% of its assets in other types of real estate-related assets. We expect to rely on guidance published by the SEC staff or on our analyses of guidance published with respect to types of assets to determine which assets are qualifying real estate assets and real estate-related assets.

To avoid registration as an investment company, we expect to limit the investments that we make, directly or indirectly, in assets that are not qualifying assets and in assets that are not real estate-related assets. In 2011, the SEC issued a concept release indicating that the SEC and its staff were reviewing interpretive issues relating to Section 3(c)(5)(C) and soliciting views on the application of Section 3(c)(5)(C) to companies engaged in the business of acquiring mortgages and mortgage-related instruments. To the extent that the SEC or its staff provides guidance regarding any of the matters bearing upon the exceptions we and our subsidiaries will rely on from registration as an investment company, we may be required to adjust our strategy accordingly. Any guidance from the SEC or its staff could further inhibit our ability to pursue the strategies we have chosen.

When will the company seek a liquidity event?

It is currently contemplated that 10 years after we have invested substantially all of the proceeds from our offering, our General Partner will begin to explore and evaluate various strategic options to provide our unitholders with liquidity of their investment, either in whole or in part. These options may include, but are not limited to, (i) our sale, merger or other transaction in which our unitholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company, and (ii) a sale of all or substantially all of our assets where our unitholders either receive, or have the option to receive, cash or other consideration. We do not know at this time what circumstances will exist in the future and therefore we do not know what factors our General Partner will consider in determining whether to pursue a liquidity event in the future. Therefore, we have not established any pre-determined criteria. We are not required to pursue a liquidity event or any transaction to provide liquidity to our unitholders.

Will I be notified of how my investment is doing?

Yes, we will provide our unitholders with detailed quarterly distribution reports. We will provide this information to our unitholders via one or more of the following methods, in our discretion and with their consent, if necessary: U.S. mail or other courier; facsimile; electronic delivery; or by posting on our website.

How will you report an estimated per Unit value of your Units?

We intend to use the gross offering price of Units in this offering (ignoring purchase price discounts for certain categories of purchasers), or $10.00 per unit, as the estimated per Unit value of our Units initially. Once we announce an estimated NAV per Unit we generally expect to update the estimated NAV per Unit at least once per calendar year.

Until we report an estimated NAV, the initial reported values will likely differ from the price that a unitholder would receive in the near term upon a resale of his or her Units or upon a liquidation of our company because (i) there is no public trading market for the Units at this time; (ii) when based solely on the offering price, the primary offering price includes the payment of underwriting compensation and other directed selling efforts, which payments and efforts are likely to produce a higher sale price than could otherwise be obtained; (iii) the estimated value will not reflect, and will not be derived from, the fair market value of our assets, nor will it represent the amount of net proceeds that would result from an immediate liquidation of our assets; (iv) the estimated value will

not take into account how market fluctuations affect the value of our investments; and (v) the estimated value will not take into account how developments related to individual assets may increase or decrease the value of our portfolio.

When do you expect to announce an estimated NAV per unit?

We expect to calculate and announce an estimated NAV by the end of 2020.

When will I get my detailed tax information?

Our unitholders' Form K-1 tax information, if required, will be mailed by January 31 of each year.

Who can help answer my questions about this offering?

If you have more questions about this offering, or if you would like additional copies of this memorandum, you should contact your financial advisor or contact:

EquiAlt Capital Advisors LLC

2112 W. Kennedy Blvd.

Tampa, Florida 33606

RISK FACTORS

Investing in our Units involves a high degree of risk. Potential purchasers of our Units should carefully consider the following risk factors, and all other information contained in this memorandum before purchasing our Units. If any of the following risks were to occur, our business, financial condition or results of operations could be materially and adversely affected. In these circumstances, the value of our Units may decline, and our unitholders could lose some or all of their investment.

Risks Related to an Investment in Our Units

The Units offered hereby are subject to restrictions on transferability and re-sale and no public trading market for our Units currently exists; therefore, it will be difficult for our unitholders to sell their Units and, if our unitholders are able to sell their Units, they will likely sell them at a loss.

There is no public market for our Units and we have no plans at this time to list our Units on a national securities exchange. In addition, each investor in this offering will be required to represent that such investor is acquiring the Units for investment and not with a view to distribution or re-sale, that such investor understands the Units are not freely transferable and, in any event, that such investor must bear the economic risk of investment in us for an indefinite period of time because the Units have not been registered under the Securities Act or certain applicable state securities laws, and that the Units cannot be sold unless they are subsequently registered or an exemption from such registration is available. There will be no market for the Units and an investor cannot expect to be able to liquidate his or her investment in case of an emergency. Further, the redemption program includes numerous restrictions that will severely limit your ability to sell your Units. We describe these restrictions in more detail under "Description of Units—Redemption Program." Therefore, it will be difficult for you to sell your Units promptly or at all. If you are able to sell your Units, you would likely have to sell them at a loss. It is also likely that your Units would not be accepted as the primary collateral for a loan. Because of the illiquid nature of our Units, you should purchase our Units only as a long-term investment and be prepared to hold them for an indefinite period of time.

If we are unable to raise substantial funds during our offering stage, we will be limited in the number and type of investments we make and the value of our unitholders' investment in us will fluctuate with the performance of the specific assets we acquire.

Our Units are being offered on a "best efforts" basis, meaning that we are only required to use our best efforts to sell our Units. As a result, there is no assurance that we will raise substantial proceeds during our offering stage and the amount of proceeds we raise during our offering stage may be substantially less than the amount we would need to achieve a fully diversified portfolio of investments. If we are unable to raise substantial funds, we will make fewer investments resulting in less diversification in terms of the number, size and geographic location of investments that we make. In that case, the likelihood that any single property's performance would adversely affect our profitability will increase. If most of our properties are located in a single geographic area, our operating results and ability to make distributions are likely to be impacted by economic changes affecting the real estate market in that area. Our unitholders' investment in our Units will be subject to greater risk to the extent that we lack a diversified portfolio of investments. Further, we will have certain fixed operating expenses regardless of whether we are able to raise substantial funds during our offering stage. Our inability to raise substantial funds would increase our fixed operating expenses as a percentage of gross income, reducing our net income and cash flow and limiting our ability to pay distributions to our unitholders.

Purchasers in this offering will grant an irrevocable authorization for our advisor, EquiAlt Capital Advisors, to be their proxy at a meeting of our unitholders with permission to vote their Units on certain matters.

Purchasers in this offering will grant an irrevocable authorization for our advisor, EquiAlt Capital Advisors, to be their proxy at a meeting of our unitholders with permission to vote their Units on any proposal put to a unitholder vote that our General Partner believes is necessary to comply with any state or federal rule, law or regulation. Such proposals may include, among other things, amendments to our governing documents. Unitholders may not agree with the votes cast by EquiAlt Capital Advisors pursuant to this irrevocable proxy authorization.

There is no assurance that aspects of our company and an investment in our Units that are in effect now will remain as described in this memorandum.

In this memorandum, we describe our investment objectives, borrowing policy, distribution policy, our partnership agreement and other governing documents, compensation to our advisor and its affiliates, and other aspects of our company and an investment in our Units. However, except for certain amendments, we may change any of these aspects of our company and an investment in our Units without unitholder approval, whether for business, regulatory or other reasons. Accordingly, there is no assurance that such aspects of our company and an investment in our Units that are in effect now will remain as described in this memorandum.

We will face significant competition for real estate investment opportunities, which may limit our ability to acquire suitable investments. If we are unable to find suitable investments, we may not be able to achieve our investment objectives or pay distributions.

Our ability to achieve our investment objectives and to pay distributions will depend upon the performance of our advisor in the acquisition or origination of our investments, including the determination of any financing arrangements. We will face competition from various entities for real estate investment opportunities, including other funds, pension funds, banks and insurance companies, investment funds and companies, partnerships and developers. Many of these entities have substantially greater financial resources than we do and may be able to accept more risk than we can prudently manage, including risks with respect to the creditworthiness of a tenant or the geographic location of their investments. Competition from these entities may reduce the number of suitable investment opportunities offered to us or increase the bargaining power of property owners seeking to sell. In addition, the number of entities and

the amount of funds competing for suitable investments may increase. If we acquire investments at higher prices and/or by using lessthanideal capital structures, our returns will be lower and the value of our assets may not appreciate or may decrease significantly below the amount we paid for such assets.

We also depend upon the performance of our property manager in the selection of tenants and negotiation of leasing arrangements. The highly competitive U.S. residential and commercial real estate industries have created increased pressure on real estate investors and their property managers to find new tenants and keep existing tenants. In order to do so, we may have to offer inducements, such as free rent and tenant improvements, to compete for attractive tenants. We are also subject to competition in seeking to acquire real estaterelated investments. The more Units we sell during our offering stage, the greater our challenge will be to invest the net offering proceeds on attractive terms. Our investors must rely entirely on the management abilities of our advisor, the property manager and the oversight of our General Partner. We can give no assurance that our advisor will be successful in obtaining suitable investments on financially attractive terms or that, if our advisor makes investments on our behalf, our objectives will be achieved. If we, through our advisor, are unable to find suitable investments promptly, we will hold the proceeds from this offering in an interestbearing account or invest the proceeds in shortterm assets. If we would continue to be unsuccessful in locating suitable investments, we may ultimately decide to liquidate. In the event we are unable to timely locate suitable investments, we may be unable or limited in our ability to pay distributions, we may not be able to meet our investment objectives and our unitholders may experience a lower return on their investment.

Disruptions in the financial markets and uncertain economic conditions could adversely affect market rental rates, real estate values and our ability to make distributions to our unitholders.

Disruptions in the financial markets and uncertain economic conditions could adversely affect the values of any investments we make. The United States economy experienced a significant downturn in 2008, from which it is still recovering. While there has been a substantial recovery in the real estate sector, it is still unclear how stable the real estate markets currently are or will be once the government pulls back from its unprecedented participation in the bond market to keep interest rates low. As a result, there can be no assurance that our assets will achieve anticipated cash flow levels. Turmoil in the capital markets constrained equity and debt capital available for investment in single-family residential, multifamily and commercial properties, resulting in fewer buyers seeking to acquire such properties and possible increases in capitalization rates and lower property values. Further, recent world events evolving out of increased terrorist activities and the political and military responses of the targeted countries have created an air of uncertainty concerning security and the stability of world and United States economies. Historically, successful terrorist attacks have resulted in decreased travel and tourism to the affected areas, increased security measures and disturbances in financial markets. It is impossible to determine the likelihood of any future terrorist attacks on United States targets, the nature of any United States response to such attacks or the social and economic results of such events. Furthermore, uncertain economic conditions could negatively impact commercial real estate fundamentals and result in lower occupancy, lower rental rates and declining values in our future real estate portfolio and in the collateral securing any loan investments we may make. These could have the following negative effects, any of which could impair our ability to make distributions to you:

- the values of any investments in single-family residential, multifamily and commercial properties could decrease below the amounts we pay for such investments;
- the value of collateral securing any loan investments could decrease below the outstanding principal amounts of such loans;
- revenues from the properties we acquire could decrease due to fewer tenants and/or lower rental rates, making it more difficult for us to make distributions; and/or
- revenues generated by any properties we acquire and other assets underlying any loan investments we make could decrease, making it more difficult for the borrowers to meet their payment obligations to us, which could in turn make it more difficult for us to pay distributions.

All of these factors could reduce our unitholders' return and decrease the value of an investment in us.

Our unitholders will not have the opportunity to evaluate all of our investments before we make them. We may make investments with which our unitholders do not agree.

As of the date of this memorandum, we did not own any real estate investments. We intend to make investments that have not yet been identified. As a result, we are not able to provide our unitholders with detailed information to assist them in evaluating the merits of the assets we have not identified. We will seek to invest substantially all of the net proceeds from our offering stage, after the payment of fees and expenses, in real estate investments. Our General Partner and our advisor have broad discretion when identifying, evaluating, and making such investments.

With respect to the investments we have not identified, our unitholders will have no opportunity to evaluate the transaction terms or other financial or operational data before we invest in such assets. Furthermore, our General Partner will have broad discretion in implementing policies regarding tenant or mortgagor creditworthiness and our unitholders will likewise have no opportunity to evaluate potential tenants, managers or borrowers. As a result, our unitholders must rely on our General Partner and our advisor to identify and evaluate our investment opportunities, and they may not be able to achieve our business objectives, may make unwise decisions or may make investments with which our unitholders do not agree.

If we fail to diversify our investment portfolio, downturns relating to certain geographic regions, types of assets, industries or business sectors may have a more significant adverse impact on our assets and our ability to pay distributions than if we had a diversified investment portfolio.

While we intend to diversify our portfolio of investments in the manner described in this memorandum, we are not required to observe specific diversification criteria. Therefore, our investments may at times be concentrated in certain asset types that are subject to higher risk or are located in a limited number of geographic locations, or secured by assets concentrated in a limited number of geographic locations. To the extent that our portfolio is concentrated in limited geographic regions, types of assets, industries or business sectors, downturns relating generally to such region, type of asset, industry or business sector may result in defaults on a number of our investments within a short time period, which may reduce our net income and the value of our Units and accordingly limit our ability to pay distributions to our unitholders.

We have no operating history and we may not be able to operate our business successfully or generate sufficient revenue to make or sustain distributions to our unitholders.

We were formed in the State of Delaware on August 10, 2018, and have no operating history. As of the date of this memorandum, we have not made any investments and our total assets consist of $250,000 of cash. We cannot assure our unitholders that we will be able to operate our business successfully or implement our operating policies and strategies described in this memorandum. We can provide no assurance that our performance will replicate the past performance of other EquiAlt-sponsored programs. Our investment returns could be substantially lower than the returns achieved by other EquiAlt-sponsored programs. The results of our operations depend on several factors, including the availability of opportunities for the acquisition of target assets, the level and volatility of rental rates, and conditions in the financial markets and economic conditions.

Because we depend upon our advisor and its affiliates to conduct our operations, adverse changes in the financial health of our advisor or its affiliates could cause our operations to suffer.

We depend on EquiAlt Capital Advisors to manage our operations and our portfolio of assets. Our advisor depends upon the fees and other compensation that it will receive from us in connection with the purchase, management and sale of assets to conduct its operations. Any adverse changes to our relationship with, or the financial condition of, our advisor and its affiliates, could hinder their ability to successfully manage our operations and our portfolio of investments.

Investors in this offering will likely experience immediate dilution of their investment in us because of the organization and offering expenses incurred prior to the commencement of this offering.

Organization and offering expenses in this offering are not subject to a cap, and in connection with this offering, our advisor and its affiliates had incurred organization and offering costs on our behalf in connection with this offering which we will be obligated to reimburse. To date, we have not made any investments that would offset the dilutive effect of the incurrence of significant organization and offering expenses in this offering; therefore, the value per Unit for investors purchasing our Units in this offering will initially be below the offering price.

If we pay distributions from sources other than our cash flow from operations, we will have less funds available for investment in assets, the overall return to our unitholders may be reduced and subsequent investors may experience dilution.

We expect to have little, if any, cash flow from operations available for distribution until we make substantial investments. During our offering stage, when we may raise capital more quickly than we acquire incomeproducing assets, and for some period after our offering stage, we may not be able to pay distributions solely from our cash flow from operations, in which case distributions may be paid in whole or in part from offering proceeds. Further, because we may receive income at various times during our fiscal year and because we may need cash flow from operations during a particular period to fund expenses, we expect that from time to time during our operational stage, we will declare distributions in anticipation of cash flow that we expect to receive during a later period and we will pay these distributions in advance of our actual receipt of these funds. We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). We may also fund such distributions from the sale of assets or from the maturity, payoff or settlement of debt investments. If we fund distributions from the sale of assets or the maturity, payoff or settlement of debt investments, this will affect our ability to generate cash flow from operations in future periods. To the extent that we pay distributions from sources other than our cash flow from operations, we will have fewer funds available with which to make real estate investments, the overall return to our unitholders may be reduced and subsequent investors will experience dilution. In addition, to the extent distributions exceed cash flow from operations, a unitholder's basis in our stock will be reduced and, to the extent distributions exceed a unitholder's basis, the unitholder may recognize capital gain. There is no limit on the amount of distributions we may fund from sources other than from cash flow from operations.

The loss of or the inability to retain or obtain key real estate professionals at our advisor could delay or hinder implementation of our investment strategies, which could limit our ability to make distributions and decrease the value of an investment in our Units.

Our success depends to a significant degree upon the contributions of Messrs. Davison and Rybicki, each of whom would be difficult to replace. Neither we nor our affiliates have employment agreements with these individuals and they may not remain associated with us, our advisor or its affiliates. If any of these persons were to cease their association with us, our advisor or its affiliates, we may be unable to find suitable replacements and our operating results could suffer as a result. We do not intend to maintain key person life insurance on any person. We believe that our future success depends, in large part, upon our advisor's and its affiliates' ability to attract and retain highly skilled managerial, operational and marketing professionals. Competition for such professionals is intense, and our advisor and its affiliates may be unsuccessful in attracting and retaining such skilled professionals.

Further, our sponsor has established and intends to establish strategic relationships with firms that have special expertise in certain services or detailed knowledge regarding real properties in certain geographic regions. Maintaining such relationships will be important for us to effectively compete with other investors for properties and tenants in such regions. We may be unsuccessful in growing and retaining such relationships. If we lose or are unable to obtain the services of highly skilled professionals or do not establish or maintain appropriate strategic relationships, our ability to implement our investment strategies could be delayed or hindered.

Our rights and the rights of our unitholders to take action against our General Partner and officers are limited.

Delaware law provides that a General Partner has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances.

We may change our targeted investments without unitholder consent.

We intend to allocate at least 90% of our portfolio to investments in Qualified Opportunity Zones. Although this is our current target portfolio, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities, and we may change our targeted investments and investment guidelines at any time without the consent of our unitholders, which could result in our making investments that are different from, and possibly riskier than, the investments described in this memorandum. A change in our targeted investments or investment guidelines may increase our exposure to interest rate risk, default risk and real estate market fluctuations, all of which could adversely affect the value of our Units and our ability to make distributions to our unitholders. We will not forego a good investment because it does not precisely fit our expected portfolio composition. We believe that we are most likely to meet our investment objectives through the careful selection and underwriting of assets. When making an acquisition, we will emphasize the performance and risk characteristics of that investment, how that investment will fit with our portfoliolevel performance objectives, the other assets in our portfolio and how the returns and risks of that investment compare to the returns and risks of available investment alternatives. Thus, to the extent that our advisor presents us with what we believe to be good investment opportunities that allow us to meet the Qualified Opportunity Zone Fund requirements under the Internal Revenue Code, our portfolio composition may vary from what we initially expect. However, we will attempt to construct a portfolio that produces stable and attractive returns by spreading risk across different real estate investments.

Risks Related to Conflicts of Interest

EquiAlt Capital Advisors and its affiliates, including all of our executive officers and other key real estate professionals, will face conflicts of interest caused by their compensation arrangements with us and with other EquiAlt-sponsored programs, which could result in actions that are not in the longterm best interests of our unitholders.

All of our executive officers and other key real estate professionals are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor, our property manager and/or other EquiAlt-affiliated entities. EquiAlt Capital Advisors and its affiliates will receive substantial fees from us. These fees could influence our advisor's advice to us as well as the judgment of its affiliates. Among other matters, these compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of our agreements with EquiAlt Capital Advisors and its affiliates, including the advisory agreement and the property management agreement;
- offerings of equity by us, which will likely entitle EquiAlt Capital Advisors to increased acquisition and origination fees and asset management fees;
- sales of real estate investments, which will entitle EquiAlt Capital Advisors to disposition fees and possible subordinated incentive fees;
- acquisitions of real estate investments, which will entitle EquiAlt Property Management to property management fees and oversight fees and will entitle EquiAlt Capital Advisors to acquisition or origination fees based on the cost of the investment and asset management fees based on the cost of the investment, and not based on the quality of the investment or the quality of the services rendered to us, which may influence our advisor to recommend riskier transactions to us and/or transactions that are not in our best interest and, in the case of acquisitions of investments from other EquiAlt-sponsored programs, which might entitle affiliates of EquiAlt Capital Advisors to disposition fees and possible subordinated incentive fees in connection with its services for the seller; and
- whether and when we seek to sell the company or its assets, which sale could entitle EquiAlt Capital Advisors to disposition fees or a subordinated incentive fee and terminate the asset management fee, property management fee and oversight fee.

Our advisor and its affiliates will face conflicts of interest relating to the acquisition and origination of assets and leasing of properties due to their relationship with other EquiAlt-sponsored programs, which could result in decisions that are not in our best interest or the best interests of our unitholders.

We rely on key real estate professionals at our advisor, including Messrs. Davison and Rybicki, to identify suitable investment opportunities for us. EquiAlt Capital Advisors may, in the future, advise other EquiAlt-affiliated funds. Messrs. Davison and Rybicki at EquiAlt Capital Advisors are also the key real estate professionals at EquiAlt Property Management. Many investment opportunities that are suitable for us may also be suitable for other EquiAlt-sponsored programs. When these real estate professionals

direct an investment opportunity to any EquiAlt-sponsored program, they, in their sole discretion, will offer the opportunity to the program for which the investment opportunity is most suitable based on the investment objectives, portfolio and criteria of each program.

The real estate professionals of EquiAlt Capital Advisors could direct attractive investment opportunities to other EquiAlt-sponsored programs. Such events could result in us investing in properties that provide less attractive returns, which would reduce the level of distributions we may be able to pay our unitholders.

We and other EquiAlt-sponsored programs also rely on these real estate professionals to supervise the property management and leasing of properties. If the EquiAlt team of real estate professionals directs creditworthy prospective tenants to properties owned by another EquiAlt-sponsored program when it could direct such tenants to our properties, our tenant base may have more inherent risk and our properties' occupancy may be lower than might otherwise be the case.

Further, existing and future EquiAlt-sponsored programs and Messrs. Davison and Rybicki generally are not and will not be prohibited from engaging, directly or indirectly, in any business or from possessing interests in any other business venture or ventures, including businesses and ventures involved in the acquisition, origination, development, ownership, leasing or sale of real estaterelated investments.

Our advisor and its affiliates will face conflicts of interest relating to joint ventures that we may form with affiliates of our advisor, which conflicts could result in a disproportionate benefit to other venture partners at our expense.

We may enter into joint venture agreements with other EquiAlt-sponsored programs or affiliated entities for the acquisition, development or improvement of properties or other investments. EquiAlt Capital Advisors, our advisor, and its affiliates have some of the same executive officers, affiliated directors and other key real estate and debt finance professionals; and these persons will face conflicts of interest in structuring the terms of the relationship between our interests and the interests of the EquiAlt-affiliated co-venturer and in managing the joint venture. Any joint venture agreement or transaction between us and a EquiAlt-affiliated co-venturer will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers. The EquiAlt-affiliated co-venturer may have economic or business interests or goals that are or may become inconsistent with our business interests or goals. These co-venturers may thus benefit to our and your detriment.

Our General Partner, our advisor and the real estate, debt finance, management and accounting professionals assembled by our advisor will face competing demands on their time and this may cause our operations and our unitholders' investment to suffer.

We rely on our officers, our advisor and the real estate, debt finance, management and accounting professionals that our advisor retains, including Messrs. Davison and Rybicki, to provide services to us for the daytoday operation of our business. As a result of their interests in other EquiAlt-sponsored programs, their obligations to the advisor and the company, and the fact that they engage in and will continue to engage in other business activities on behalf of themselves and others, they may face conflicts of interest in allocating their time among such endeavors. In addition, EquiAlt Capital Advisors and its affiliates share many of the same key real estate, management and accounting professionals. During times of intense activity in other programs and ventures, these individuals may devote less time and fewer resources to our business than are necessary or appropriate to manage our business. Furthermore, some or all of these individuals may become employees of another EquiAlt-sponsored program in an internalization transaction or, if we internalize our advisor, may not become our employees as a result of their relationship with other EquiAlt-sponsored programs. If these events occur, the returns on our investments, and the value of our unitholders' investment, may decline.

All of our executive officers and the key real estate professionals assembled by our advisor face conflicts of interest related to their positions and/or interests in EquiAlt Capital Advisors and its affiliates, including our property manager, which could hinder our ability to implement our business strategy and to generate returns to our unitholders.

All of our executive officers and the key real estate professionals assembled by our advisor are also executive officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor, our property manager and/or other EquiAlt-affiliated entities. As a result, they owe fiduciary duties to each of these entities, their members and their limited partners, which fiduciary duties may from time to time conflict with the duties that they owe to us and our unitholders. Their loyalties to these other entities and investors could result in action or inaction that is detrimental to our business, which could harm the implementation of our business strategy and our investment and leasing opportunities. Further, Messrs. Davison and Rybicki are not and will not be prohibited from engaging, directly or indirectly, in any business or from possessing interests in any other business venture or ventures, including businesses and ventures involved in the acquisition, development, ownership, leasing or sale of real estate investments.

Risks Related to Our Structure

If we are unable to find suitable investments in Opportunity Zones, we may not be able to achieve our investment objectives or pay distributions.

Our ability to achieve our investment objectives and to pay distributions depends upon the performance of our advisor in the acquisition of suitable investments in Opportunity Zones and the ability of our advisor to source investment opportunities for us. The more money we raise in this offering, the greater our challenge will be to invest all of the net offering proceeds on attractive terms, and in particular to ensure that the Fund holds at least 90% of its assets in properties within Opportunity Zones. Except for investments that may be described in supplements to this memorandum prior to the date you subscribe for our Units, you will have no opportunity to evaluate the economic merits or the terms of our investments before making a decision to invest in the Fund. You must rely entirely on the management abilities of our advisor. We cannot assure you that our advisor will be successful in obtaining suitable investments on financially attractive terms or that, if our advisor makes investments on our behalf, our objectives will be achieved. If we, through our advisor, are unable to find suitable investments in Opportunity Zones promptly, we may hold the proceeds from this offering in an interest-bearing account or invest the proceeds from this offering in short-term assets in a manner that is consistent with our qualification as a Qualified Opportunity Zone Fund, and we may also otherwise make such alternative investments to maintain our status as an Qualified Opportunity Zone Fund. If we would continue to be unsuccessful in locating suitable investments, we may ultimately decide to liquidate. In the event we are unable to timely locate suitable investments, we may be unable or limited in our ability to pay distributions and we may not be able to meet our investment objectives.

We may suffer from delays in locating suitable investments in Opportunity Zones, which could limit our ability to make distributions and lower the overall return on your investment.

The current market for properties that meet our investment objectives is highly competitive, as is the leasing market for such properties. The more Units we sell in this offering, the greater our challenge will be to invest all of the net offering proceeds on attractive terms. Except for investments that may be described in supplements to this memorandum prior to the date you subscribe for our Units, you will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments. You must rely entirely on the oversight and management ability of our advisor and the performance of our property manager.

Our partnership agreement permits our General Partner to issue Units with terms that may subordinate the rights of our Unitholders or discourage a third party from acquiring us in a manner that could result in a premium price to our unitholders.

Our General Partner may classify or reclassify any unissued Units and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms or conditions of redemption of any such Units. Thus, our General Partner could authorize the issuance of Units with priority as to distributions and amounts payable upon liquidation over the rights of the holders of our Units. Such Units could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price to holders of our Units.

Our unitholders' investment return may be reduced if we are required to register as an investment company under the Investment Company Act; if we or our subsidiaries become an unregistered investment company, we could not continue our business.

Neither we nor any of our subsidiaries intend to register as investment companies under the Investment Company Act. If we or our subsidiaries were obligated to register as investment companies, we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

Under the relevant provisions of Section 3(a)(1) of the Investment Company Act, an investment company is any issuer that:

- is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities (the "primarily engaged test"); or
- is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of such issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis (the "40% test"). "Investment securities" excludes U.S. government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

We believe that we will not be required to register as an investment company based on the following analysis. With respect to the 40% test, most of the entities through which we will own our assets will be majority-owned subsidiaries that will not themselves be investment companies and will not be relying on the exceptions from the definition of investment company under Section 3(c)(1) or Section 3(c)(7).

With respect to the primarily engaged test, we will be a holding company and do not intend to invest or trade in securities ourselves. Rather, through our majority-owned subsidiaries, we will be primarily engaged in the non-investment company businesses of these subsidiaries, namely the business of purchasing or otherwise acquiring real estate and real estate-related assets.

We will be able to rely on Section 3(c)(5)(C) of the Investment Company Act for an exception from the definition of an investment company. As reflected in no-action letters, the SEC staff's position on Section 3(c)(5)(C) generally requires that an issuer maintain at least 55% of its assets in "mortgages and other liens on and interests in real estate," or qualifying assets; at least 80% of its assets in qualifying assets plus real estate-related assets; and no more than 20% of the value of its assets in other than qualifying assets and real estate-related assets, which we refer to as miscellaneous assets. To constitute a qualifying asset under this 55% requirement, a real estate interest must meet various criteria based on no-action letters. We expect that each of our subsidiaries relying on Section 3(c)(5)(C) will invest at least 55% of its assets in qualifying assets, and approximately an additional 25% of its assets in other types of real estate-related assets. We expect to rely on guidance published by the SEC staff or on our analyses of guidance published with respect to types of assets to determine which assets are qualifying real estate assets and real estate-related assets.

To maintain compliance with the Investment Company Act, our subsidiaries may be unable to sell assets we would otherwise want them to sell and may need to sell assets we would otherwise wish them to retain. In addition, our subsidiaries may have to acquire additional assets that they might not otherwise have acquired or may have to forego opportunities to make investments that we would otherwise want them to make and would be important to our investment strategy. Moreover, the SEC or its staff may issue interpretations with respect to various types of assets that are contrary to our views and current SEC staff interpretations are subject to change, which increases the risk of non-compliance and the risk that we may be forced to make adverse changes to our portfolio. In this regard, we note that in 2011 the SEC issued a concept release indicating that the SEC and its staff were reviewing interpretive issues relating to Section 3(c)(5)(C) and soliciting views on the application of Section 3(c)(5)(C) to companies engaged in the business of acquiring mortgages and mortgage-related instruments. If we were required to register as an investment company but failed to do so, we would be prohibited from engaging in our business and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court required enforcement and a court could appoint a receiver to take control of us and liquidate our business.

Our unitholders will have limited control over changes in our policies and operations, which increases the uncertainty and risks our unitholders face.

Our General Partner determines our major policies, including our policies regarding financing, growth, debt capitalization, tax qualification and distributions. Our General Partner may amend or revise these and other policies without a vote of the unitholders. Under Delaware law and our certificate of limited partnership, our unitholders have a right to vote only on limited matters. Our General Partner's broad discretion in setting policies and our unitholders' inability to exert control over those policies increases the uncertainty and risks our unitholders face.

Our unitholders may not be able to sell their Units under our redemption program and, if our unitholders are able to sell their Units under the program, they may not be able to recover the amount of their investment in our Units.

Our redemption program includes numerous restrictions that severely limit our unitholders' ability to sell their Units should they require liquidity and will limit our unitholders' ability to recover the value they invested in our Units. Our unitholders must hold their Units for at least one year in order to participate in our redemption program, except for Special Redemptions. We limit the number of Units redeemed pursuant to our redemption program as follows: during any calendar year, we may redeem no more than 5% of the weightedaverage number of Units outstanding during the prior calendar year; however, we may increase or decrease the funding available for the redemption of Units upon 10 business days' notice to our unitholders. Further, we have no obligation to redeem Units if the redemption would violate the restrictions on distributions under Delaware law, which prohibits distributions that would cause a partnership to fail to meet statutory tests of solvency. These limits may prevent us from accommodating all redemption requests made in any year.

If and when we do have funds available for redemption, with respect to Ordinary Redemptions, for those Units held by the redeeming unitholder for at least one year, we expect to initially redeem Units submitted for redemption at 95.0% of the price paid to acquire the Units from us. For purposes of the foregoing, the price paid to acquire Units received as a stock distribution will be deemed to be the purchase price for Units in our offering. Once we establish an estimated NAV per Unit of our Units, for those Units held by the redeeming unitholder for at least one year, we will redeem all Units submitted in connection with an Ordinary Redemption at 95.0% of our estimated NAV per Unit as of the applicable redemption date.

For purposes of determining whether a redeeming unitholder has held the Units submitted for redemption for at least one year, the time period begins as of the date the unitholder acquired the unit.

Our General Partner may amend, suspend or terminate our redemption program upon 10 business days' notice to our unitholders.

The offering price of our Units to be sold in the offering was not established on an independent basis and bears no relationship to the net value of our assets. The offering price is likely to be higher than the amount our unitholders would receive per Unit if we were to liquidate because of the upfront fees that we pay in connection with the issuance of our Units.

We set the offering price of our Units arbitrarily. The offering price of our Units bears no relationship to our book or asset values or to any other established criteria for valuing Units. Because the offering price is not based upon any independent valuation, the offering price is likely to be higher than the proceeds that our unitholders would receive upon liquidation or a resale of their Units

if they were to be listed on an exchange or actively traded by brokerdealers, especially in light of the upfront fees that we pay in connection with the issuance of our Units.

We intend to use the gross offering price of Units in this offering (ignoring purchase price discounts for certain categories of purchasers), or $10.00 per unit, as the estimated per Unit value of our Units initially. We expect to calculate and disclose an estimated NAV per Unit by late 2020. Once we announce an estimated NAV per unit, we generally expect to update the estimated NAV per Unit at least once per calendar year.

Until we report an estimated NAV, the initial reported values will likely differ from the price that a unitholder would receive in the near term upon a resale of his or her Units or upon a liquidation of our company because (i) there is no public trading market for the Units at this time; (ii) when based solely on the offering price, the offering price includes the payment of underwriting compensation and other directed selling efforts, which payments and efforts are likely to produce a higher sale price than could otherwise be obtained; (iii) the estimated value will not reflect, and will not be derived from, the fair market value of our assets, nor will it represent the amount of net proceeds that would result from an immediate liquidation of our assets; (iv) the estimated value will not take into account how market fluctuations affect the value of our investments; and (v) the estimated value will not take into account how developments related to individual assets may increase or decrease the value of our portfolio.

Even when determining the estimated value of our Units by estimating an NAV per unit, we will estimate the value of our Units based upon a number of assumptions that may not be accurate or complete. Accordingly, these estimates may not be an accurate reflection of the fair market value of our investments and will not likely represent the amount of net proceeds that would result from an immediate sale of our assets.

The actual value of Units that we repurchase under our redemption program may be substantially less than what we pay.

Under our redemption program, Units currently may be repurchased at varying prices depending on (i) the purchase price paid for the Units, (ii) whether the redemptions qualify as Special Redemptions, and (iii) whether we have reported an estimated NAV per unit. The current maximum price that may be paid under the program is $10.00 per unit, which is the offering price for our Units in the primary offering (ignoring purchase price discounts for certain categories of purchasers). Although this value will initially represent the most recent price at which investors will be willing to purchase Units in this primary offering, this value is likely to differ from the price at which a unitholder could resell his or her Units for the reasons discussed in the risk factor above. Thus, if we repurchase our Units based on the purchase price paid to acquire a share, the actual value of the respective Units that we repurchase is likely to be less and the repurchase is likely to be dilutive to our remaining unitholders.

Our investors' interest in us will be diluted if we issue additional Units, which could reduce the overall value of their investment.

Our Unitholders do not have preemptive rights to any Units we issue in the future. Our General Partner may increase the number of authorized Units of capital stock without unitholder approval. After our investors purchase Units in this offering, our General Partner may elect to (i) sell additional Units in this or in future offerings; (ii) issue Units to our advisor, or its successors or assigns, in payment of an outstanding fee obligation; (iii) issue Units to sellers of properties or assets we acquire; or (iv) otherwise issue additional Units. To the extent we issue additional equity interests after our investors purchase Units, whether in this or future primary offerings or otherwise, our investors' percentage ownership interest in us would be diluted. In addition, depending upon the terms and pricing of any additional issuances of Units, the use of the proceeds and the value of our real estate investments, our investors may also experience dilution in the book value and fair value of their Units and in the earnings and distributions per unit.

Payment of fees to EquiAlt Capital Advisors and its affiliates will reduce cash available for investment and distribution to unitholders and increases the risk that our unitholders will not be able to recover the amount of their investment in our Units.

EquiAlt Capital Advisors and its affiliates will perform services for us in connection with the selection and acquisition or origination of our real estate investments, the management and leasing of our real estate properties, the administration of our real estaterelated investments and the disposition of our real estate investments. We will pay them substantial fees for these services, which will result in immediate dilution of the value of our unitholders' investment and will reduce the amount of cash available for investment or distribution to unitholders. Compensation to be paid to our advisor may be increased subject to any limitations in our charter, which would further dilute our unitholders' investment and reduce the amount of cash available for investment or distribution to unitholders. We estimate that we will use 61.49% of the gross proceeds in the offering to acquire real estate and real estate-related investments, and another 25.00% to maintain a working capital reserve to improve those properties. We will use the remainder of the gross proceeds from the offering to pay Selling Commissions and Expenses and organization and other offering expenses.

We may also pay significant fees during our listing/liquidation stage. Therefore, these fees increase the risk that the amount available for distribution to Unitholders upon a liquidation of our portfolio would be less than the purchase price of the Units in this offering. These substantial fees and other payments also increase the risk that our unitholders will not be able to resell their Units at a profit, even if our Units are listed on a national securities exchange. For a discussion of our fee arrangement with EquiAlt Capital Advisors and its affiliates, see "Management Compensation."

If we are unable to obtain funding for future capital needs, cash distributions to our unitholders and the value of our investments could decline.

When tenants do not renew their leases or otherwise vacate their space, we will often need to expend substantial funds for improvements to the vacated space in order to attract replacement tenants. Even when tenants do renew their leases we may agree to make improvements to their space as part of our negotiations. If we need additional capital in the future to improve or maintain our properties or for any other reason, we may have to obtain funding from sources other than our cash flow from operations or proceeds

from our distribution reinvestment plan, such as borrowings or future equity offerings. These sources of funding may not be available on attractive terms or at all. If we cannot procure additional funding for capital improvements, our investments may generate lower cash flows or decline in value, or both, which would limit our ability to make distributions to our unitholders and could reduce the value of our unitholders' investment.

Our unitholders may be more likely to sustain a loss on their investment because our sponsor does not have as strong an economic incentive to avoid losses as do sponsors who have made significant equity investments in their companies.

Our sponsor has invested $250,000 in us through the purchase of Units. With this limited exposure, our investors may be at a greater risk of loss because our sponsor does not have as much to lose from a decrease in the value of our Units as do those sponsors who make more significant equity investments in their companies.

General Risks Related to Investments in Real Estate

Economic, market and regulatory changes that impact the real estate market generally may decrease the value of our real estate properties and weaken our operating results.

The performance of the real estate properties we acquire will be subject to the risks typically associated with real estate, any of which could decrease the value of our real estate properties and could weaken our operating results, including:

- downturns in national, regional and local economic conditions;
- competition from other single-family residential properties, multifamily properties and office and industrial buildings;
- adverse local conditions, such as oversupply or reduction in demand for single-family residential properties, multifamily apartment Units and office and industrial buildings and changes in real estate zoning laws that may reduce the desirability of real estate in an area;
- vacancies, changes in market rental rates and the need to periodically repair, renovate and relet space;
- changes in interest rates and the availability of permanent mortgage financing, which may render the sale of a property or loan difficult or unattractive;
- changes in tax (including real and personal property tax), real estate, environmental and zoning laws;
- natural disasters such as hurricanes, earthquakes and floods;
- acts of war or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001;
- the potential for uninsured or underinsured property losses;
- periods of high interest rates and tight money supply;
- failure of tenants to pay rent when due or otherwise perform their lease obligations;
- increases in HOA fees and insurance costs; and
- the short-term nature of most residential leases and the costs and potential delays in re-leasing.

Any of the above factors, or a combination thereof, could result in a decrease in our cash flow from operations and a decrease in the value of our real estate properties, which would have an adverse effect on our operations, on our ability to pay distributions to our unitholders and on the value of our unitholders' investment.

We may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results.

Our future operating results may depend on our ability to effectively manage our growth which is dependent, in part, on our ability to:

- stabilize and manage an increasing number of properties and tenant relationships across a geographically dispersed portfolio while maintaining a high level of tenant satisfaction, and building and enhancing our brand;
- attract, integrate and retain new management and operations personnel; and
- continue to improve our operational and financial controls and reporting procedures and systems.

We can provide no assurance that we will be able to manage our properties or grow our business efficiently or effectively, or without incurring significant additional expenses. Any failure to do so may have an adverse effect on our business and operating results.

A significant portion of our costs and expenses are fixed and we may not be able to adapt our cost structure to offset declines in our revenue.

Many of the expenses associated with our business, such as real estate taxes, HOA fees, personal and property taxes, insurance, utilities, acquisition, renovation and maintenance costs, and other general corporate expenses are relatively inflexible and

will not necessarily decrease with a reduction in revenue from our business. Some components of our fixed assets will depreciate more rapidly and require ongoing capital expenditures. Our expenses and ongoing capital expenditures are also affected by inflationary increases and certain of our cost increases may exceed the rate of inflation in any given period or market. By contrast, rental income is affected by many factors beyond our control, such as the availability of alternative rental housing and economic conditions in our markets. In addition, state and local regulations may require us to maintain properties that we own, even if the cost of maintenance is greater than the value of the property or any potential benefit from renting the property, or pass regulations that limit our ability to increase rental rates. As a result, we may not be able to fully offset rising costs and capital spending by increasing rental rates, which could have a material adverse effect on our results of operations and cash available for distribution.

Increasing property taxes, HOA fees and insurance costs may negatively affect our financial results.

It is anticipated that the cost of property taxes and insuring our properties will be a significant component of our expenses. Our properties will be subject to real and personal property taxes that may increase as tax rates change and as the real properties are assessed or reassessed by taxing authorities. As the owner of our properties, we are ultimately responsible for payment of the taxes to the applicable government authorities. If real property taxes increase, our expenses will increase. If we fail to pay any such taxes, the applicable taxing authority may place a lien on the real property and the real property may be subject to a tax sale.

In addition, our properties may be located within HOAs, making such properties subject to HOA rules and regulations. HOAs have the power to increase monthly charges and make assessments for capital improvements and common area repairs and maintenance. Property taxes, HOA fees, and insurance premiums are subject to significant increases, which can be outside of our control. If the costs associated with property taxes, HOA fees and assessments or insurance rise significantly and we are unable to increase rental rates due to rent control laws or other regulations to offset such increases, our results of operations would be negatively affected.

We may not be able to effectively control the timing and costs relating to the renovation and maintenance of our properties, which may adversely affect our operating results and ability to make distributions to our unitholders.

Nearly all of our properties will require some level of renovation either immediately upon their acquisition or in the future following expiration of a lease or otherwise. We may acquire properties that we plan to extensively renovate. We may also acquire properties that we expect to be in good condition only to discover unforeseen defects and problems that require extensive renovation and capital expenditures. To the extent properties are leased to existing tenants, renovations may be postponed until the tenant vacates the premises, and we will pay the costs of renovating. In addition, from time to time, we may perform ongoing maintenance or make ongoing capital improvements and replacements and perform significant renovations and repairs that tenant deposits and insurance may not cover. If our portfolio consists of geographically dispersed properties, our ability to adequately monitor or manage any such renovations or maintenance may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated.

Our properties will have infrastructure and appliances of varying ages and conditions. Consequently, we will routinely retain independent contractors and trade professionals to perform physical repair work and will be exposed to all of the risks inherent in property renovation and maintenance, including potential cost overruns, increases in labor and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits, certificates of occupancy and poor workmanship. If our assumptions regarding the costs or timing of renovation and maintenance across our properties prove to be materially inaccurate, our operating results and ability to make distributions to our unitholders may be adversely affected.

We face significant competition in the leasing market for quality tenants, which may limit our ability to lease our properties on favorable terms.

We will depend on rental income from single-family residential and multifamily property tenants for a significant portion, if not all, of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified tenants for our properties. We face competition for tenants from other lessors of single-family residential properties, apartment buildings and condominium Units. Competing properties may be newer, better located and more attractive to tenants. Potential competitors may have lower rates of occupancy than we do or may have superior access to capital and other resources, which may result in competing owners more easily locating tenants and leasing available housing at lower rental rates than we might offer at our homes. Many of these competitors may successfully attract tenants with better incentives and amenities, which could adversely affect our ability to obtain quality tenants and lease our properties on favorable terms. Additionally, some competing housing options may qualify for government subsidies that may make such options more accessible and therefore more attractive than our properties. This competition may affect our ability to attract and retain tenants and may reduce the rental rates we are able to charge.

In addition, increases in unemployment levels and other adverse changes in economic conditions in our markets may adversely affect the creditworthiness of potential tenants, which may decrease the overall number of qualified tenants for our properties within such markets. We could also be adversely affected by overbuilding or high vacancy rates of homes in our markets, which could result in an excess supply of homes and reduce occupancy and rental rates. Development of apartment buildings and condominium Units in any of our target markets would increase the supply of housing and exacerbate competition for tenants.

In addition, improving economic conditions, along with the availability of low residential mortgage interest rates and government sponsored programs to promote home ownership, have made home ownership more accessible for potential renters who have strong credit. These factors may encourage potential renters to purchase residences rather than lease them, thereby causing a decline in the number and quality of potential tenants available to us.

No assurance can be given that we will be able to attract and retain suitable tenants. If we are unable to lease our single-family residential properties to suitable tenants, we would be adversely affected and the value of our Units could decline.

We intend to acquire properties from time to time consistent with our investment strategy even if the rental and housing markets are not as favorable as they have been in the recent past, which could adversely impact anticipated yields.

We intend to acquire properties from time to time consistent with our investment strategy, even if the rental and housing markets are not as favorable as they have been in the recent past. The following factors, among others, may cause acquisitions to be more expensive:

- improvements in the overall economy and employment levels;
- greater availability of consumer credit;
- improvements in the pricing and terms of mortgages;
- the emergence of increased competition for single-family residential properties from private investors and entities with similar investment objectives to ours; and
- tax or other government incentives that encourage homeownership.

We plan to acquire properties as long as we believe such properties offer an attractive total return opportunity. Accordingly, future acquisitions may have lower yield characteristics than present opportunities and, if such future acquisitions are funded through equity issuances, the yield and distributable cash per Unit will be reduced, and the value of our Units may decline.

Competition in identifying and acquiring our properties could adversely affect our ability to implement our business and growth strategies, which could materially and adversely affect us.

In acquiring our properties, we compete with a variety of institutional investors, including other funds, specialty finance companies, public and private funds, savings and loan associations, banks, mortgage bankers, insurance companies, institutional investors, investment banking firms, financial institutions, governmental bodies and other entities. We also compete with individual private home buyers and small scale investors. Certain of our competitors may be larger in certain of our target markets and may have greater financial or other resources than we do. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us. As a result, there can be no assurance that we will be able to identify and finance investments that are consistent with our investment objectives or to achieve positive investment results, and our failure to accomplish any of the foregoing could have a material adverse effect on us and cause the value of our Units to decline.

Compliance with governmental laws, regulations and covenants that are applicable to our properties or that may be passed in the future, including permit, license and zoning requirements, may adversely affect our ability to make future acquisitions or renovations, result in significant costs or delays, and adversely affect our growth strategy.

Rental homes are subject to various covenants and local laws and regulatory requirements, including permitting, licensing and zoning requirements. Local regulations, including municipal or local ordinances, restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to acquiring any of our properties or when undertaking renovations of any of our properties. Among other things, these restrictions may relate to fire and safety, seismic, asbestos-cleanup or hazardous material abatement requirements. Additionally, such local regulations may cause us to incur additional costs to renovate or maintain our properties in accordance with the particular rules and regulations. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. Our business and growth strategies may be materially and adversely affected by our ability to obtain permits, licenses and approvals. Our failure to obtain such permits, licenses and approvals could have a material adverse effect on us and cause the value of our Units to decline.

Tenant relief laws, including laws regulating evictions, rent control laws and other regulations that limit our ability to increase rental rates may negatively impact our rental income and profitability.

We may be involved from time to time in evicting tenants who are not paying their rent or who are otherwise in material violation of the terms of their lease. Eviction activities impose legal and managerial expenses that raise costs and expose us to potential negative publicity. The eviction process is typically subject to legal barriers, mandatory “cure” policies, our internal policies and procedures and other sources of expense and delay, each of which may delay our ability to gain possession and stabilize the property. Additionally, state and local landlord-tenant laws may impose legal duties to assist tenants in relocating to new housing, or restrict the landlord’s ability to remove the tenant on a timely basis or to recover certain costs or charge tenants for damage tenants cause to the landlord’s premises. Because such laws vary by state and locality, we must be familiar with and take all appropriate steps to comply with all applicable landlord-tenant laws, and need to incur supervisory and legal expenses to ensure such compliance. To the extent that we do not comply with state or local laws, we may be subjected to civil litigation filed by individuals, in class actions or actions by state or local law enforcement and our reputation and financial results may suffer. We may be required to pay our adversaries’ litigation fees and expenses if judgment is entered against us in such litigation or if we settle such litigation.

Furthermore, state and local governmental agencies may introduce rent control laws or other regulations that limit our ability to increase rental rates, which may affect our rental income. Especially in times of recession and economic slowdown, rent control

initiatives can acquire significant political support. If rent controls unexpectedly became applicable to certain of our properties, our revenue from and the value of such properties could be adversely affected.

We may become a target of legal demands, litigation (including class actions) and negative publicity by tenant and consumer rights organizations, which could directly limit and constrain our operations and may result in significant litigation expenses and reputational harm.

Numerous tenant rights and consumer rights organizations exist throughout the country and operate in our target markets, and we may attract attention from some of these organizations and become a target of legal demands, litigation and negative publicity. While we intend to conduct our business lawfully and in compliance with applicable landlord-tenant and consumer laws, such organizations might work in conjunction with trial and pro bono lawyers in one or multiple states to attempt to bring claims against us on a class action basis for damages or injunctive relief and to seek to publicize our activities in a negative light. We cannot anticipate what form such legal actions might take, or what remedies they may seek.

Additionally, such organizations may lobby local county and municipal attorneys or state attorneys general to pursue enforcement or litigation against us, may lobby state and local legislatures to pass new laws and regulations to constrain or limit our business operations, adversely impact our business or may generate negative publicity for our business and harm our reputation. If they are successful in any such endeavors, they could directly limit and constrain our operations and may impose on us significant litigation expenses, including settlements to avoid continued litigation or judgments for damages or injunctions.

Our evaluation of properties involves a number of assumptions that may prove inaccurate, which could result in us paying too much for properties we acquire and/or overvaluing our properties or our properties failing to perform as we expect.

We are authorized to follow a broad investment policy established by our General Partner and subject to implementation by our management and our advisor. Our General Partner periodically reviews and updates the investment policy and also reviews our portfolio of real estate and real estate-related assets. Our success depends on our ability to acquire properties that can be quickly renovated, repaired, upgraded and rented with minimal expense and maintained in quality condition. In determining whether a particular property meets our investment criteria, we make a number of assumptions, including, among other things, assumptions related to estimated time of possession and estimated renovation costs and time frames, annual operating costs, market rental rates and potential rent amounts, time from purchase to leasing and tenant default rates. These assumptions may prove inaccurate, particularly since the properties that we acquire may vary materially in terms of renovation, quality and type of construction, geographic location and hazards. As a result, we may pay too much for properties we acquire and/or overvalue our properties, or our properties may fail to perform as anticipated. Adjustments to the assumptions we make in evaluating potential purchases may result in fewer properties qualifying under our investment criteria, including assumptions related to our ability to lease properties we have purchased.

We have in the past and may from time to time in the future acquire some of our properties through the auction process, which could subject us to significant risks that could adversely affect us.

We may from time to time in the future acquire some of our properties through the auction process, including auctions of homes that have been foreclosed upon by third party lenders. Such auctions may occur simultaneously in a number of markets, including monthly auctions on the same day of the month in certain markets. As a result, we may only be able to visually inspect properties from the street and will purchase these properties without a contingency period and in “as is” condition with the risk that unknown defects in the property may exist. Upon acquiring a new property, we may have to evict tenants who are in unlawful possession before we can secure possession and control of such property. The holdover occupants may be the former owners or tenants of a property, or they may be squatters or others who are illegally in possession. Securing control and possession from these occupants can be both costly and time-consuming or generate negative publicity for our business and harm our reputation.

Allegations of deficiencies in auction practices could result in claims challenging the validity of some auctions, potentially placing our claim of ownership to the properties at risk. Since we do not obtain title insurance policies for properties we acquire through the auction process until we place the property into a securitization facility in connection with a mortgage loan financing, such instances or such proceedings may result in a complete loss without compensation.

Title defects could lead to material losses on our investments in our properties.

Our title to a property may be challenged for a variety of reasons, and in such instances title insurance may not prove adequate. For example, while we do not lend to homeowners and accordingly do not foreclose on a home, our title to properties we acquire at foreclosure auctions may be subject to challenge based on allegations of defects in the foreclosure process undertaken by other parties. In addition, we may from time to time acquire a number of our properties on an “as is” basis, at auctions or otherwise. When acquiring properties on an “as is” basis, title commitments are often not available prior to purchase and title reports or title information may not reflect all senior liens, which may increase the possibility of acquiring single-family residential properties outside predetermined acquisition and price parameters, purchasing residences with title defects and deed restrictions, HOA restrictions on leasing, or purchasing the wrong residence without the benefit of title insurance prior to closing. Although we use various policies, procedures, and practices to assess the state of title prior to purchase and obtain title insurance once an acquired property is placed into a securitization facility in connection with a mortgage loan financing, there can be no assurance that these policies and procedures will be effective, which could lead to a material if not complete loss on our investment in such properties.

For properties we acquire at auction, we similarly do not obtain title insurance prior to purchase, and we are not able to perform the type of title review that is customary in acquisitions of real property. As a result, our knowledge of potential title issues will be limited, and no title insurance protection will be in place. This lack of title knowledge and insurance protection may result in

third parties having claims against our title to such properties that may materially and adversely affect the values of the properties or call into question the validity of our title to such properties. Without title insurance, we are fully exposed to, and would have to defend ourselves against, such claims. Further, if any such claims are superior to our title to the property we acquired, we risk loss of the property purchased.

Increased scrutiny of title matters could lead to legal challenges with respect to the validity of the sale. In the absence of title insurance, the sale may be rescinded and we may be unable to recover our purchase price, resulting in a complete loss. Title insurance obtained subsequent to purchase offers little protection against discoverable defects because they are typically excluded from such policies. In addition, any title insurance on a property, even if acquired, may not cover all defects or the significant legal costs associated with obtaining clear title.

Any of these risks could adversely affect our operating results, cash flows, and ability to make distributions to our unitholders.

We are subject to certain risks associated with bulk portfolio acquisitions and dispositions.

We may acquire and dispose of properties in bulk. When we purchase properties in this manner, we often do not have the opportunity to conduct interior inspections or conduct more than cursory exterior inspections on a portion of the properties. Such inspection processes may fail to reveal major defects associated with such properties, which may cause the amount of time and cost required to renovate and/or maintain such properties to substantially exceed our estimates. Moreover, to the extent the management and leasing of such properties has not been consistent with our property management and leasing standards, we may be subject to a variety of risks, including risks relating to the condition of the properties, the credit quality and employment stability of the tenants and compliance with applicable laws, among others. In addition, financial and other information provided to us regarding such portfolios during our due diligence may be inaccurate and we may not discover such inaccuracies until it is too late to seek remedies against such sellers. To the extent we pursue such remedies, we may not be able to successfully prevail against the seller in an action seeking damages for such inaccuracies. If we conclude that certain individual properties purchased in bulk portfolio sales do not fit our target investment criteria, we may decide to sell, rather than renovate and rent, such properties, which could take an extended period of time and may not result in a sale at an attractive price.

From time to time we may engage in bulk portfolio dispositions of properties consistent with our business and investment strategy. With respect to any such disposition, the purchaser may default on payment or otherwise breach the terms of the relevant purchase agreement, and it may be difficult for us to pursue remedies against such purchaser or retain or resume possession of the relevant properties. To the extent we pursue such remedies, we may not be able to successfully prevail against the purchaser.

Vacant properties could be difficult to lease, which could adversely affect our revenues.

The properties we acquire may often be vacant at the time of closing and we may not be successful in locating tenants to lease the individual properties that we acquire as quickly as we had expected or at all. Even if we are able to place tenants as quickly as we had expected, we may incur vacancies in the future and may not be able to re-lease those properties without longer-than-assumed delays, which may result in increased renovation and maintenance costs. In addition, the value of a vacant property could be substantially impaired. As a result, if vacancies continue for a longer period of time than we expect or indefinitely, we may suffer reduced revenues, which may have a material adverse effect on us.

We rely on information supplied by prospective tenants in managing our business.

We will make leasing decisions based on our review of rental applications completed by the prospective tenant. While we may seek to confirm or build on information provided in such rental applications through our own due diligence, including by conducting background checks, we rely on the information supplied to us by prospective tenants to make leasing decisions, and we cannot be certain that this information is accurate. These applications are submitted to us at the time we evaluate a prospective tenant and we do not require tenants to provide us with updated information during the terms of their leases, notwithstanding the fact that this information can, and frequently does, change over time. For example, increases in unemployment levels or adverse economic conditions in certain of our markets may adversely affect the creditworthiness of our tenants in such markets. Even though this information is not updated, we will use it to evaluate the characteristics of our portfolio over time. If tenant-supplied information is inaccurate or our tenants' creditworthiness declines over time, we may make poor or imperfect leasing decisions and our portfolio may contain more risk than we believe.

We depend on our tenants and their willingness to meet their lease obligations and renew their leases for substantially all of our revenues. Poor tenant selection and defaults and nonrenewals by our tenants may adversely affect our reputation, financial performance and ability to make distributions to our unitholders.

We will depend on rental income from tenants for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified tenants for our properties. Our reputation, financial performance and ability to make distributions to our unitholders would be adversely affected if a significant number of our tenants fail to meet their lease obligations or fail to renew their leases. For example, tenants may default on rent payments, make unreasonable and repeated demands for service or improvements, make unsupported or unjustified complaints to regulatory or political authorities, use our properties for illegal purposes, damage or make unauthorized structural changes to our properties that are not covered by security deposits, refuse to leave the property upon termination of the lease, engage in domestic violence or similar disturbances, disturb nearby residents with noise, trash, odors or eyesores, fail to comply with HOA regulations, sublet to less desirable individuals in violation of our lease or permit unauthorized persons to live with them. Damage to our properties may delay re-leasing after eviction, necessitate expensive repairs or

impair the rental income or value of the property resulting in a lower than expected rate of return. Increases in unemployment levels and other adverse changes in economic conditions in our markets could result in substantial tenant defaults. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord at that property and will incur costs in protecting our investment and re-leasing the property.

Properties that have significant vacancies could be difficult to sell, which could diminish the return on these properties and adversely affect our ability to pay distributions to our unitholders.

A property may incur vacancies either by the expiration and nonrenewal of tenant leases or the continued default of tenants under their leases. If vacancies continue for a long period of time, we may suffer reduced revenues resulting in less cash available for distribution to our unitholders. In addition, the resale value of the property could be diminished because the market value of the single-family residential properties, which we intend to target depends principally upon the value of the cash flow generated by the leases associated with that property. Such a reduction in the resale value of a property could also reduce the value of our unitholders' investment.

We may enter into longterm leases with tenants in certain properties, which may not result in fair market rental rates over time.

We may enter into longterm leases with tenants of certain of our properties, or include renewal options that specify a maximum rate increase. These leases would provide for rent to increase over time; however, if we do not accurately judge the potential for increases in market rental rates, we may set the terms of these longterm leases at levels such that, even after contractual rent increases, the rent under our longterm leases is less than thencurrent market rates. Further, we may have no ability to terminate those leases or to adjust the rent to thenprevailing market rates. As a result, our cash available for distribution could be lower than if we did not enter into longterm leases.

Certain property types that we may acquire may not have efficient alternative uses and we may have difficulty leasing them to new tenants and/or have to make significant capital expenditures to them to do so.

Certain property types, particularly industrial properties, can be difficult to lease to new tenants, should the current tenant terminate or choose not to renew its lease. These properties generally have received significant tenantspecific improvements and only very specific tenants may be able to use such improvements, making the properties very difficult to release in their current condition. Additionally, an interested tenant may demand that, as a condition of executing a lease for the property, we finance and construct significant improvements so that the tenant could use the property. This expense may decrease cash available for distribution, as we likely would have to (i) pay for the improvements upfront or (ii) finance the improvements at potentially unattractive terms.

Any retail tenants we may have will face competition from numerous retail channels, and retail tenants may be disproportionately affected by current economic conditions. These events could reduce our profitability at any retail properties we acquire and affect our ability to pay distributions.

To the extent we acquire any commercial properties, retailers will face continued competition from discount or value retailers, factory outlet centers, wholesale clubs, mail order catalogues and operators, television shopping networks and shopping via the Internet. The retail industry is facing reductions in sales revenues and increased bankruptcies throughout the United States. Such conditions could adversely affect any retail tenants we may have and, consequently, our funds available for distribution.

To the extent we acquire retail properties, our revenue will be significantly impacted by the success and economic viability of our retail anchor tenants. Our reliance on a single tenant or significant tenants in certain buildings may decrease our ability to lease vacated space and adversely affect the returns on our unitholders' investment.

In the retail sector, a tenant occupying all or a large portion of the gross leasable area of a retail center, commonly referred to as an anchor tenant, may become insolvent, may suffer a downturn in business and default on or terminate its lease, or may decide not to renew its lease. Any of these events would result in a reduction or cessation in rental payments to us from that tenant and would adversely affect our financial condition. A lease termination by an anchor tenant could result in lease terminations or reductions in rent by other tenants whose leases may permit cancellation or rent reduction if an anchor tenant's lease is terminated. In such event, we may be unable to release the vacated space. Similarly, the leases of some anchor tenants may permit those anchor tenants to transfer their leases to other retailers. The transfer to a new anchor tenant could cause customer traffic in the retail center to decrease and thereby reduce the income generated by that retail center. A lease transfer to a new anchor tenant could also allow other tenants, under the terms of their respective leases, to make reduced rental payments or to terminate their leases. In the event that we are unable to release the vacated space to a new anchor tenant, we may incur additional expenses in order to renovate and subdivide the space to be able to release the space to more than one tenant.

We depend on tenants for our revenue generated by our real estate properties and, accordingly, our revenue generated by our real estate properties and our ability to make distributions to our unitholders are partially dependent upon the success and economic viability of our tenants and our ability to retain and attract tenants. Nonrenewals, terminations or lease defaults could reduce our net income and limit our ability to make distributions to our unitholders.

The success of our real estate properties materially depends upon the financial stability of the tenants leasing the properties we own. The inability of a significant number of tenants to meet their rental obligations could significantly lower our net income. A nonrenewal after the expiration of a lease term, termination or default by a tenant on its lease payments to us would cause us to lose the revenue associated with such lease. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord of a property and may incur substantial costs in protecting our investment and releasing the property. Tenants may have the right to terminate their leases upon the occurrence of certain customary events of default and, in other circumstances, may not

renew their leases or, because of market conditions, may only be able to renew their leases on terms that are less favorable to us than the terms of their initial leases. If a tenant does not renew, terminates or defaults on a lease, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. Because the market value of a particular property generally depends upon the value of the cash flow generated by the leases associated with such property, we may incur a loss upon the sale of a property with significant vacant space. These events could cause us to reduce distributions to unitholders.

The bankruptcy or insolvency of our tenants or delays by our tenants in making rental payments could seriously harm our operating results and financial condition.

Any bankruptcy filings by or relating to any of our tenants could bar us from collecting prebankruptcy debts from that tenant, unless we receive an order permitting us to do so from the bankruptcy court. A tenant bankruptcy could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude full collection of these sums. If a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold against a bankrupt entity may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. We may recover substantially less than the full value of any unsecured claims, which would harm our financial condition.

Our inability to sell a property at the time and on the terms we want could limit our ability to pay distributions to our unitholders.

Many factors that are beyond our control affect the real estate market and could affect our ability to sell properties for the price, on the terms or within the time frame that we desire. These factors include general economic conditions, the availability of financing, interest rates and other factors, including supply and demand. Because real estate investments are relatively illiquid, we have a limited ability to vary our portfolio in response to changes in economic or other conditions. Further, before we can sell a property on the terms we want, it may be necessary to expend funds to correct defects or to make improvements. However, we can give no assurance that we will have the funds available to correct such defects or to make such improvements. We may be unable to sell our properties at a profit. Our inability to sell properties at the time and on the terms we want could reduce our cash flow, limit our ability to make distributions to our unitholders and reduce the value of our unitholders' investment.

If we sell a property by providing financing to the purchaser, we will bear the risk of default by the purchaser, which could delay or reduce cash available for distribution to our unitholders.

If we decide to sell any of our properties, we intend to use our best efforts to sell them for cash; however, in some instances, we may sell our properties by providing financing to purchasers. When we provide financing to a purchaser, we will bear the risk that the purchaser may default, which could reduce our cash distributions to our unitholders. Even in the absence of a purchaser default, the distribution of the proceeds of the sale to our unitholders, or the reinvestment of the proceeds in other assets, will be delayed until the promissory note or other property we may accept upon a sale is actually paid, sold, refinanced or otherwise disposed.

Actions of our potential future joint venture partners could reduce the returns on joint venture investments and decrease our unitholders' overall return.

We may enter into joint ventures with third parties or our affiliates to acquire assets. We may also purchase and develop properties in joint ventures or in partnerships, cotenancies or other coownership arrangements. Such investments may involve risks not otherwise present with other methods of investment, including, for example, the following risks:

- that our coventurer, cotenant or partner in an investment could become insolvent or bankrupt;
- that such coventurer, cotenant or partner may at any time have economic or business interests or goals that are or that become inconsistent with our business interests or goals;
- that such coventurer, cotenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives; or
- that disputes between us and our coventurer, cotenant or partner may result in litigation or arbitration that would increase our expenses and prevent our officers from focusing their time and effort on our operations.

Any of the above might subject a property to liabilities in excess of those contemplated and thus reduce our returns on that investment and the value of our unitholders' investment in us. In addition, see the risks discussed under the heading "Our advisor and its affiliates will face conflicts of interest relating to joint ventures that we may form with affiliates of our advisor, which conflicts could result in a disproportionate benefit to other venture partners at our expense" with respect to joint ventures with affiliates.

Costs imposed pursuant to laws and governmental regulations may reduce our net income and our cash available for distribution to our unitholders.

Real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to protection of the environment and human health. We could be subject to liability in the form of fines, penalties or damages for noncompliance with these laws and regulations. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and aboveground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, the remediation of contamination associated with the release or disposal of solid and hazardous materials, the presence of toxic building materials and other health and safetyrelated concerns.

Some of these laws and regulations may impose joint and several liability on the tenants, owners or operators of real property for the costs to investigate or remediate contaminated properties, regardless of fault, whether the contamination occurred prior to purchase, or whether the acts causing the contamination were legal. Activities of our tenants, the condition of properties at the time we

buy them, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties.

The presence of hazardous substances, or the failure to properly manage or remediate these substances, may hinder our ability to sell, rent or pledge such property as collateral for future borrowings. Any material expenditures, fines, penalties or damages we must pay will reduce our ability to pay distributions to our unitholders and may reduce the value of our unitholders' investment.

The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property or of paying personal injury or other damage claims could reduce our cash available for distribution to our unitholders.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous real property owner or operator may be liable for the cost of removing or remediating hazardous or toxic substances on, under or in such property. These costs could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose liens on property or restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures or prevent us from entering into leases with prospective tenants that may be impacted by such laws. Environmental laws provide for sanctions for noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for the release of and exposure to hazardous substances, including asbestoscontaining materials and leadbased paint. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances and governments may seek recovery for natural resource damage. The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury, property damage or natural resource damage claims could reduce our cash available for distribution to our unitholders.

Our multifamily and commercial real estate acquisitions will be subject to Phase I environmental assessments prior to the time they are acquired; however, such assessments may not provide complete environmental histories due, for example, to limited available information about prior operations at the properties or other gaps in information at the time we acquire the property. A Phase I environmental assessment is an initial environmental investigation to identify potential environmental liabilities associated with the current and past uses of a given property. If any of our properties were found to contain hazardous or toxic substances after our acquisition, the value of our investment could decrease below the amount paid for such investment. In addition, real estaterelated investments in which we invest may be secured by properties with recognized environmental conditions. Where we are secured creditors, we will attempt to acquire contractual agreements, including environmental indemnities, that protect us from losses arising out of environmental problems in the event the property is transferred by foreclosure or bankruptcy; however, no assurances can be given that such indemnities would fully protect us from responsibility for costs associated with addressing any environmental problems related to such properties.

Costs associated with complying with the Americans with Disabilities Act may decrease our cash available for distribution.

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

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce our cash flow from operations and the return on our unitholders' investment.

There are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or copayments. Insurance risks associated with potential acts of terrorism could sharply increase the premiums we pay for coverage against property and casualty claims. Additionally, mortgage lenders in some cases have begun to insist that commercial property owners purchase coverage against terrorism as a condition to providing mortgage loans. Such insurance policies may not be available at reasonable costs, if at all, which could inhibit our ability to finance or refinance our properties. In such instances, we may be required to provide other financial support, either through financial assurances or selfinsurance, to cover potential losses. We may not have adequate coverage for such losses. If any of our properties incurs a casualty loss that is not fully insured, the value of our assets will be reduced by any such uninsured loss, which will reduce the value of our unitholders' investment. In addition, other than any working capital reserve or other reserves we may establish, we have no source of funding to repair or reconstruct any uninsured property. Also, to the extent we must pay unexpectedly large amounts for insurance, we could suffer reduced earnings that would result in lower distributions to our unitholders.

We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect us and the value of our Units.

Our operations are dependent upon our tenant portal and property management platforms, which include certain automated processes that require access to telecommunications or the internet, each of which is subject to system security risks. Certain critical components of our platform are dependent upon third party service providers and a significant portion of our business operations are

conducted over the internet. As a result, we could be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack, or a circumstance that disrupted access to telecommunications, the internet or operations at our third party service providers, including viruses or experienced computer programmers that could penetrate network security defenses and cause system failures and disruptions of operations. Even though we believe we utilize appropriate duplication and back-up procedures, a significant outage in telecommunications, the internet or at our third party service providers could negatively impact our operations.

Security breaches and other disruptions could compromise our information systems and expose us to liability, which would cause our business and reputation to suffer.

Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyberattacks. In the ordinary course of our business we acquire and store sensitive data, including intellectual property, our proprietary business information and personally identifiable information of our prospective and current tenants, employees and third party service providers. The secure processing and maintenance of such information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored therein could be accessed, publicly disclosed, misused, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, any of which could adversely affect our results of operations, reputation and competitive position.

We are subject to risks from natural disasters such as earthquakes and severe weather.

Natural disasters and severe weather such as earthquakes, tornadoes, hurricanes or floods may result in significant damage to our properties. The extent of our casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. When we have geographic concentration of exposures, a single catastrophe (such as an earthquake) or destructive weather event (such as a hurricane) affecting a region may have a significant negative effect on our financial condition and results of operations. As a result, our operating and financial results may vary significantly from one period to the next. Our financial results may be adversely affected by our exposure to losses arising from natural disasters or severe weather.

Eminent domain could lead to material losses on our investments in our properties.

Governmental authorities may exercise eminent domain to acquire the land on which our properties are built in order to build roads and other infrastructure. Any such exercise of eminent domain would allow us to recover only the fair value of the affected properties. In addition, “fair value” could be substantially less than the real market value of the property for a number of years, and we could effectively have no profit potential from properties acquired by the government through eminent domain.

We may have difficulty selling our real estate investments and our ability to distribute all or a portion of the net proceeds from any such sale to our unitholders may be limited.

Real estate investments are relatively illiquid and, as a result, we may have a limited ability to sell our properties. When we sell any of our properties, we may recognize a loss on such sale. We may elect not to distribute any proceeds from the sale of properties to our unitholders. Instead, we may use such proceeds for other purposes, including:

- purchasing additional properties;
- repaying debt or buying back Units;
- creating working capital reserves; or
- making repairs, maintenance or other capital improvements or expenditures to our remaining properties.

Our operating results may be negatively affected by potential development and construction delays and result in increased costs and risks, which could diminish the return on your investment.

We may use some or all of the offering proceeds available to us to acquire, develop and/or redevelop properties upon which we will develop single-family residential, multifamily, commercial, industrial, mixed use, or resort properties. We will be subject to risks relating to uncertainties associated with rezoning for development and environmental concerns of governmental entities and/or community groups and our developer’s ability to control construction costs or to build in conformity with plans, specifications and timetables. The developer’s failure to perform may necessitate legal action by us to rescind the purchase or the construction contract or to compel performance. Performance may also be affected or delayed by conditions beyond the developer’s control. Delays in completion of a property also could give residents the right to terminate preconstruction leases at a newly developed project. We may incur additional risks when we make periodic progress payments or other advances to such developers prior to completion of construction. These and other such factors can result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease up risks relating to newly constructed projects. Furthermore, we must rely upon projections of rental income and expenses and estimates of the fair market value of property upon completion of construction when agreeing upon a price to be

paid for the property at the time of acquisition of the property. If our projections are inaccurate, we may pay too much for a property, and the return on our investment could suffer.

In addition, we may invest in unimproved real property (which we define as property not acquired for the purpose of producing rental or other operating income, has no development or construction in process at the time of acquisition and no development or construction is planned to commence within one year of the acquisition) or mortgage loans on unimproved property. Returns from development of unimproved properties are also subject to risks and uncertainties associated with rezoning the land for development and environmental concerns of governmental entities and/or community groups. Although our intention is to limit any investment in unimproved property to property we intend to develop, your investment nevertheless is subject to the risks associated with investments in unimproved real property.

Risks Related to Real EstateRelated Investments

Our real estaterelated investments, to the extent we make any, will be subject to the risks typically associated with real estate.

Any real estaterelated investments we make generally will be directly or indirectly secured by a lien on real property (or the equity interests in an entity that owns real property) that, upon the occurrence of a default on the loan, could result in our taking ownership of the property. The values of these properties may change after the dates of acquisition or origination of the loans. If the values of the underlying properties drop, our risk will increase because of the lower value of the security associated with such loans. In this manner, real estate values could impact the values of our loan investments. Any investments we make in residential and commercial mortgagebacked securities and other real estaterelated investments may be similarly affected by real estate property values. Therefore, our real estaterelated investments will be subject to the risks typically associated with real estate, which are described above under the heading "—General Risks Related to Investments in Real Estate."

Any real estaterelated investments we make will be subject to interest rate fluctuations that will affect our returns as compared to market interest rates; accordingly, the value of our unitholders' investment in us would be subject to fluctuations in interest rates.

With respect to any fixed rate, longterm loans receivable we acquire or originate, if interest rates rise, the loans could yield a return that is lower than thencurrent market rates. If interest rates decrease, we will be adversely affected to the extent that loans are prepaid because we may not be able to reinvest the proceeds at as high of an interest rate. If we invest in variablerate loans receivable and interest rates decrease, our revenues will also decrease. For these reasons, any real estaterelated loans we acquire or originate and the value of our unitholders' investment in us will be subject to fluctuations in interest rates.

Any mortgage loans we acquire or originate and the mortgage loans underlying any mortgage securities we may invest in are subject to delinquency, foreclosure and loss, which could result in losses to us.

Commercial real estate loans generally are secured by commercial real estate properties and are subject to risks of delinquency and foreclosure. The ability of a borrower to repay a loan secured by an incomeproducing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an incomeproducing property can be affected by, among other things: tenant mix, success of tenant businesses, occupancy rates, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expenses or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, fiscal policies and regulations (including environmental legislation), natural disasters, terrorism, social unrest and civil disturbances.

In the event of any default under any mortgage loan held by us, we will bear a risk of loss of principal and accrued interest to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on our cash flow from operations. Foreclosure on a property securing a mortgage loan can be an expensive and lengthy process that could have a substantial negative effect on our anticipated return on the foreclosed investment. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtorinpossession to the extent the lien is unenforceable under state law.

Delays in liquidating defaulted mortgage loans could reduce our investment returns.

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

The mezzanine loans that we may acquire or originate would involve greater risks of loss than senior loans secured by the same properties.

We may acquire or originate mezzanine loans that take the form of subordinated loans secured by a pledge of the ownership interests of the entity owning (directly or indirectly) the real property. These types of investments may involve a higher degree of risk than longterm senior mortgage lending secured by incomeproducing real property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some or all of our investment. In addition, mezzanine loans may have higher loantovalue ratios than conventional mortgage loans, resulting in less equity in the real property and increasing the risk of loss of principal.

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

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

In addition, owners usually borrow funds under a conventional mortgage loan to repay a bridge loan. Therefore, we may be dependent on a borrower's ability to obtain permanent financing to repay our bridge loan, which could depend on market conditions and other factors. Bridge loans are also subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. In the event of any default under bridge loans held by us, we bear the risk of loss of principal and nonpayment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount of the bridge loan. To the extent we suffer such losses with respect to our investments in bridge loans, the value of our company and of our Units may be adversely affected.

Investment in nonconforming and noninvestment grade loans may involve increased risk of loss.

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

Subordinated loans and subordinated mortgagebacked securities may be subject to losses.

We may acquire or originate subordinated loans and invest in subordinated mortgagebacked securities. In the event a borrower defaults on a subordinated loan and lacks sufficient assets to repay our loan, we may suffer a loss of principal or interest. In the event a borrower declares bankruptcy, we may not have full recourse to the assets of the borrower, or the assets of the borrower may not be sufficient to repay the loan. If a borrower defaults on our loan or on debt senior to our loan, or in the event of a borrower bankruptcy, our loan will be repaid only after the senior debt is paid in full. Where debt senior to our loan exists, the presence of intercreditor arrangements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies (through "standstill periods") and control decisions made in bankruptcy proceedings relating to borrowers.

In general, losses on a mortgage loan included in a securitization will be borne first by the owner of the property securing the loan, then by a cash reserve fund or letter of credit, if any, and then by the "first loss" subordinated security holder. In the event of default and the exhaustion of any equity support, reserve fund, letter of credit and any classes of securities junior to those in which we invest, we may not be able to recover all of our investment in securities we purchase. In addition, if the underlying mortgage portfolio has been overvalued by the originator, or if the values subsequently decline and, as a result, less collateral is available to satisfy interest and principal payments due on the related mortgagebacked securities, securities in which we invest may effectively become the "first loss" position behind the more senior securities, which may result in significant losses to us.

Risks of cost overruns and noncompletion of the construction or renovation of the properties underlying loans we make or acquire may materially adversely affect our investments.

The renovation, refurbishment or expansion by a borrower under a mortgaged or leveraged property involves risks of cost overruns and noncompletion. Costs of construction or improvements to bring a property up to standards established for the market position intended for that property may exceed original estimates, possibly making a project uneconomical. Other risks may include environmental risks and the possibility of construction, rehabilitation and subsequent leasing of the property not being completed on schedule. If such construction or renovation is not completed in a timely manner, or if it costs more than expected, the borrower may experience a prolonged impairment of net operating income and may not be able to make payments on our investment, and we may not recover some or all of our investment.

To close loan transactions within a time frame that meets the needs of borrowers of loans we may originate, we may perform underwriting analyses in a very short period of time, which may result in credit decisions based on limited information.

We may gain a competitive advantage by, from time to time, being able to analyze and close loan transactions within a very short period of time. Our underwriting guidelines require a thorough analysis of many factors, including the underlying property's financial performance and condition, geographic market assessment, experience and financial strength of the borrower and future prospects of the property within the market. If we make the decision to extend credit to a borrower prior to the completion of one or more of these analyses, we may fail to identify certain credit risks that we would otherwise have identified.

The commercial mortgagebacked securities in which we may invest are subject to all of the risks of the underlying mortgage loans and the risks of the securitization process.

Commercial mortgagebacked securities, or CMBS, are securities that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. Accordingly, these securities are subject to all of the risks of the underlying mortgage loans. The value of CMBS may be adversely affected when payments on underlying mortgages do not occur as anticipated, resulting in the extension of the security's effective maturity and the related increase in interest rate sensitivity of a longerterm instrument. The value of CMBS may also change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities market as a whole. In addition, CMBS are subject to the credit risk associated with the performance of the underlying mortgage properties. In certain instances, thirdparty guarantees or other forms of credit support can reduce the credit risk.

CMBS are also subject to several risks created through the securitization process. Subordinate CMBS are paid interest only to the extent that there are funds available to make payments after paying the senior class. To the extent that we invest in a subordinate class, we will be paid interest only to the extent that there are funds available after paying the senior class. To the extent the collateral pool includes delinquent loans, there is a risk that interest payments on subordinate CMBS will not be fully paid. Subordinate CMBS are also subject to greater credit risk than senior CMBS that are more highly rated. Further, the ratings assigned to any particular class of CMBS may prove to be inaccurate. Thus, any particular class of CMBS may be riskier and more volatile than the rating may suggest, which may cause the returns on any CMBS investment to be less than anticipated.

We will not have the right to foreclose on commercial mortgage loans underlying CMBS in which we invest since we will not directly own such underlying loans. Accordingly, we must rely on third parties to initiate and execute any foreclosure proceedings upon a default of such mortgage loans.

To the extent that we make investments in real estaterelated securities and loans, a portion of those investments may be illiquid and we may not be able to adjust our portfolio in response to changes in economic and other conditions.

Certain of the real estaterelated securities that we may purchase in connection with privately negotiated transactions will not be registered under the relevant securities laws, resulting in a prohibition against their transfer, sale, pledge or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise in accordance with, those laws. The mezzanine and bridge loans we may purchase or originate will be particularly illiquid investments due to their short life, their unsuitability for securitization and the greater difficulty of recoupment in the event of a borrower's default. This illiquidity may limit our ability to vary our portfolio in response to changes in economic and other conditions, which could increase the likelihood that the value of our unitholders' investment will decrease as a result of such changes in economic and other conditions.

Delays in restructuring or liquidating nonperforming real estate securities could reduce the return on our unitholders' investment.

Real estate securities may become nonperforming after acquisition for a wide variety of reasons. Such nonperforming real estate investments may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial writedown of such loan or asset. However, even if a restructuring is successfully accomplished, upon maturity of such real estate security, replacement "takeout" financing may not be available. We may find it necessary or desirable to foreclose on some of the collateral securing one or more of our investments. Intercreditor provisions may substantially interfere with our ability to do so. Even if foreclosure is an option, the foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses including, without limitation, lender liability claims and defenses, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to litigate. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. Foreclosure actions by senior lenders may substantially affect the amount that we may earn or recover from an investment.

We will depend on borrowers for the revenue generated by our real estaterelated investments and, accordingly, our revenue and our ability to make distributions to our unitholders will be dependent upon the success and economic viability of such borrowers.

The success of any real estaterelated investments we acquire or originate will materially depend on the financial stability of the borrowers under such investments. The inability of a single major borrower or a number of smaller borrowers to meet their payment obligations could result in reduced revenue or losses for us. In the event of a borrower default or bankruptcy, we may experience delays in enforcing our rights as a creditor, and such rights may be subordinated to the rights of other creditors. These events could negatively affect the cash available for distribution to our unitholders and the value of their investment in us.

Our dependence on the management of other entities in which we invest may adversely affect our business.

We will not control the management, investment decisions or operations of the companies in which we may invest. Management of those enterprises may decide to change the nature of their assets, or management may otherwise change in a manner that is not satisfactory to us. We will have no ability to affect these management decisions and we may have only limited ability to dispose of our investments.

Prepayments can adversely affect the yields on our real estaterelated investments.

The yields on any real estaterelated investments we acquire or originate may be affected by the rate of prepayments differing from our projections. Prepayments on real estaterelated investments, where permitted under the applicable documents, are influenced by changes in current interest rates and a variety of economic, geographic and other factors beyond our control, and consequently, such prepayment rates cannot be predicted with certainty. If we are unable to invest the proceeds of any prepayments we receive in assets with at least an equivalent yield, the yield on our portfolio will decline. In addition, we may acquire real estaterelated investments at a discount or premium and if the investment is not repaid when expected, our anticipated yield may be impacted. Under certain interest rate and prepayment scenarios we may fail to recoup fully our cost of acquisition of certain investments.

If credit spreads widen before we obtain longterm financing for our investments, the value of our investments may suffer.

We will price our investments based on our assumptions about future credit spreads for financing of those investments. We may obtain longerterm financing for our investments using structured financing techniques in the future. In such financings, interest rates are typically set at a spread over a certain benchmark, such as the yield on United States Treasury obligations, swaps, or LIBOR. If the spread that borrowers will pay over the benchmark widens and the rates we charge on our investments to be securitized are not increased accordingly our income may be reduced or we may suffer losses.

Hedging against interest rate exposure may adversely affect our earnings, limit our gains or result in losses, which could adversely affect cash available for distribution to our unitholders.

We may enter into interest rate swap agreements or pursue other interest rate hedging strategies. Our hedging activity will vary in scope based on the level of interest rates, the type of investments we hold, and other changing market conditions. Interest rate hedging may fail to protect or could adversely affect us because, among other things:

- interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates;
- available interest rate hedging products may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability or asset;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction;
- the party owing money in the hedging transaction may default on its obligation to pay; and
- we may purchase a hedge that turns out not to be necessary, i.e. a hedge that is out of the money.

Any hedging activity we engage in may adversely affect our earnings, which could adversely affect cash available for distribution to our unitholders. Therefore, while we may enter into such transactions to seek to reduce interest rate risks, unanticipated changes in interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the investments being hedged or liabilities being hedged may vary materially. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the interest rate risk sought to be hedged. Any such imperfect correlation may prevent us from achieving the intended accounting treatment and may expose us to risk of loss.

We will assume the credit risk of our counterparties with respect to derivative transactions.

We may enter into derivative contracts for risk management purposes to hedge our exposure to cash flow variability caused by changing interest rates on our future variable rate real estate loans receivable and variable rate notes payable. These derivative contracts generally are entered into with bank counterparties and are not traded on an organized exchange or guaranteed by a central clearing organization. We would therefore assume the credit risk that our counterparties will fail to make periodic payments when due under these contracts or become insolvent. If a counterparty fails to make a required payment, becomes the subject of a bankruptcy case, or otherwise defaults under the applicable contract, we would have the right to terminate all outstanding derivative transactions with that counterparty and settle them based on their net market value or replacement cost. In such an event, we may be required to make a termination payment to the counterparty, or we may have the right to collect a termination payment from such counterparty. We assume the credit risk that the counterparty will not be able to make any termination payment owing to us. We may not receive any collateral from a counterparty, or we may receive collateral that is insufficient to satisfy the counterparty's obligation to make a termination payment. If a counterparty is the subject of a bankruptcy case, we will be an unsecured creditor in such case unless the counterparty has pledged sufficient collateral to us to satisfy the counterparty's obligations to us.

We will assume the risk that our derivative counterparty may terminate transactions early.

If we fail to make a required payment or otherwise default under the terms of a derivative contract, the counterparty would have the right to terminate all outstanding derivative transactions between us and that counterparty and settle them based on their net

market value or replacement cost. In certain circumstances, the counterparty may have the right to terminate derivative transactions early even if we are not defaulting. If our derivative transactions are terminated early, it may not be possible for us to replace those transactions with another counterparty, on as favorable terms or at all.

We may be required to collateralize our derivative transactions.

We may be required to secure our obligations to our counterparties under our derivative contracts by pledging collateral to our counterparties. That collateral may be in the form of cash, securities or other assets. If we default under a derivative contract with a counterparty, or if a counterparty otherwise terminates one or more derivative contracts early, that counterparty may apply such collateral toward our obligation to make a termination payment to the counterparty. If we have pledged securities or other assets, the counterparty may liquidate those assets in order to satisfy our obligations. If we are required to post cash or securities as collateral, such cash or securities will not be available for use in our business. Cash or securities pledged to counterparties may be repledged by counterparties and may not be held in segregated accounts. Therefore, in the event of a counterparty insolvency, we may not be entitled to recover some or all collateral pledged to that counterparty, which could result in losses and have an adverse effect on our operations.

There can be no assurance that the direct or indirect effects of the DoddFrank Act and other applicable non-U.S. regulations will not have an adverse effect on our interest rate hedging activities.

Title VII of the DoddFrank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") imposed additional regulations on derivatives markets and transactions. Such regulations and, to the extent we trade with counterparties organized in non-US jurisdictions, any applicable regulations in those jurisdictions, are still being implemented, and will affect our interest rate hedging activities. While the full impact of the regulation on our interest rate hedging activities cannot be fully assessed until all final implementing rules and regulations are promulgated, such regulation may affect our ability to enter into hedging or other risk management transactions, may increase our costs in entering into such transactions, and/or may result in us entering into such transactions on less favorable terms than prior to implementation of such regulation. For example, subject to an exception under the Dodd-Frank Act for "endusers" of swaps upon which we may seek to rely, we may be required to clear certain interest rate hedging transactions by submitting them to a derivatives clearing organization. In addition, to the extent we are required to clear any such transactions, we will be required to, among other things, post margin in connection with such transactions. The occurrence of any of the foregoing events may have an adverse effect on our business and our unitholders' return.

Declines in the market values of our investments may adversely affect periodic reported results of operations and credit availability, which may reduce our earnings and, in turn, cash available for distribution to our unitholders.

A portion of our assets may be classified for accounting purposes as "availableforsale." These investments are carried at estimated fair value, and temporary changes in the market values of those assets will be directly charged or credited to unitholders' equity without impacting net income on the income statement. Moreover, if we determine that a decline in the estimated fair value of an availableforsale security below its amortized value is otherthantemporary, we will recognize a loss on that security on our income statement, which will reduce our earnings in the period recognized.

A decline in the market value of our assets may adversely affect us, particularly in instances where we have borrowed money based on the market value of those assets. As a result, if the market value of those assets declines, the lender may require us to post additional collateral to support the loan. If we were unable to post the additional collateral, we may have to sell assets at a time when we might not have otherwise chosen to do so. A reduction in available credit may reduce our earnings and, in turn, cash available for distribution to unitholders.

Further, credit facility providers may require us to maintain a certain amount of cash reserves or to set aside unleveraged assets sufficient to maintain a specified liquidity position, which would allow us to satisfy our collateral obligations. If the market value of our investments declines, we may not be able to leverage our assets as fully as we would choose, which could reduce our return on equity. In the event that we are unable to meet these contractual obligations, our financial condition could deteriorate rapidly.

Market values of our real estaterelated investments may decline for a number of reasons, such as changes in prevailing market rates, increases in defaults related to the underlying collateral, increases in voluntary prepayments for our investments that are subject to prepayment risk, widening of credit spreads and downgrades of ratings of the securities by ratings agencies.

Some of our real estaterelated investments may be carried at estimated fair value as determined by us and, as a result, there may be uncertainty as to the value of these investments.

Some of our investments may be in the form of securities that are recorded at fair value but that have limited liquidity or are not publicly traded. The fair value of securities and other investments that have limited liquidity or are not publicly traded may not be readily determinable. We will estimate the fair value of these investments on a quarterly basis. Because such valuations are inherently uncertain, may fluctuate over short periods of time and may be based on numerous estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. The value of our Units could be adversely affected if our determinations regarding the fair value of these real estaterelated investments are materially higher than the values that we ultimately realize upon their disposal.

Federal Income Tax Risks

There is no assurance that we will be successful in qualifying as an Opportunity Fund under the TCJA.

We were organized with the express purposes of qualifying as an Opportunity Fund, as defined below, under the TCJA. However, the TCJA is a relatively new law and its provisions regarding Opportunity Funds are as yet untested. In addition, future legislation or guidance from the IRS may negatively affect our ability to qualify as an Opportunity Fund. As of the date of this memorandum, we have not made or located any potential investments in Opportunity Zones. Therefore, you should not assume that we will be successful in achieving our investment objectives.

We may not meet the requirements to be treated as an Opportunity Fund.

We intend to operate in conformity with the requirements to be classified as a "qualified opportunity fund" pursuant to Section 1400Z-2 of the Code, the Proposed Regulations and any subsequently issued guidance thereunder. In general, an Opportunity Fund is any investment vehicle organized as a corporation or a partnership for the purpose of investing in property located within Opportunity Zones and that holds at least 90% of its assets in Qualified Property. We generally are required to test for compliance with these requirements twice a year. Qualified Property includes "qualified opportunity zone business property," as well as certain interests in entities that are treated as a "qualified opportunity zone business." Generally, qualified opportunity zone business property is tangible property used in a trade or business that meets certain specified requirements and is located in areas designated as an Opportunity Zone by a state (including possessions of the United States and the District of Columbia) pursuant to certain requirements in the Code.

The Opportunity Zone rules were recently enacted as part of the TCJA, and, while the IRS has issued the Proposed Regulations, there are many subjects related to the Opportunity Zone rules that are not covered by the Proposed Regulations and for which there is limited, or no, guidance. In addition, it is possible that the final regulations will deviate significantly from the Proposed Regulations. Accordingly, while we intend to meet the requirements to be treated as an Opportunity Fund, our ability to be treated as an Opportunity Fund is subject to considerable uncertainty. It is possible that we may fail to meet the requirements to be treated as an Opportunity Fund, and there can be no guarantee that any investor will realize any tax advantages of investing in an Opportunity Fund as a result of an investment in the Fund.

In the event that we do not meet requirements to be treated as an Opportunity Fund, we generally would be subject to certain penalties unless we can establish that the failure is due to reasonable cause. These penalties are calculated based on the extent to which the our assets fall beneath the threshold of Qualified Property required to be held in order to meet the Opportunity Fund requirements, multiplied by an interest rate set by the IRS. In the event that we were subject to these penalties, the amount of the penalty would be treated as a Fund expense, which could adversely impact the returns of the Fund, perhaps substantially.

Our investment decisions may be affected by our efforts to qualify as an Opportunity Fund.

Because we intend to qualify as an Opportunity Fund and to meet the requirements for achieving certain tax advantages for investors who invest qualifying gains an Opportunity Fund, we may make investment decisions that are different from those we would make if we were not intending to so qualify. For example, we intend to invest substantially all of the Fund's commitments in properties located within Opportunity Zones. We may also hold fund investments for longer periods than if we were not intending to qualify as an Opportunity Fund, as in order to take advantage of certain tax benefits regarding the exclusion of future gain of investing in an Opportunity Fund, each investor must hold its interest in the Fund for at least 10 years. This long-term holding requirement may require the Fund to sell investments at inopportune times and may result in lower returns than if the Fund were to sell each investment when market conditions are most favorable.

Investors must make appropriate timely investments and elections in order to take advantage of the benefits of an Opportunity Fund.

In order for an investor to receive the Opportunity Fund benefits that the Fund is intended to enable, each such investor must make a timely investment of gains in the Fund and timely election to treat such investment as an Opportunity Fund investment under Section 1400Z-2 of the Code and the Proposed Regulations. In particular, any gain deferred by investing in the Fund must have been generated from a sale to an unrelated party within 180 days of investment in the Fund. The Fund has no control over these circumstances, and investors will have to rely on their own tax advisors and determinations.

We have not identified the first month in which we will be an Opportunity Fund.

The Proposed Regulations provide that, as part of its self-certification process, an entity that is eligible to be an Opportunity Fund mat identify the first month of the taxable year in which it wants to be an Opportunity Fund. Any investment made in an eligible entity prior to the first month in which such eligible entity is an Opportunity Fund does not receive the tax deferral benefits under Section 1400Z-2(a)(1) of the Code. We have not yet determined which month will be our first as an Opportunity Fund. Accordingly, any investment made in the Fund prior to the first month in which we are an Opportunity Fund will not be eligible for the tax benefits under Section 1400z-2 of the Code.

Because the Fund will be taxed as a partnership, you may incur tax liabilities based on your investment in the Fund without a corresponding cash distribution with which to pay such liabilities.

The Fund will be treated as a partnership for United States federal income tax purposes. As such, the Fund, itself, will not be subject to United States federal income tax. Rather, such taxes will be paid by the investors based on their respective shares of the

Fund's net income. Each Investor will be allocated his, her or its pro rata share of items of income, gain, loss, deduction, and credit attributable to the Fund each year, and will be required to include this allocable share in computing each investor's respective federal income tax liability for that year. This will be the case, even though the Fund may not have made any cash distributions to its investors in that year. Thus, it is possible that your investment will increase your federal income tax burden, without a corresponding cash distribution with which to pay such taxes, in which case you would be required to satisfy tax liabilities attributable to your share of Company income with case from sources other than the Company.

The interaction between the Opportunity Fund rules and Subchapter K of the Code is not clear and could have negative consequences for investors.

The Opportunity Zone rules provide that a taxpayer's basis in an investment in an Opportunity Fund is $0 until it is increased pursuant to Section 1400Z-2(b)(2)(B) of the Code. While the Proposed Regulations address the effect of partnership date on a taxpayer's basis in an Opportunity Fund, they do not address the impact of allocations of profits and losses on a taxpayer's basis in an Opportunity Fund. As such, it is possible that, if the Fund receives income but does not make a corresponding distribution, an investor may be required to recognize taxable income without receiving a corresponding increase in its outside basis in the Fund.

Tax-exempt Investors will be subject to U.S. federal income tax on all or a portion of their allocable share of the Fund's taxable income.

A tax-exempt investor generally will recognize unrelated business taxable income for U.S. federal income tax purposes as a result of an investment in the Fund. As a result, tax-exempt investors generally will be subject to U.S. federal income tax on all or a portion of their allocable share of the Fund's taxable income. Furthermore, tax-exempt investors may be subject to state and local income or franchise taxes in jurisdictions where the Fund owns real estate or otherwise conducts activities or is deemed to be engaged in business.

Non-US Investors will be required to file income tax returns in the U.S. and will be required to pay income taxes in the U.S. on their allocable share of the Fund's taxable income.

A foreign investor will be treated as engaged in the conduct of a U.S. trade or business for U.S. federal income tax purposes as a result of an investment in the Fund, and the foreign investor's allocable share of the Fund's taxable income (and, if the investor's investment in the Fund does not qualify for deferral under Section 1400Z-2 of the Code, gain from the sale or disposition of an interest in the Fund) generally will be treated as income "effectively connected" with such U.S. trade or business. As a result, foreign investors will be required to file U.S. federal income tax returns, and will be subject to U.S. federal income tax on their allocable share of the Fund's taxable income in the same manner as similarly-situated U.S. investors. Furthermore, foreign corporations will also be subject to an additional U.S. "branch profits tax" on their allocable share of Fund earnings and profits at the time that such earnings and profits are repatriated or deemed repatriated. Foreign investors may also be subject to state and local income or franchise taxes in jurisdictions where the Fund owns real estate or otherwise conducts activities or is deemed to be engaged in business.

The Fund will be required to withhold and remit taxes to the IRS with respect to foreign Investors' allocable share of the Fund's taxable income, which may reduce the cash flow available for distributions to investors.

If foreign investors were to invest in the Fund, the Fund would be required to remit to the IRS, on or before certain due dates during the course of each taxable year, withholding taxes with respect to the foreign investors' allocable share of the Fund's taxable income. This withholding requirement is based on the foreign investors' allocable share of the Fund's taxable income, and thus is triggered by the recognition of such income by the Fund. The withholding requirement is not triggered by, or dependent on, cash distributions that are actually made to the foreign investors. Accordingly, these withholding taxes must be paid by the Fund, regardless of whether the Fund will be making cash distributions to the investors on or around the dates on which the Fund is required to remit such amounts. As a result, the withholding obligations imposed on the Fund as a result of investment by foreign investors may reduce the amount of cash available for use by the Fund and/or distribution to the investors.

For fiscal years ending after December 31, 2017, a designee of the General Partner will be the "partnership representative" of the Fund. Because of the partnership representative's ability to bind both the Fund and its investors (including both current and former investors), certain conflicts of interest may arise.

For fiscal years ending after December 31, 2017, new partnership audit rules contained in the Bipartisan Budget Act of 2015 and enacted as Sections 6221 through 6241 of the Code (the "BBA Rules") will apply. Under the new rules, the Fund, and not the investors, will become responsible for the payment of any tax assessed by the IRS in an audit of the Fund. In addition, the position of tax matters partner is replaced with "partnership representative," who is given the authority to exercise certain procedural and related rights related to tax audits and controversies. The General Partner will designate the partnership representative of the Fund. If the General Partner so chooses, the General Partner may designate one of its affiliates as the partnership representative of the Fund. The initial partnership representative will be Brian Davison. The partnership representative of the Fund will have all the rights, powers, obligations and duties set forth in the BBA Rules for a "partnership representative," including, without limitation, the power to agree to an assessment against the Fund by the IRS, provided, however, that the partnership representative must act, and only at, the direction of the General Partner. If a tax audit results in the imposition of a tax liability on the Fund, the General Partner has the authority to allocate the economic burden of that liability among the persons who were investors in the Fund during the year that was

audited, or to shift that liability from the Fund to the persons who were investors in the year that was audited. Accordingly, a conflict of interest may arise between the General Partner and/or the partnership representative, on the one hand, and certain investors, on the other hand, with respect to the partnership representative's acceptance of an assessment by the IRS and the allocation of any resulting tax liability among the applicable investors.

CAUTIONARY NOTE REGARDING FORWARDLOOKING STATEMENTS

This memorandum contains forwardlooking statements about our business, including, in particular, statements about our plans, strategies and objectives. You can generally identify forwardlooking statements by our use of forwardlooking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue” or other similar words. You should not rely on these forwardlooking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our actual results, performance and achievements may be materially different from those expressed or implied by these forwardlooking statements.

You should carefully review the “Risk Factors” section of this memorandum, and those contained in any supplement to this memorandum, for a discussion of the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Except as otherwise required by federal securities laws, we do not undertake to publicly update or revise any forwardlooking statements, whether as a result of new information, future events or otherwise.

ESTIMATED USE OF PROCEEDS

The following table sets forth information about how we intend to use the proceeds raised in this offering assuming that we sell the maximum of $500,000,000 in Units in this offering. Many of the amounts set forth below represent management's best estimate since they cannot be precisely calculated at this time. The following table assumes the maximum Selling Commissions and Expenses (with no discounts to any categories of purchasers). Raising less than the maximum offering amount will alter the amounts of commissions, fees, and expenses set forth below.

Depending primarily upon the number of Units we sell in this offering, we estimate that we will use 61.49% of the gross proceeds in the offering to acquire real estate and real estate-related investments, and another 25% to fund working capital primarily to improve them. We will use the remainder of the gross proceeds from the offering to pay Selling Commissions and Expenses and organization and other offering expenses and to pay acquisition and origination expenses and, upon the acquisition or origination of real estate investments, to pay a fee to our advisor for its services in connection with the selection and acquisition or origination of such real estate investments.

We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). If we pay distributions from sources other than our cash flow from operations, we will have less funds available for the acquisition or origination of real estate investments, the overall return to our unitholders may be reduced and subsequent investors may experience dilution.

	Primary Offering	
	$500,000,000 in Units	
	$	**% of Offering Proceeds**
Gross Offering Proceeds	**500,000,000**	**100.00**
Less Offering Expenses:		
Selling Commissions [1]	50,000,000	10.00
Marketing and Due Diligence [2]	5,000,000	1.00
Placement Fee [3]	5,000,000	1.00
Organization and Other Offering Expenses	500,000	0.10
Amount Available for Investment	**439,500,000**	**87.9**
Acquisition and Origination Fees	4,617,230	0.92
Acquisition and Origination Expenses	2,462,520	0.49
Initial Working Capital Reserve	125,000,000	25.00
Targeted Investment Capital	**307,420,250**	**61.49**

[1] Selling commissions in an amount up to 10% of the purchase price of the Units sold in the primary offering will be paid to broker-dealers. The standard commission structure for this offering will pay a 5% commission to the broker-dealer at the time the investment is made, and, provided the investor has not withdrawn the investment, 1% on the fifth anniversary, 1% on the seventh anniversary, and 3% on the tenth anniversary of the investment

[2] Broker-dealers may receive a non-accountable marketing and due diligence allowance of up to 1% of the purchase price of the Units sold in the primary offering.

[3] Broker-dealers may receive a placement fee of up to 1% of the purchase price of the Units sold in the primary offering.

MANAGEMENT

General Partner

We operate under the direction of our General Partner. Our General Partner is responsible for the management and control of our affairs. Our General Partner has retained EquiAlt Capital Advisors to manage our daytoday operations and our portfolio of real estate investments, subject to our General Partner's supervision.

Our General Partner is managed by Brian Davison, the founder of the EquiAlt family of funds.

Our general investment and borrowing policies are set forth in this memorandum. Our General Partner may establish further written policies on investments and borrowings and will monitor our administrative procedures, investment operations and performance to ensure that our executive officers and advisor follow these policies and that these policies continue to be in the best interests of our unitholders. Unless modified by our General Partner, we will follow the policies on investments and borrowings set forth in this memorandum.

Executive Officer

We have provided below certain information about our executive officer.

*Name**	*Age***	*Positions*
Brian Davison	46	Manager of the General Partner, Chief Executive Officer

* The address of our executive officer listed is 2112 W. Kennedy Blvd., Tampa, Florida 33606.

**As of August 31, 2018.

Brian D. Davison is our Chief Executive Officer and the manager of our General Partner, positions he has held since our inception in August 2018. Mr. Davison is also the Chief Executive Officer and a principal of our advisor and our property manager. Mr. Davison is the founder of the EquiAlt family of companies, and has served as the Chief Executive Officer of EquiAlt, LLC since the company's inception in 2011.

Mr. Davison has extensive executive management experience and more than 20 years of experience in the real estate industry, with an emphasis on the single-family residential market. In 2009, Mr. Davison founded EquityAlt, LLC through which he acquired real property with third-party investors, typically structured as tenancies in common. Under his leadership, EquityAlt, LLC began acquiring distressed real estate assets, including single-family properties sold at auction. Having successfully completed numerous transactions between 2009 and 2011, Mr. Davison founded EquiAlt, LLC in early 2011 to introduce a fixed-return fund concept for its investors. EquiAlt, LLC served as the manager for four EquiAlt-sponsored programs, EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP. These programs offered investors fixed-rate debentures and targeted the single-family residential market. EA SIP, however, focuses on single-family residential and multifamily developments. Mr. Davison has purchased, rehabilitated, and either sold or rented more than $300 million in single-family and multi-family properties on behalf of the EquiAlt-sponsored programs, delivering impressive returns to the funds.

From 2003 to the start of 2008, Mr. Davison served as the Chief Executive Officer of Affinity Capital LLC, a national mortgage brokerage with offices in three states, where he successfully completed over $600 million in funded projects for single-family residential property, commercial property, and tenants-in-common transactions before the U.S. economy suffered its severe downtown.

Prior to that experience, he served as an officer or director of several real estate lending or investment companies beginning in 1995, with a focus on single-family residential products.

Mr. Davison studied political science at California State University San Marcos, and holds, or has held, mortgage broker licenses in Nevada and Florida, and real estate licenses in California and Nevada.

Compensation of Executive Officer

We do not anticipate paying the executive officer a salary. However, he will derive indirect compensation through his role with our advisor and property manager.

Our Advisor

Our advisor is EquiAlt Capital Advisors LLC, a limited liability company formed in the State of Delaware on June 22, 2017. Our advisor currently is not registered as an investment adviser with the SEC. As our advisor, EquiAlt Capital Advisors has contractual responsibilities to us and our unitholders and would have fiduciary responsibilities to us and our unitholders if we commence an initial public offering. The principal officers of our advisor are as follows:

Name	Age*	Positions

Brian Davison	46	Chief Executive Officer
Barry Rybicki	47	Chief Operating Officer

*As of August 31, 2018.

Brian Davison indirectly owns a controlling interest in and serves as the Chief Executive Officer of EquiAlt Capital Advisors. Messrs. Rybicki, Kelly, Nyka and Diaz all actively participate in the management and operations of our advisor. For more information regarding the background and experience of Messrs. Davison and Rybicki, see "Management—Executive Officers and Directors" and "—Other Affiliates—Our Sponsor."

Below is a brief description of the background and experience of the key real estate professionals at EquiAlt Capital Advisors who are not also one of our executive officers.

Tony James Michael Kelly is Senior Portfolio Manager of EquiAlt Capital Advisors LLC and EquiAlt Property Management LLC. As Senior Portfolio Manager, Mr. Kelly oversees and coordinates ongoing property repair and construction projects in addition to assisting with tenant issues, property acquisition and data coordination. Mr. Kelly has served as Senior Portfolio Manager of EquiAlt, LLC, an affiliate of our sponsor, since June 2014. Mr. Kelly graduated from the University of South Florida with a bachelor of arts degree in political science and holds a real estate license in the state of Florida.

Bertram Andy Nkya is Portfolio Manager of EquiAlt Capital Advisors LLC and EquiAlt Property Management LLC. As Portfolio Manager, Mr. Nkya oversees and coordinates acquisition analysis, property repair evaluation, contractor oversight, tenant placement, budget reviews and marketing property for rent or sale. Mr. Nkya has served as Portfolio Manager of EquiAlt, LLC an affiliate of our sponsor, since September 2016. Mr. Nkya holds a bachelor of arts degree in finance and a number of licenses, including a real estate license in South Carolina, Broker Price Opinion Resource Certification, Relocation Professional Certification and Business Analysis Fundamentals.

Michelle Rodriquez Diaz is Junior Portfolio Manager of EquiAlt Capital Advisors LLC and EquiAlt Property Management LLC. As Junior Portfolio Manager, Ms. Diaz oversees and coordinates tenant financial matters, accounting interface, vendor billing and HOA matters. Ms. Diaz has served as Back Office Administration - Junior Portfolio Manager of EquiAlt, LLC an affiliate of our sponsor, since May 2016. Ms. Diaz holds an associate degree in liberal arts.

The Advisory Agreement

Under the terms of the advisory agreement, EquiAlt Capital Advisors will use its best efforts to present to us investment opportunities that provide a continuing and suitable investment program for us consistent with our investment policies and objectives as adopted by our General Partner. Pursuant to the advisory agreement, EquiAlt Capital Advisors will, subject to the oversight of our General Partner, manage our daytoday operations and perform other duties, including, but not limited to, the following:

- finding, presenting and recommending to us real estate investment opportunities consistent with our investment policies and objectives;
- structuring the terms and conditions of our investments, sales and joint ventures;
- acquiring real estate investments on our behalf in compliance with our investment objectives and policies;
- sourcing and structuring our loan originations;
- arranging for financing and refinancing of our real estate investments;
- reviewing and analyzing the operating and capital budgets of our properties and the properties securing our real estaterelated investments;
- assisting us in obtaining insurance;
- generating an annual budget for us;
- reviewing and analyzing financial information for each of our assets and the overall portfolio;
- formulating and overseeing the implementation of strategies for the administration, promotion, management, operation, maintenance, improvement, financing and refinancing, marketing, leasing and disposition of our real estate investments;
- performing investorrelations services;
- maintaining our accounting and other records and assisting us in filing all reports required to be filed with the SEC, the IRS and other regulatory agencies, as applicable;
- engaging and supervising the performance of our agents; and
- performing any other services reasonably requested by us.

See "Management Compensation" for a detailed discussion of the fees payable to EquiAlt Capital Advisors under the advisory agreement. We also describe in that section our obligation to reimburse EquiAlt Capital Advisors for certain expenses, including organization and offering expenses, the costs of providing services to us (other than for the employee costs in connection with services for which it earns acquisition and origination fees or disposition fees, though we may reimburse our advisor for travel and communication expenses) and payments made by EquiAlt Capital Advisors in connection with potential investments, whether or not we ultimately acquire or originate the investment.

EquiAlt Capital Advisors and its affiliates expect to engage in other business ventures and, as a result, they will not dedicate their resources exclusively to our business. However, pursuant to the advisory agreement, EquiAlt Capital Advisors must devote sufficient resources to our business to discharge its obligations to us.

During the term of the advisory agreement and for one year following its termination, we have agreed that we will not, without our advisor's prior written consent, (i) solicit or encourage any person to leave the employment or other service of our advisor or any of its affiliates or (ii) hire, on our behalf or on behalf of any other person or entity, any person who has left the employment of our advisor or its affiliate within the one-year period following termination of that person's employment with our advisor or any of its affiliates. In addition, during the same time period, we have agreed that we will not intentionally interfere with the relationship of our advisor or any of its affiliates with, or endeavor to entice away from our advisor or any of its affiliates, any person who during the term of the advisory agreement is, or during the preceding one-year period was, a tenant, co-investor, co-developer, joint venture or other customer of our advisor or any of its affiliates.

EquiAlt Capital Advisors may assign the advisory agreement to an affiliate upon our approval. We may assign or transfer the advisory agreement to a successor entity.

Initial Investment by Our Advisor

Our sponsor has invested $250,000 in us through the purchase of 27,624 Units at an average purchase price of $9.05 per unit.. As of the date of this memorandum, this constitutes 100% of our issued and outstanding equity. Although nothing prohibits EquiAlt Capital Advisors or its affiliates from acquiring additional our Units, EquiAlt Capital Advisors currently has no options or warrants to acquire any Units.

Our Property Manager

We have entered into a property management agreement with EquiAlt Property Management LLC, which will be responsible for property management and leasing services for our properties. In some instances, our property manager may contract with an affiliated entity to provide certain property management services requiring state-specific licenses or a non-affiliated third-party property manager to whom our property manager may subcontract its property management duties. EquiAlt Holdings LLC controls our property manager. See "Prospectus Summary—Organizational Structure" and "Conflicts of Interest."

The principal officers of our property manager are as follows:

Name	Age*	Positions
Brian Davison	46	Chief Executive Officer
Barry Rybicki	47	Chief Operating Officer

*As of August 31, 2018.

For more information regarding the background and experience of Messrs. Davison and Rybicki, see "—Executive Officers and Directors" above.

EquiAlt Property Management LLC was formed in 2017 to manage and lease properties for various EquiAlt affiliates. Consistent with market custom, we will pay our property manager property management fees equal to 10% of the gross revenues from the single-family residential properties managed by our property manager plus a one-time tenant placement fee equal to the first month's rent. For other property types, including commercial and multifamily, we will pay our property manager property management fees equal to 4.5% of the gross revenues from the properties managed by our property manager. Our property manager's engagement will not commence with respect to any particular project until we, in our sole discretion, have the ability to appoint or hire our property manager. In the event that we contract directly with a non-affiliated third-party property manager in respect of a property, we will pay our property manager an oversight fee of 0.5% of the gross revenues from the property. In no event will we pay both a property management fee and an oversight fee to our property manager with respect to any particular property.

We will reimburse our property manager for all expenses and liabilities incurred in connection with certain utility and service contracts entered into on our behalf. We will reimburse the costs and expenses incurred by our property manager on our behalf, including the wages and salaries and other employee-related expenses and benefits of all on-site employees of our property manager who are engaged in the operation, management, maintenance and leasing or access of our properties, including taxes, insurance and benefits relating to such employees, costs of technology related to specific properties, and legal, travel and other out-of-pocket expenses that are directly related to the management of specific properties. We will not be obligated to reimburse our property manager for any expense allocable to (i) time spent on properties other than those properties the property manager manages under the property management agreement and (ii) any personnel other than on-site personnel or personnel spending a portion of their working hours (to be charged on a pro rata basis) on-site. We may also reimburse our property manager for certain third-party charges and miscellaneous expenses.

Our property manager may subcontract on-site property management duties to other management companies with experience in the applicable markets that also will be authorized to lease our properties consistent with the leasing guidelines promulgated by our advisor. The information our property manager learns from the local property management companies about the market and residents' needs could assist us in acquiring "off market" properties on attractive terms and/or prices and aiding in resident retention. Our property manager nonetheless will continue to supervise any subcontracted, on-site property managers. Our property manager also will be responsible for paying such subcontractors' fees and expenses. We will have no obligation to make any payments to the subcontractors, unless we and EquiAlt Property Management LLC otherwise agree in writing. In addition, our property manager may remain directly involved in many property management activities including, leasing decisions, budgeting, vendor relations (especially national vendor relations), selection and provision of professional services and their providers (i.e., accounting, legal, and banking services), and general property-level problem solving. To the extent our property manager directly performs on-site management, it will hire, direct and establish policies for employees who will have direct responsibility for such property's operations, including resident managers and assistant managers, as well as building and maintenance personnel.

Our property manager will use its diligent efforts to investigate, hire, pay, supervise and discharge duly qualified and licensed personnel necessary to be employed by it to properly maintain, operate and lease our properties, including without limitation, a property manager or business manager at such properties. Our property manager will also direct the purchase of equipment and supplies and will supervise all maintenance activity. Our property manager will continuously consider alternatives to provide the most efficient property management services to us.

Pursuant to separately negotiated agreements, however, our company and our property manager may agree that our property manager will supervise the construction and/or installation of certain capital improvements or other major repairs outside of normal maintenance and repair at any property. In such case, we will pay additional compensation to our property manager pursuant to such separately negotiated agreements. Our property management agreement has an initial term of five years ending in 2023, and is subject to successive five-year renewals. If no party gives written notice to the other at least 30 days prior to the expiration date, then the property management agreement will automatically continue for consecutive two-year periods until terminated by any party by written notice given at least 30 days in advance of such termination. We may also terminate the agreement upon 30 days' prior written notice in the event of willful misconduct, gross negligence or deliberate malfeasance by the property manager. If we materially breach our obligations under the agreement and such breach remains uncured for a period of ten (10) days after written notification of such breach, the property manager may terminate the agreement.

Under our property management agreement, during the term of the agreement and for one year after its termination, we are restricted from soliciting any employee of our property manager or its affiliates or from hiring a prior employee of our property manager or its affiliates within the one-year period following the termination of that person's employment with the property manager or its affiliate.

The principal office of our property manager is located at 2112 W. Kennedy Blvd., Tampa, Florida 33606.

Our Sponsor

EquiAlt Holdings, which we consider to be our sponsor, is owned and controlled by Mr. Brian Davison. EquiAlt Holdings was formed as a Delaware limited liability company on June 22, 2017. EquiAlt Holdings controls and owns our advisor and our property manager. Messrs. Davison, Rybicki, Kelly, Nkya and Diaz actively participate in the management and operations of our advisor.

Mr. Davison works at EquiAlt Capital Advisors with his team of real estate professionals. The key real estate professionals at our advisor include Messrs. Rybicki, Kelly, and Nkya and Ms. Diaz. These key real estate professionals, collectively, have over 50 years of real estate experience. The key real estate professionals at our advisor have been through multiple real estate cycles in their careers and have the expertise gained through handson experience in acquisitions, originations, asset management, dispositions, development, leasing and property and portfolio management. These individuals comprise the investment committee formed by EquiAlt Capital Advisors to evaluate and recommend new investment opportunities for us.

When we refer to a "EquiAlt-sponsored program," we are referring to the private entities sponsored by an investment advisor affiliated with Mr. Davison and our company, that are currently being sponsored by Mr. Davison. As noted above, our sponsor is sponsoring EquiAlt Fund I, EquiAlt Fund II, EA SIP, EquiAlt REIT, EquiAlt Qualified Opportunity Zone Fund, LP, and certain of their affiliates.

Mr. Davison has been involved in residential real estate for more than 20 years. Over that time, Mr. Davison has developed extensive experience investing in and managing real estate holdings, with an emphasis on single-family Units. Since 2011 with the inception of EquiAlt, the experience of the investment advisors affiliated with Mr. Davison includes (as of August 31, 2018) sponsoring five private real estate funds that had invested over $100 million of equity in residential real estate assets.

See "Management—Executive Officers and Directors" for more information regarding the background and experience of the individuals who own and control our sponsor.

Management Decisions

The primary responsibility for the management decisions of EquiAlt Capital Advisors and its affiliates, including the selection of real estate investments to be recommended to our General Partner, the negotiation for these investments and asset management decisions, will reside in the investment committee formed by our advisor.

MANAGEMENT COMPENSATION

Although we have an executive officer who will manage our operations, we have no paid employees. Our advisor and the real estate professionals at our advisor will manage our daytoday affairs and our portfolio of real estate investments, subject to our General Partner's supervision. The following table summarizes all of the compensation and fees that we will pay to financial intermediaries, our advisor and its affiliates, including amounts to reimburse their costs in providing services. Selling Commissions and Expenses may vary for different categories of purchasers as described under "Plan of Distribution." This table assumes the maximum Selling Commissions and Expenses (with no discounts to any categories of purchasers). No Selling Commissions and Expenses are payable on Units sold through our distribution reinvestment plan, if we were to create one.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for Maximum Primary Offering $500,000,000 in Units
	Organization and Offering Stage	
Selling Commissions – Broker-Dealers	Up to 10% of the purchase price of the Units sold in the primary offering will be paid to broker-dealers or other licensed professionals.	$50,000,000
Marketing and Due Diligence Allowance – Broker-Dealers	Up to 1% of the purchase price of the Units sold in the primary offering will be paid to broker-dealers as an allowance for marketing and due diligence.	$5,000,000
Placement Fee – Broker-Dealers	Up to 1% of the purchase price of the Units sold in the primary offering will be paid to broker-dealers as a placement fee.	$5,000,000
Organization and Other Offering Expenses (1)	To date, our sponsor has paid organization and other offering expenses on our behalf. We will reimburse our sponsor for these costs and future organization and other offering costs it may incur on our behalf. These organization and other offering expenses include all expenses (other than Selling Commissions and Expenses) to be paid by us in connection with the offering, including our legal, accounting, printing, mailing and filing fees, charges of our advisor for administrative services related to the issuance of Units in this offering, reimbursement of due diligence expenses of brokerdealers, reimbursement of our advisor for costs in connection with preparing supplemental sales materials, the cost of training and education meetings held by us (primarily the travel, meal and lodging costs of registered representatives of broker-dealers), attendance and sponsorship fees, wholesaling compensation expenses and travel, meal and lodging costs for registered persons associated with broker-dealers and officers and employees of our affiliates to attend retail seminars conducted by broker-dealers. If we raise the maximum offering amount, we expect our organization and other offering expenses to be less than 1% of gross offering proceeds; however, there is no limit on the amount of organization and other offering expenses we may incur.	Actual amounts are dependent upon a variety of third-parties, including the Fund's outside legal counsel and accounting professionals; we cannot determine these amounts at the present time.
	Acquisition and Development Stage	

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for Maximum Primary Offering $500,000,000 in Units
Acquisition and Origination Fees – EquiAlt Capital Advisors (1)(2)	1.5% of the cost of investments acquired by us, or the amount to be funded by us to acquire or originate loans, including any acquisition expenses associated with the purchase of such investment or the acquisition or origination of such loan, and any debt attributable to such investment or loan, plus significant capital expenditures budgeted as of the date of acquisition related to the development, construction or improvement of a real estate property. Acquisition fees calculated based on capital expenditures budgeted as of the date of acquisition shall be paid at the time funds are disbursed pursuant to a final approved budget upon receipt of an invoice by us.	$7,500,000 (assumes maximum offering and no debt)
Acquisition and Origination Expenses	Reimbursement of customary acquisition and origination expenses (including expenses relating to potential investments that we do not close), such as legal fees and expenses (including fees of independent contractor inhouse counsel that are not employees of our advisor), costs of due diligence (including, as necessary, updated appraisals, surveys and environmental site assessments), travel and communications expenses, accounting fees and expenses and other closing costs and miscellaneous expenses relating to the acquisition or origination of real estate properties and real estate-related investments. We estimate that these expenses will average approximately 0.6% of the purchase price or origination amount of our investments, excluding fees and expenses associated with such investments.	$3,000,000 (assumes maximum offering and no debt)
	Operational Stage	
Asset Management Fees – EquiAlt Capital Advisors (1)(2)	A monthly fee equal to one-twelfth of 1.6% of the cost of our investments, less any debt secured by or attributable to our investments. The cost of our real property investments will be calculated as the amount paid or allocated to acquire the real property, plus budgeted capital improvement costs for the development, construction or improvements to the property once such funds are disbursed pursuant to a final approved budget and fees and expenses associated with the purchase of such real property, but excluding acquisition fees paid or payable to our advisor or its affiliates. The cost of our real estate-related investments and any investments other than real property will be calculated as the lesser of: (x) the amount paid or allocated to acquire, originate or fund the investment, including fees and expenses associated with the acquisition, origination or funding of such investment (but excluding acquisition or origination fees paid or payable to our advisor or its affiliates), and (y) the outstanding principal amount of such investment, including fees and expenses associated with the acquisition, origination or funding of such investment (but excluding acquisition or origination fees paid or payable to our advisor or its affiliates). In the case of investments made through joint ventures, the asset management fee will be determined based on our proportionate share of the underlying investment.	Actual amounts are dependent upon the total capital we raise, the cost of our investments and the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for Maximum Primary Offering $500,000,000 in Units
Other Operating Expenses – EquiAlt Capital Advisors and EquiAlt Property Management	We may reimburse the expenses incurred by our advisor in connection with its provision of services to us, including our allocable share of our advisor's overhead, such as rent, employee costs, utilities and IT costs. Our advisor may seek reimbursement for employee costs under the advisory agreement. However, we will not reimburse our advisor or its affiliates for employee costs in connection with services for which our advisor earns acquisition or origination fees or disposition fees (other than reimbursement of travel and communication expenses) or for the salaries or benefits our advisor or its affiliates may pay to our named executive officers. We will reimburse our property manager for all expenses and liabilities incurred in connection with certain utility and service contracts entered into on our behalf. We will reimburse the costs and expenses incurred by our property manager on our behalf, including the wages and salaries and other employee-related expenses and benefits of all on-site employees of our property manager who are engaged in the operation, management, maintenance and leasing or access of our properties, including taxes, insurance and benefits relating to such employees, costs of technology related to specific properties, and legal, travel and other out-of-pocket expenses that are directly related to the management of specific properties. We will not be obligated to reimburse our property manager for any expense allocable to (i) time spent on properties other than those properties the property manager manages under the property management agreement and (ii) any personnel other than on-site personnel or personnel spending a portion of their working hours (to be charged on a pro rata basis) on-site. We may also reimburse our property manager for certain third-party charges and miscellaneous expenses.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
Property Management Fee – EquiAlt Property Management	A monthly management fee equal to the following: (a) for any single-family residential property, (i) 10% of gross revenues for each such property for such month payable monthly in arrears, and (ii) the first month's rent payment for any property for which property manager has placed a new tenant, plus (b) for any property that is not a single-family residence, including multifamily and commercial properties, 4.5% of gross revenues for each such property for such month payable monthly in arrears. "Gross revenues" means all amounts actually collected as rents or other charges for use and occupancy of properties, whether residential or commercial, and concessionaires (if any) in respect of each property, including furniture rental, parking fees, forfeited security deposits, application fees, late charges, income from coin operated machines, proceeds from rental interruption insurance, and other miscellaneous income collected at each property; but shall exclude all other receipts, including but not limited to, income derived from interest on investments or otherwise, proceeds of claims on account of insurance policies (other than rental interruptions insurance), abatement of taxes, and awards arising out of eminent domain proceedings, discounts and dividends on insurance policies.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for Maximum Primary Offering $500,000,000 in Units
Oversight Fee – EquiAlt Property Management	If we hire a third-party property manager not affiliated with the property manager in respect of a property for which we, in our sole discretion, have the ability to appoint or hire the property manager, we will pay the property manager an oversight fee equal to 0.50% of gross revenues of such property.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
	Liquidation	
Disposition Fees– EquiAlt Capital Advisors or its affiliates [(1)(2)]	In connection with the sale of our assets, which includes the sale of a single asset or the sale of all or a portion of our assets through a portfolio sale, merger or business combination transaction, we will pay our advisor or its affiliates a percentage of the contract sales price of the assets sold (including residential or commercial mortgagebacked securities issued by a subsidiary of ours as part of a securitization transaction). For dispositions with a contract sales price less than or equal to $1.5 billion, the disposition fee will equal 1.5% of the contract sales price. For dispositions with a contract sales price greater than $1.5 billion, the disposition fee will equal 1.5% of the first $1.5 billion of the contract sales price, plus 1.1% of the amount of the contract sales price in excess of $1.5 billion. Provided, however, that upon commencement of an initial public offering, the disposition fees paid to our advisor, its affiliates and unaffiliated third parties may not exceed 6% of the contract sales price. We will not pay a disposition fee upon the maturity, prepayment or workout of a loan or other debtrelated investment, provided that if we negotiate a discounted payoff with the borrower, we will pay a disposition fee and if we take ownership of a property as a result of a workout or foreclosure of a loan, we will pay a disposition fee upon the sale of such property. We do not intend to sell assets to affiliates. However, if we do sell assets to an affiliate, our organizational documents would not prohibit us from paying our advisor a disposition fee. Although we are most likely to pay disposition fees during our liquidation stage, these fees may also be incurred during our operational stage.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

(1) Our advisor in its sole discretion may defer any fee payable to it under the advisory agreement. These fees may consist of a $35 fee per subscription agreement payable to our advisor for reviewing and processing subscription agreements, acquisition and origination fees, asset management fees, disposition fees, the subordinated participation in net cash flows and the subordinated incentive fee. All or any portion of such fees not taken may be deferred without interest and paid when our advisor determines.

(2) Because the acquisition and origination fee we pay our advisor is a percentage of the purchase price of an investment or the amount to be funded by us to acquire or originate a loan, this fee will be greater to the extent we fund acquisitions and originations through (i) the incurrence of debt; (ii) retained cash flow from operations; (iii) issuances of equity in exchange for assets; and (iv) proceeds from the sale of Units under our distribution reinvestment plan.

In addition to acquisition and origination fees, we reimburse our advisor for amounts it pays in connection with the selection, acquisition or development of a property or acquisition or origination of a loan, whether or not we ultimately acquire or develop the property or acquire or originate the loan. These expenses will be greater to the extent we fund acquisitions and originations through (i) the incurrence of debt; (ii) retained cash flow from operations; (iii) issuances of equity in exchange for assets; and (iv) proceeds from the sale of Units under our distribution reinvestment plan, if any.

EQUITY OWNERSHIP

The following table shows, as of the date of this memorandum, the amount of our Units beneficially owned (unless otherwise indicated) by (i) any person who is known by us to be the beneficial owner of more than 5% of the outstanding our Units, (ii) each of our key principals, and (iii) all of our key principals as a group.

Name of Beneficial Owner [1]	Amount and Nature of Beneficial Ownership [2]	Percent of All Units
EquiAlt, LLC	27,624 [3]	100%
Brian Davison, Manager of the General Partner, Chief Executive Officer	27,624 [3]	100%
All directors and executive officers as a group	27,624 [3]	100%

[1] The address of each named beneficial owner is 2112 W. Kennedy Blvd., Tampa, Florida 33606.

[2] None of the Units are pledged as security.

[3] Includes 27,624 Units owned by EquiAlt, LLC, which is owned and controlled by Mr. Brian Davison.

CONFLICTS OF INTEREST

We are subject to various conflicts of interest arising out of our relationship with our advisor, EquiAlt Capital Advisors, and its affiliates.

Our Affiliates' Interests in Other EquiAlt-Sponsored Programs

General

Our executive officer and other key real estate professionals at our advisor are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor and/or the sponsors of or directly in other EquiAlt-sponsored programs. These individuals have legal and financial obligations with respect to those EquiAlt-sponsored programs that are similar to their obligations to us. In the future, these individuals and other affiliates of our advisor may organize other EquiAlt-sponsored programs and acquire for their own account real estate investments that may be suitable for us.

Conflicts of interest may arise between us and the programs that have not yet been liquidated and between us and future programs.

Allocation of Investment Opportunities

We rely on the real estate professionals of our advisor to identify suitable investments. EquiAlt Fund I, EquiAlt Fund II, EA SIP, and EquiAlt REIT rely on many of these same professionals. Messrs. Davison and Rybicki and other real estate professionals at EquiAlt Capital Advisors are also the key real estate professionals at EquiAlt, LLC and its affiliates, the sponsors to the private EquiAlt-sponsored programs. As such, other EquiAlt-sponsored programs that are seeking investment opportunities as of the date of this memorandum all rely on many of the same professionals, as will future programs. Many investment opportunities that are suitable for us may also be suitable for other EquiAlt-sponsored programs.

Our acquisition stage will overlap to some extent with EquiAlt Fund I, EquiAlt Fund II, EA SIP, and EquiAlt REIT. We expect EA SIP and EquiAlt REIT to continue to raise offering proceeds at the same time we are conducting this offering.

When the EquiAlt real estate professionals direct an investment opportunity to any EquiAlt-sponsored program they, in their sole discretion, will offer the opportunity to the program for which the investment opportunity is most suitable based on the investment objectives, portfolio and criteria of each program. As a result, these EquiAlt real estate professionals could direct attractive investment opportunities to other entities.

Competition for Tenants and Others

Conflicts of interest may exist to the extent that we acquire properties in the same geographic areas where other EquiAlt-sponsored programs or affiliated entities own properties. In such a case, a conflict could arise in the leasing of properties in the event that we and another EquiAlt-sponsored program or affiliated entity were to compete for the same tenants in negotiating leases, or a conflict could arise in connection with the resale of properties in the event that we and another EquiAlt-sponsored program or affiliated entity were to attempt to sell similar properties at the same time. See "Risk Factors—Risks Related to Conflicts of Interest." Conflicts of interest may also exist at such time as we or EquiAlt Capital Advisors seek to employ developers, contractors, building managers or other third parties. Our advisor and the advisors of other EquiAlt-sponsored programs and affiliated entities will seek to reduce conflicts that may arise with respect to properties available for sale or rent by making prospective purchasers or tenants aware of all such properties. Our advisor and the advisors of other EquiAlt-sponsored programs and affiliated entities will also seek to reduce conflicts relating to the employment of developers, contractors or building managers by making prospective service providers aware of all properties in need of their services. However, our advisor and the other EquiAlt-sponsored programs and affiliated entities cannot fully avoid these conflicts because they may establish differing terms for resales or leasing of the various properties or differing compensation arrangements for service providers at different properties.

Joint Ventures with Affiliates

We may enter into joint ventures with EquiAlt Capital Advisors, any of our officers or directors or any of their affiliates for the acquisition, development or improvement of properties or other investments if a majority of the General Partner (including a majority of the members of the conflicts committee) not otherwise interested in the transactions concludes that the transaction is fair and reasonable to us and on substantially the same terms and conditions as those received by other joint venturers. EquiAlt Capital Advisors, our advisor, and its affiliates have some of the same executive officers, affiliated directors and other key real estate and debt finance professionals; and these persons will face conflicts of interest in structuring the terms of the relationship between our interests and the interests of the EquiAlt-affiliated co-venturer and in managing the joint venture. Any joint venture agreement or transaction between us and a EquiAlt-affiliated co-venturer will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers. The EquiAlt-affiliated co-venturer may have economic or business interests or goals that are or may become inconsistent with our business interests or goals. These co-venturers may thus benefit to our and your detriment

Allocation of Our Affiliates' Time

We rely on EquiAlt Capital Advisors and the key real estate, debt finance, management and accounting professionals our advisor has assembled, including Messrs. Davison and Rybicki, for the daytoday operation of our business. EquiAlt Fund I, EquiAlt Fund II, EA SIP, and EquiAlt REIT rely on many of the same real estate, debt finance, management and accounting professionals, as will future EquiAlt-sponsored programs. Further, our officers and directors are also officers and/or directors of some or all of the other private EquiAlt-sponsored programs. As a result of their interests in other EquiAlt-sponsored programs and the fact that they

engage in and they will continue to engage in other business activities on behalf of themselves and others, Messrs. Davison and Rybicki will face conflicts of interest in allocating their time among us, EquiAlt Capital Advisors, other EquiAlt-sponsored programs and other business activities in which they are involved. In addition, EquiAlt Capital Advisors and their affiliates share many of the same key real estate, debt finance, management and accounting professionals. Our executive officers and the key real estate, debt finance, management and accounting professionals affiliated with our sponsor who provide services to us are not obligated to devote a fixed amount of their time to us.

Our sponsor believes that our executive officers and the other key professionals have sufficient time to discharge fully their responsibilities to us and to the other businesses in which they are involved. We believe that our affiliates and executive officers will devote the time required to manage our business and expect that the amount of time a particular executive officer or affiliate devotes to us will vary during the course of the year and depend on our business activities at the given time. Because we have not commenced operations, it is difficult to predict specific amounts of time an executive officer or affiliate will devote to us. We expect that our executive officers and affiliates will generally devote more time to programs raising and investing capital than to programs that have completed their offering stages, though from time to time each program will have its unique demands. Because many of the operational aspects of EquiAlt-sponsored programs are very similar, there are significant efficiencies created by the same team of individuals at our advisor providing services to multiple programs.

Receipt of Fees and Other Compensation by EquiAlt Capital Advisors and its Affiliates

EquiAlt Capital Advisors and its affiliates will receive substantial fees from us, which fees will not be negotiated at arm's length. These fees could influence our advisor's advice to us as well as the judgment of its affiliates, some of whom also serve as our executive officers and directors, and the key real estate, debt finance, management and accounting professionals at our advisor. Among other matters, these compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of our agreements with EquiAlt Capital Advisors and its affiliates, including the advisory agreement and the property management agreement;
- offerings of equity by us, which will likely entitle EquiAlt Capital Advisors to increased acquisition and origination fees and asset management fees;
- sales of real estate investments, which will entitle EquiAlt Capital Advisors to disposition fees and possible subordinated incentive fees;
- acquisitions of real estate investments, which will entitle EquiAlt Property Management to property management fees and oversight fees and will entitle EquiAlt Capital Advisors to acquisition or origination fees based on the cost of the investment and asset management fees based on the cost of the investment, and not based on the quality of the investment or the quality of the services rendered to us, which may influence our advisor to recommend riskier transactions to us and/or transactions that are not in our best interest and, in the case of acquisitions of investments from other EquiAlt-sponsored programs, which might entitle affiliates of EquiAlt Capital Advisors to disposition fees and possible subordinated incentive fees in connection with its services for the seller; and
- whether and when we seek to sell the company or its assets, which sale could entitle EquiAlt Capital Advisors to disposition fees or a subordinated incentive fee and terminate the asset management fee, property management fee and oversight fee.

Our General Partner's Loyalties to EquiAlt Fund I, EquiAlt Fund II, EA SIP, EquiAlt REIT and Possibly to Future EquiAlt-Sponsored Programs

The manager of our General Partner, Brian Davison, is also a key professional involved with, or a controlling interest holder of, EquiAlt Fund I, EquiAlt Fund II, EA SIP and EquiAlt REIT. This may influence the judgment of our General Partner when considering issues for us that also may affect other EquiAlt-sponsored programs, such as the following:

- Under the terms of the advisory agreement, our advisor is required to present to us our fair share of investment opportunities. If our advisor is not presenting a sufficient number of investment opportunities to us because it is presenting many opportunities to other EquiAlt-sponsored programs or if our advisor is giving preferential treatment to other EquiAlt-sponsored programs in this regard, our General Partner may not be wellsuited to enforce our rights under the terms of the advisory agreement or to seek a new advisor.
- We could enter into transactions with other EquiAlt-sponsored programs, such as property sales, acquisitions or financing arrangements. Such transactions might entitle our advisor or its affiliates to fees and other compensation from both parties to the transaction. For example, acquisitions from other EquiAlt-sponsored programs might entitle our advisor or its affiliates to disposition fees and possible subordinated incentive fees in connection with its services for the seller in addition to acquisition or origination fees and other fees that we might pay to our advisor in connection with such transaction. Similarly, property sales to other EquiAlt-sponsored programs might entitle our advisor or its affiliates to acquisition or origination fees in connection with its services to the purchaser in addition to disposition and other fees that we might pay to our advisor in connection with such transaction. Decisions of our General Partner regarding the terms of those transactions may be influenced by our General Partner's loyalties to such other EquiAlt-sponsored programs.

- A decision of our General Partner regarding the timing of a debt or equity offering could be influenced by concerns that the offering would compete with offerings of other EquiAlt-sponsored programs.
- A decision of our General Partner regarding the timing of property sales could be influenced by concerns that the sales would compete with those of other EquiAlt-sponsored programs.

Fiduciary Duties Owed by Some of Our Affiliates to Our Advisor and Our Advisor's Affiliates

All of our executive officers, our directors and the key real estate professionals at our advisor are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in or for:

- EquiAlt Capital Advisors, our advisor;
- EquiAlt Property Management, our property manager; and
- other EquiAlt-sponsored programs (see the "Prior Performance Summary" section of this memorandum).

As a result, they owe fiduciary duties to each of these EquiAlt-sponsored programs, their unitholders, members and limited partners. These fiduciary duties may from time to time conflict with the duties that they owe to us.

INVESTMENT OBJECTIVES AND CRITERIA

General

We intend to acquire and manage a diverse portfolio of real estate investments. We may make our investments through the acquisition of individual assets or by acquiring portfolios of assets. We may incur debt if our advisor or our General Partner deem it advisable and in our best interest. We plan to diversify our portfolio by geographic region, investment size and investment risk with the goal of acquiring a portfolio of incomeproducing assets that provides attractive and stable returns to our investors. Our primary investment objectives are:

- to preserve and return our unitholders' capital contribution; and
- to maintain our status as a Qualified Opportunity Zone Fund.

We will also seek to realize growth in the value of our investments by timing asset sales to maximize their value.

We may return all or a portion of our unitholders' capital contribution in connection with the sale of the company or the assets we acquire or upon the maturity or payoff of our debt investments. Alternatively, and subject to the risks disclosed in the "Risk Factors" section of this memorandum, our unitholders may be able to obtain a return of all or a portion of their capital contribution in connection with the sale of their Units.

It is currently contemplated that upon the ten-year anniversary of this fund, our General Partner will begin to explore and evaluate various strategic options to provide our unitholders with liquidity of their investment, either in whole or in part. These options may include, but are not limited to, (i) our sale, merger or other transaction in which our unitholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company, and (ii) a sale of all or substantially all of our assets where our unitholders either receive, or have the option to receive, cash or other consideration. We do not know at this time what circumstances will exist in the future and therefore we do not know what factors our General Partner will consider in determining whether to pursue a liquidity event in the future. Therefore, we have not established any pre-determined criteria. We are not required, by our partnership agreement or otherwise, to pursue a liquidity event or any transaction to provide liquidity to our unitholders.

Our General Partner may revise our investment policies, which we describe in more detail below, without the approval of our unitholders.

Acquisition and Investment Policies

Primary Investment Focus

We intend to focus our investment activities on, and use the proceeds raised during our offering stage principally for, the acquisition and management of a diverse portfolio of real estate investments, consisting primarily of assets within qualified opportunity zones. We may invest in single family residential properties, multifamily properties, resorts, mixed use, industrial property and commercial properties. We plan to diversify our portfolio by geographic region, investment size and investment risk with the goal of acquiring a portfolio of income-producing real estate investments that provides attractive and stable returns to our investors. As part of our unique approach, we may invest in enhanced-return properties, which are higher-yield than core real estate properties. Examples of enhanced-return properties that we may acquire and reposition include properties with moderate vacancies; poorly managed and positioned properties; properties owned by distressed sellers; and builttosuit properties.

Although this is our plan as of the date of this memorandum, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities. We will not forego a good investment because it does not precisely fit our expected portfolio composition. We believe that we are most likely to meet our investment objectives through the careful selection and underwriting of assets. When making an acquisition, we will emphasize the performance and risk characteristics of that investment, how that investment will fit with our portfoliolevel performance objectives, the other assets in our portfolio and how the returns and risks of that investment compare to the returns and risks of available investment alternatives. Thus, to the extent that our advisor presents us with what we believe to be good investment opportunities that allow us to meet the Qualified Opportunity Zone Fund requirements under the Internal Revenue Code, our portfolio composition may vary from what we initially expect. However, we will attempt to construct a portfolio that produces stable and attractive returns by spreading risk across different real estate investments.

Investments in Real Properties

We intend to target properties that will require a substantial level of additional investment for capital expenditures and tenant improvement costs in order to satisfy the federal tax code requirements to be a Qualified Opportunity Zone Fund.

We will generally hold fee title in the properties we acquire. We may also invest in or acquire operating companies or other entities that own and operate assets that meet our investment objectives. We will make investments in other entities when we consider it more efficient to acquire an entity that already owns assets meeting our investment objectives than to acquire such assets directly. We may also participate with other entities (including affiliated entities) in property ownership through joint ventures, limited liability companies, partnerships and other types of common ownership.

Our advisor intends to diversify our real estate property investments by investment type, geographic region and investment size. We will focus on markets where EquiAlt-affiliated entities have an established market presence, market knowledge and access to potential investments, as well as an ability to direct property management and leasing operations efficiently. We will review and change our target markets periodically in response to changing market opportunities and to maintain a diverse portfolio. Economic and

real estate market conditions vary widely both region to region and among different property types within each region and submarket, and we intend to spread our investments both across regions and among the submarkets within regions.

We generally intend to hold our real estate properties for five to seven years. However, economic and market conditions may influence us to hold our properties for different periods of time. We may sell an asset before the end of the expected holding period if we believe that market conditions and asset positioning have maximized its value to us or the sale of the asset would otherwise be in the best interests of our unitholders.

Conditions to Closing Real Property Investments. Our advisor will perform a diligence review on each property that we purchase. We will not close the purchase of any property unless we are generally satisfied with the environmental status of the property. For any multifamily, resort or commercial properties, our acquisitions will also be supported by an appraisal prepared by a competent, independent appraiser who is a memberingood standing of the Appraisal Institute. We will also generally seek to condition our obligation to close the purchase of any investment on the delivery of certain documents from the seller or developer. Such documents include, where available:

- plans and specifications;
- surveys;
- evidence of readily transferable title to the proposed investment property, subject to such liens and encumbrances as are acceptable to EquiAlt Capital Advisors;
- title insurance policies; and
- financial statements covering recent operations of properties that have operating histories.

Tenant Improvements. We anticipate that tenant improvements required at the time of our acquisition of a property will be funded from our offering proceeds.

Terms of Leases. We expect that the vast majority of the leases we enter into will include provisions that increase the amount of base rent payable at various points during the lease term. However, the terms and conditions of any leases we acquire as part of an acquisition of a property or into which we enter with respect to the properties we acquire may vary substantially from those described.

Tenant Creditworthiness. We will execute new tenant leases and tenant lease renewals, expansions and extensions with terms dictated by the current submarket conditions and the verifiable creditworthiness of each particular tenant. We will use a number of industry credit rating services to determine the creditworthiness of potential tenants and any personal guarantor or corporate guarantor of each potential tenant. The reports produced by these services will be compared to the relevant financial data collected from these parties before consummating a lease transaction. Relevant financial data from potential tenants and guarantors includes income statements and balance sheets for the current year and for prior periods, net worth or cash flow statements of guarantors and other information we deem relevant.

Real EstateRelated Investments

We may allocate a small percentage of our portfolio to real estaterelated investments including mortgage, mezzanine, bridge and other loans; debt, including mortgagebacked securities; equity securities such as common stock, preferred stocks and convertible preferred securities of other real estate funds and companies.

Acquisitions and Originations of Loans

We may make investments in real estaterelated loans, including first and second mortgage loans, mezzanine loans, bridge loans, convertible mortgages, wraparound mortgage loans, construction mortgage loans and participations in such loans. We may structure, underwrite and originate some of the debt products in which we invest. Our underwriting process will involve comprehensive financial, structural, operational and legal due diligence to assess the risks of investments so that we can optimize pricing and structuring. By originating loans directly, we will be able to efficiently structure a diverse range of products. For instance, we may sell some components of the debt we originate while retaining attractive, riskadjusted strips of the debt for ourselves. Our advisor will source our debt investments. We will pay our advisor origination fees for loans that we acquire or originate as well as asset management fees for the loans that we hold for investment.

We may sell some of the loans (or portions of the loans after separating them into tranches) that we originate to third parties for a profit. We expect to hold other loans (or portions of loans) for investment.

We will fund the loans we originate with proceeds from our offerings.

Described below are some of the types of loans we may originate or acquire:

Mortgage Loans. We may originate or acquire mortgage loans structured to permit us to (i) retain the entire loan or (ii) sell or securitize the lower yielding senior portions of the loan and retain the higher yielding subordinate investment (or viceversa). We expect these loans to be secured by commercial or residential properties and generally range in size from $500,000 to $5 million, with exceptions, such as highquality loans with low loantovalue ratios. We may also acquire seasoned mortgage loans in the secondary market secured by single assets as well as portfolios of performing and subperforming loans that were originated by thirdparty lenders such as banks, life insurance companies and other owners.

Second Mortgages. We may invest in second mortgages, which are loans secured by second deeds of trust on real property that is already subject to prior mortgage indebtedness, in an amount which, when added to the existing indebtedness, does not generally exceed 75% of the appraised value of the mortgage property.

Mezzanine Loans. The mezzanine loans we may originate or acquire will generally take the form of subordinated loans secured by a pledge of the ownership interests of an entity that directly or indirectly owns real property. We may hold senior or junior positions in mezzanine loans, such senior or junior position denoting the particular leverage strip that may apply.

We may require other collateral to provide additional security for mezzanine loans, including letters of credit, personal guarantees or collateral unrelated to the underlying property. We may structure our mezzanine loans so that we receive a stated fixed or variable interest rate on the loan as well as a percentage of gross revenues and a percentage of the increase in the fair market value of the underlying property, payable upon maturity of the loan, or upon the refinancing or sale of the underlying property. Our mezzanine loans may also have prepayment lockouts, penalties, minimum profit hurdles and other mechanisms to protect and enhance returns in the event of premature repayment.

These investments typically range in size, have terms from two to ten years and bear interest at a rate of 275 to 800 basis points over the applicable interest rate index. Mezzanine loans may have maturities that match the maturity of the related mortgage loan but also may have shorter terms. Mezzanine loans usually have loantovalue ratios between 66% and 90%.

These types of investments generally involve a lower degree of risk than an equity investment in an entity that owns real property because the mezzanine investment is generally secured by the ownership interests in the propertyowning entity and, as a result, is senior to the equity. Upon a default by the borrower under the mezzanine loan, the mezzanine lender generally can take immediate control and ownership of the propertyowning entity, subject to the senior mortgage on the property that stays in place in the event of a mezzanine default and change of control of the borrower.

These types of investments involve a higher degree of risk relative to the longterm senior mortgage secured by the underlying real property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, the mezzanine lender may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy the mezzanine loan. If a borrower defaults on a mezzanine loan or debt senior to a mezzanine loan, or in the event of a borrower bankruptcy, the mezzanine loan will be satisfied only after the senior debt.

Bridge Loans. We may offer bridge financing products to borrowers who are typically seeking shortterm capital to be used in an acquisition, development or refinancing of a given property. From the borrower's perspective, shorter term bridge financing is advantageous because it allows time to improve the property value through repositioning without encumbering it with restrictive longterm debt. The terms of these loans generally do not exceed three years.

Convertible Mortgages. Convertible mortgages are similar to equity participations. We may invest in and/or originate convertible mortgages if our directors conclude that we may benefit from the cash flow or any appreciation in the value of the subject property.

Wraparound Mortgages. A wraparound mortgage loan is secured by a wraparound deed of trust on a real property that is already subject to prior mortgage indebtedness, in an amount which, when added to the existing indebtedness, does not generally exceed 75% of the appraised value of the mortgage property. A wraparound loan is one or more junior mortgage loans having a principal amount equal to the outstanding balance under the existing mortgage loan, plus the amount actually to be advanced under the wraparound mortgage loan. Under a wraparound loan, we would generally make principal and interest payments on behalf of the borrower to the holders of the prior mortgage loans.

Construction Loans. Construction loans are loans made for either original development or renovation of real property. Construction loans in which we would generally consider an investment would be secured by first deeds of trust on real property for terms of six months to two years.

Loans on Leasehold Interests. Loans on leasehold interests are secured by an assignment of the borrower's leasehold interest in the particular real property. These loans are generally for terms of six months to 15 years. Leasehold interest loans are either amortized over a period that is shorter than the lease term or have a maturity date prior to the date the lease terminates. These loans would generally permit us to cure any default under the lease.

Fund Level or Corporate Level Debt. We may invest in various real estate ventures by providing financing to or purchasing the debt obligations of funds or corporate entities with a primary focus on the commercial real estate and real estate finance industries. We do not expect such investments would exceed 10% of the proceeds raised during our offering stage, assuming we raise substantial proceeds during our offering stage.

Participations. Participation investments are investments in partial interests of loans of the type described above that are made and administered by thirdparty lenders.

Underwriting Loans. Upon commencement of an initial public offering, our charter would require that we not make or invest in mortgage loans unless we obtain an appraisal concerning the underlying property, except for mortgage loans insured or guaranteed by a government or government agency. We would maintain each appraisal in our records for at least five years and make it available during normal business hours for inspection and duplication by any unitholder at such unitholder's expense. In addition to the

appraisal, regardless of whether we have commenced an initial public offering, we will seek to obtain a customary lender's title insurance policy or commitment as to the priority of the mortgage or condition of the title.

In evaluating prospective acquisitions and originations of loans, our management and our advisor will consider factors such as the following:

- the ratio of the amount of the investment to the value of the underlying property;
- the amount of existing debt on the underlying property and the priority thereof relative to our prospective investment;
- the underlying property's potential for capital appreciation;
- expected levels of rental and occupancy rates and the potential for rental rate increases at the underlying property;
- current and projected cash flow of the underlying property;
- the degree of liquidity of the investment;
- the geographic location of the underlying property;
- the condition and use of the underlying property;
- the underlying property's incomeproducing capacity;
- the quality, experience and creditworthiness of the borrower; and
- general economic conditions in the area where the underlying property is located.

Our advisor will evaluate all potential loan investments to determine if the security for the loan and the loantovalue ratio meets our investment criteria and objectives. One of the real estate or debt finance professionals at our advisor or their agent may inspect material underlying properties during the loan approval process, if such an inspection is deemed necessary. Inspection of an underlying property may be deemed necessary if that property is considered material to the transaction (such as a property representing a significant portion of the collateral underlying a pool of loans) or if there are unique circumstances related to such property, such as recent capital improvements or possible functional obsolescence. We also may engage trusted thirdparty professionals to inspect underlying properties on our behalf.

Most loans that we will consider for investment would provide for monthly payments of interest and some may also provide for principal amortization, although we expect that most of the loans in which we will invest will provide for payments of interest only during the loan term and a payment of principal in full at the end of the loan term. We do not expect to make or invest in loans with a maturity of more than ten years from the date of our investment and anticipate that most loans will have a term of five years. We may hold some of our investments in loans for four to seven years, though we expect to hold some for two to three years. As discussed above, some of the loans we make may be sold shortly after origination.

Our loan investments may be subject to regulation by federal, state and local authorities and subject to laws and judicial and administrative decisions imposing various requirements and restrictions, including, among other things, regulating credit granting activities, establishing maximum interest rates and finance charges, requiring disclosure to customers, governing secured transactions and setting collection, repossession and claims handling procedures and other trade practices. In addition, certain states have enacted legislation requiring the licensing of mortgage bankers or other lenders, and these requirements may affect our ability to effectuate our proposed investments in loans. Commencement of operations in these or other jurisdictions may be dependent upon a finding of our financial responsibility, character and fitness. We will not make loans in any jurisdiction in which the regulatory authority believes that we have not complied in all material respects with applicable requirements.

As discussed above, we may allocate a small percentage of our portfolio to real estaterelated investments once we have fully invested the proceeds from our offering stage. Although this is our target portfolio as of the date of this memorandum, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities. We will not forego a good investment because it does not precisely fit our expected portfolio composition. Our charter does not limit the amount of gross offering proceeds that we may apply to loan investments. Our charter also does not place any limit or restriction on:

- the percentage of our assets that may be invested in any type of loan or in any single loan; or
- the types of properties subject to mortgages or other loans in which we may invest.

When determining whether to make investments in mortgages and other loans, we will consider such factors as: positioning the overall portfolio to achieve a mix of real estate properties and real estaterelated investments; the diversification benefits of the loans relative to the rest of the portfolio; the potential for the investment to deliver high current income and attractive riskadjusted total returns; and other factors considered important to meeting our investment objectives.

Other Possible Investments

Although we expect that most of our investments will be of the types described above, we may make other investments. We may acquire properties that are mixeduse properties, properties that are under development or construction, undeveloped land, options to purchase properties and other real estaterelated assets. We may enter into arrangements with the seller or developer of a property whereby the seller or developer agrees that if, during a stated period, the property does not generate a specified cash flow, the seller or

developer will pay in cash to us a sum necessary to reach the specified cash flow level, subject in some cases to negotiated dollar limitations. In fact, we may invest in whatever types of interests in real estate that we believe are in our best interests.

Investment Decisions and Asset Management: The EquiAlt Approach

Within our investment policies and objectives, our advisor will have substantial discretion with respect to the selection of specific investments and the purchase and sale of our assets.

EquiAlt Capital Advisors believes that successful real estate investment requires the implementation of strategies that permit favorable purchases and originations, effective asset management and timely disposition of those assets. As such, EquiAlt Capital Advisors has developed a disciplined investment approach that combines the experience of its team of real estate professionals with a structure that emphasizes thorough market research, stringent underwriting standards and an extensive down-side analysis of the risks of each investment. The EquiAlt approach also includes active and aggressive management of each asset acquired. EquiAlt Capital Advisors believes that active management is critical to creating value. Our advisor develops a well-defined exit strategy for each investment we make and periodically performs a hold-sell analysis on each asset. These periodic analyses focus on the remaining available value enhancement opportunities for the asset, the demand for the asset in the marketplace, market conditions and our overall portfolio objectives to determine if the sale of the asset, whether via an individual sale or as part of a portfolio sale or merger, would generate a favorable return to our unitholders. Economic and market conditions may influence us to hold our assets for different periods of time. We may sell an asset before the end of the expected holding period if we believe that market conditions and asset positioning have maximized its value to us or the sale of the asset would otherwise be in the best interests of our unitholders.

Messrs. Davison and Rybicki collectively have over 40 years of real estate experience and have been through multiple real estate cycles in their careers. Messrs. Davison and Rybicki work together with their team of real estate professionals in the identification, acquisition and management of our investments. The key real estate professionals at our advisor include Messrs. Davison, Rybicki, Kelly, and Nkya and Ms. Diaz. These seasoned professionals have the expertise gained through handson experience in acquisitions and originations, financing, asset management, dispositions, development, leasing, property management and portfolio management.

In an effort to both find better investment opportunities and enhance the performance of those investments, EquiAlt Capital Advisors will utilize a marketfocused investment strategy. The investment focus has been on second-tier cities. These are markets that have strong, predictable growth combined with good fundamentals. Tampa, for example, demonstrates the attributes of a strong growth environment with limited natural threats. Competition for properties in second-tier markets is generally less sophisticated, allowing for greater economic opportunities. Nashville is another example. Although the State of Texas also has several second-tier markets, EquiAlt Capital Advisors avoids investment in states with oil-driven economies, given the economic uncertainty generated by volatility with that commodity. We also look for strong fundamentals. One measure of this is average household income of at least $50,000 and a median home price of around $200,000. That ratio, we believe, limits the downside risk of investment. In primary markets such as Miami or Los Angeles, the median home price is substantially higher while the median income has not followed proportionately. In other words, while we look to follow demographic trends and benefit from growth created by baby boomers, millennials and others, we look to avoid the “hottest” real estate markets in order to limit downside exposure.

Once we establish the right market in which to invest for a 5 to 10-year horizon, we then look for specific opportunities within that market. Utilizing our network of brokers, agents, attorneys, and other professionals, we have established a strong deal-flow. In many cases, we succeed by making all cash offers with short escrows and few contingencies to secure the lowest price. Both before and after the acquisition, we analyze the asset and determine how best to maximize the economic benefit of the property, whether through the termination of existing tenancies, rehabilitation of the property, rezoning, or rebuilding in order to satisfy current tastes.

To execute our advisor’s disciplined investment approach, a team of its real estate professionals takes responsibility for the business plan of each investment. The following practices summarize EquiAlt Capital Advisors’ investment approach:

- *National Market Research* ─ The investment team extensively researches the acquisition and/or origination and underwriting of each investment, utilizing both real time market data and the transactional knowledge and experience of EquiAlt Capital Advisors’ network of professionals.
- *Underwriting Discipline* ─ EquiAlt Capital Advisors follows a tightly controlled and managed process to examine all elements of a potential investment including, with respect to real property, its location, incomeproducing capacity, prospects for longrange appreciation, income tax considerations and liquidity. Only those assets meeting our investment criteria will be accepted for inclusion in our portfolio. In an effort to keep an asset in compliance with those standards, the underwriting team remains involved through the investment life cycle of the asset and consults with our advisor’s other real estate professionals responsible for the asset. This team of experts reviews and develops comprehensive reports for each asset throughout the holding period.
- *Risk Management* ─ Risk management is a fundamental principle in our advisor’s construction of our portfolio and in the management of each investment. Diversification by geographic region, investment size and investment risk is critical to controlling portfoliolevel risk. Operating or performance risks arise at the investment level and often require real estate operating experience to cure. EquiAlt Capital Advisors’ real estate professionals continuously review the operating performance of investments against projections and provide the oversight necessary to detect and resolve issues as they arise.

Joint Venture Investments

We may enter into joint ventures, partnerships and other coownership arrangements (including preferred equity investments) or participations for the purpose of obtaining interests in real estate properties and other real estate investments. We may also enter into joint ventures for the development or improvement of properties. Joint venture investments permit us to own interests in large properties and other investments without unduly restricting the diversity of our portfolio. In determining whether to invest in a particular joint venture, EquiAlt Capital Advisors will evaluate the real estate investments that such joint venture owns or is being formed to own under the same criteria described elsewhere in this memorandum for the selection of our investments.

EquiAlt Capital Advisors will also evaluate the potential joint venture partner as to its financial condition, operating capabilities and integrity. We may enter into joint ventures with third parties or other EquiAlt-sponsored programs or affiliated entities; however, upon commencement of an initial public offering, we may only enter into joint ventures with other EquiAlt-sponsored programs or affiliated entities if a majority of the General Partner (including a majority of the members of the conflicts committee) not otherwise interested in the transaction concludes that the transaction is fair and reasonable to us and on substantially the same terms and conditions as those received by other joint venturers. At such time during the term of this offering that EquiAlt Capital Advisors believes that there is a reasonable probability that we will enter into a joint venture for the acquisition or origination of a significant investment, we will supplement this memorandum to disclose the terms of such proposed transaction. Our unitholders should not rely upon such initial disclosure of any proposed transaction as an assurance that we will ultimately consummate the proposed transaction or that the information we provide in any supplement to this memorandum concerning any proposed transaction will not change after the date of the supplement.

We have not established the specific terms we will require in the joint venture agreements we may enter. Instead, we will establish the terms with respect to any particular joint venture agreement on a casebycase basis after our General Partner considers all of the relevant facts, such as the nature and attributes of our other potential joint venture partners, the proposed structure of the joint venture, the nature of the operations, the liabilities and assets associated with the proposed joint venture and the size of our interest when compared to the interests owned by other partners in the venture. With respect to any joint venture we enter, we expect to consider the following types of concerns and safeguards:

- Our ability to manage and control the joint venture — We will consider whether we should obtain certain approval rights in joint ventures we do not control. For proposed joint ventures in which we are to share control with another entity, we will consider the procedures to address decisions in the event of an impasse.
- Our ability to exit a joint venture — We will consider requiring buy/sell rights, redemption rights or forced liquidation rights.
- Our ability to control transfers of interests held by other partners to the venture — We will consider requiring consent provisions, a right of first refusal and/or forced redemption rights in connection with transfers.

Borrowing Policies

We may incur indebtedness in the form of bank borrowings, purchase money obligations to the sellers of properties we purchase, publicly and privatelyplaced debt instruments and/or financings from institutional investors or other lenders. This indebtedness may be unsecured or secured by mortgages or other interests in our assets, or may be limited to the particular property to which the indebtedness relates.

The form of our indebtedness may be longterm or shortterm, fixed or floating rate or in the form of a revolving credit facility. EquiAlt Capital Advisors will seek to obtain financing on our behalf on the most favorable terms available.

Operating Policies

Credit Risk Management. We may be exposed to various levels of credit and special hazard risk depending on the nature of our real estate investments and the nature and level of credit enhancements supporting those investments. Our advisor and our executive officers will review and monitor credit risk and other risks of loss associated with each investment. In addition, we will seek to diversify our portfolio of assets to avoid undue geographic, industry and certain other types of concentrations. Our General Partner will monitor the overall portfolio risk and levels of provision for loss.

Interest Rate Risk Management. We will follow an interest rate risk management policy intended to mitigate the negative effects of major interest rate changes. We intend to minimize our interest rate risk from borrowings by attempting to structure the key terms of our borrowings to generally correspond to the interest rate term of our assets and through interest rate hedging activities.

Disposition Policies

We generally intend to hold our real estate properties for five to seven years, which we believe is a reasonable period to enable us to capitalize on the potential for increased income and capital appreciation of the properties. We generally expect that as we move toward the end of our offering stage the hold period of assets we will consider will be shorter.

It is currently contemplated that after 10 years, our General Partner will begin to explore and evaluate various strategic options to provide our unitholders with liquidity of their investment, either in whole or in part. See the discussion above under “Investment Objectives and Criteria—General” for more details.

Investment Limitations under the Investment Company Act of 1940

We intend to conduct our operations so that neither we nor any of our subsidiaries will be required to register as an investment company under the Investment Company Act. Under the relevant provisions of Section 3(a)(1) of the Investment Company Act, an investment company is any issuer that:

- is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities (the "primarily engaged test"); or
- is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of such issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis (the "40% test"). "Investment securities" excludes U.S. government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

We believe that we will not be required to register as an investment company based on the following analysis. With respect to the 40% test, most of the entities through which we will own our assets will be majority-owned subsidiaries that will not themselves be investment companies and will not be relying on the exceptions from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

With respect to the primarily engaged test, we will be holding companies and do not intend to invest or trade in securities ourselves. Rather, through our majority-owned subsidiaries, we will be primarily engaged in the non-investment company businesses of these subsidiaries, namely the business of purchasing or otherwise acquiring real estate and real estate-related assets.

We believe that most of our subsidiaries will be able to rely on Section 3(c)(5)(C) of the Investment Company Act for an exception from the definition of an investment company. (Any other subsidiaries should be able to rely on the exceptions for private investment companies pursuant to Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act.) As reflected in no-action letters, the SEC staff's position on Section 3(c)(5)(C) generally requires that an issuer maintain at least 55% of its assets in "mortgages and other liens on and interests in real estate," or qualifying assets; at least 80% of its assets in qualifying assets plus real estate-related assets; and no more than 20% of the value of its assets in other than qualifying assets and real estate-related assets, which we refer to as miscellaneous assets. To constitute a qualifying asset under this 55% requirement, a real estate interest must meet various criteria based on no-action letters. We expect that each of the subsidiaries relying on Section 3(c)(5)(C) will invest at least 55% of its assets in qualifying assets, and approximately an additional 25% of its assets in other types of real estate-related assets. We expect to rely on guidance published by the SEC staff or on our analyses of guidance published with respect to types of assets to determine which assets are qualifying real estate assets and real estate-related assets.

Pursuant to the language of the statute, we will treat an investment in real property as a qualifying real estate asset. The SEC staff, according to published guidance, takes the view that certain mortgage loans, participations, mezzanine loans, convertible mortgages, and other types of real estate-related loans in which we intend to invest are qualifying real estate assets. Thus, we intend to treat these investments as qualifying real estate assets. The SEC staff has not published guidance with respect to the treatment of CMBS for purposes of the Section 3(c)(5)(C) exemption. Unless we receive further guidance from the SEC or its staff with respect to residential or commercial mortgage-backed securities, we intend to treat residential or commercial mortgage-backed securities as a real estate-related asset.

To avoid registration as an investment company, we expect to limit the investments that we make, directly or indirectly, in assets that are not qualifying assets and in assets that are not real estate-related assets. In 2011, the SEC issued a concept release indicating that the SEC and its staff were reviewing interpretive issues relating to Section 3(c)(5)(C) and soliciting views on the application of Section 3(c)(5)(C) to companies engaged in the business of acquiring mortgages and mortgage-related instruments. To the extent that the SEC or its staff provides guidance regarding any of the matters bearing upon the exceptions we and our subsidiaries rely on from registration as an investment company, we may be required to adjust our strategy accordingly. Any guidance from the SEC or its staff could further inhibit our ability to pursue the strategies we have chosen.

MARKET OUTLOOK

The following discussion reflects management's beliefs, observations and expectations with respect to the U.S. real estate market, with an emphasis on the residential market, which has been a focus for EquiAlt. This Fund, however, will invest in a broader range of property types. Our management team has incorporated the market outlook provided to us by a third-party consultant, John Burns Real Estate Consulting, LLC ("JBREC"), which undertook, at our request, an analysis of the national housing market.

Real Estate and Real Estate Finance Markets

The success of all multifamily and residential investments depends partially on factors beyond the control of the investor, such as the economy, interest rates and government policies. While nobody can confidently predict the future, JBREC believes that the consensus view for the next several years is that:

- the U.S. economy will continue to experience positive job growth of approximately 0.6% to 1.5% annually through 2019 followed by a slight decline of 0.1% in 2020
- 30-year fixed rate conforming mortgage rates will remain well below historical averages but will increase modestly from the current levels of 3.9% to 4.9% through 2020, and
- government policies towards housing may not change materially in the near-term, other than a moderate loosening of historically strict mortgage lender documentation requirements. JBREC's view may change when the President formalizes his position related to HUD and the GSEs.

If the aforementioned conditions occur, JBREC expects national single-family and multifamily rental rates and for-sale home values to continue appreciating through 2020, despite the fact that the rate of job growth is expected to ease over that time period. JBREC summarizes select local market outlooks later in this report.

There are 45.8 million rental households in the United States today and buildings with two or more rental Units comprise 61% (27.8 million Units), while single-family rentals comprise 35% of the overall renter market (15.9 million Units). This large rental market presents a significant opportunity to attract tenants to properties that are well managed. Further, the fragmented ownership of single-family rental homes should pose an opportunity for larger owner/operators to consolidate and grow their portfolios.

The U.S. rental housing market has highly favorable fundamentals as there is an acute supply/demand imbalance in U.S. housing in general, and a structural societal shift towards renting that we believe will persist. Secondary markets that recovered late in the current cycle will outperform gateway markets (Houston, San Francisco, Miami) as new supply is coming online later in the cycle.

National Housing Market: JBREC believes the outlook for the single-family and the multifamily rental housing market through 2020 is favorable as a result of several factors, including the following:

- **Demand is currently strong and has been strong for several years.**
- **Multifamily permit levels are at long-term historical averages while single-family residential property building permit levels are low compared to history.** Minimal residential land entitlement processing and development occurred during the prolonged housing downturn (2007 through 2012), and the supply of finished, or even approved, lots remains relatively limited in many markets. Multifamily permits showed stronger growth compared to single-family permits during the past five years, but that trend is starting to reverse due to oversupply of multifamily Units in some markets and more risk adverse development capital. Single-family permits will increase at a higher rate as builders continue to re-enter tertiary markets in search of affordable land prices and first-time homebuyer demand continues to strengthen. Our outlook for future rent growth is stronger for single-family residential properties than multifamily Units due to the strong growth in multifamily construction over the past few years.
- **Existing for-sale home supply is currently low and has been for several years.** Resale inventory is well below the historical average based on months of supply and there are not enough new single-family residential properties being built relative to demand according to the National Association of Realtors ("NAR") and the Census Bureau. As a result, the supply fundamentals remain promising for rental rate increases, occupancy and home price appreciation through 2020.
- **Rental occupancy rates and home sales trends are favorable.** According to data published by the Census Bureau and the U.S. Bureau of Labor Statistics (BLS), the number of adults finding employment is exceeding planned new home construction by a ratio of 1.8 to 1. A balanced ratio in a stable market is 1.1 to 1.5 jobs created for every homebuilding permit issued. Over time, the relative excess job growth to homebuilding permits is expected to put upward pressure on rental rates and home prices.
- **Homeownership is declining.** JBREC expects the U.S. homeownership to fall to 61% by 2025 as more households choose to rent rather than purchase a home. By way of perspective, the U.S. homeownership rate was 69% in 2006.
- **Affordability is weakening.** The 30-year fixed mortgage rate is near 3.9% according to Freddie Mac, significantly lower than historical averages. However, rates are expected to increase and potential home buyers impacted by rising homeownership costs may instead choose to rent. It is estimated that a 100bps increase in the current 3.9% average interest rate for a 30-year fixed rate mortgage would disqualify 4.8 million households from a $200,000 mortgage, forcing these potential buyers to rent or purchase a lower priced home.

PLAN OF OPERATION

General

We are a recently formed Delaware limited partnership that intends to qualify as a Qualified Opportunity Zone Fund. We expect to use substantially all of the net proceeds from our offering stage to acquire and manage a diverse portfolio of real estate properties. Based on the current market outlook, we expect our focus in the U.S. market to reflect a more valuecreating core strategy. We may make our investments through the acquisition of individual assets or by acquiring portfolios of assets. While we generally expect to have no leverage, we may incur debt if our advisor or General Partner determine that it is in our best interests. We plan to diversify our portfolio by geographic region, investment size and investment risk with the goal of acquiring a portfolio of incomeproducing assets that provides attractive and stable returns to our investors.

EquiAlt Capital Advisors is our advisor and will manage our daytoday operations and our portfolio of real estate investments and make recommendations on all investments to our General Partner. EquiAlt Capital Advisors will also provide assetmanagement, marketing, investorrelations and other administrative services on our behalf. We have no paid employees.

Liquidity and Capital Resources

We are dependent upon the net proceeds from our offering stage to conduct our proposed operations. We will obtain the capital required to make real estate investments and conduct our operations from the proceeds of this offering and any future offerings we may conduct, from secured or unsecured financings from banks and other lenders and from any undistributed funds from our operations. As of the date of this memorandum, we have not made any investments, and our total assets consist of $250,000 of cash. For information regarding the anticipated use of proceeds from this offering, see “Estimated Use of Proceeds.”

If we are unable to raise substantial funds during our offering stage, we will make fewer investments resulting in less diversification in terms of the type, number and size of investments we make and the value of an investment in us will fluctuate more significantly with the performance of the specific assets we acquire. Further, we will have certain fixed operating expenses regardless of whether we are able to raise substantial funds during our offering stage. Our inability to raise substantial funds would increase our fixed operating expenses as a percentage of gross income, reducing our net income and cash flow and limiting our ability to make distributions to our unitholders. We do not expect to establish a permanent reserve from our offering proceeds for maintenance and repairs of real properties, as we expect the vast majority of leases for the properties we acquire will provide for tenant reimbursement of operating expenses. However, to the extent that we have insufficient funds for such purposes, we may establish reserves from gross offering proceeds, out of cash flow from operations or net cash proceeds from the sale of properties.

We currently have no outstanding debt. We may incur debt in the future if our advisor or General Partner determine it is in our best interests to do so.

In addition to making investments in accordance with our investment objectives, we expect to use our capital resources to make certain payments to our advisor. During our acquisition and development stage, we expect to make payments to our advisor in connection with the selection and acquisition or origination of real estate investments, the management of our assets and costs incurred by our advisor in providing services to us. For a discussion of the compensation to be paid to our advisor see “Management Compensation” and to be paid to broker dealers, see the “Plan of Distribution.” The advisory agreement will continue until terminated by either party.

Results of Operations

We were formed on August 10, 2018, and, as of the date of this memorandum, we had not commenced operations. We expect to use substantially all of the net proceeds from our offering stage to acquire and manage a diverse portfolio of real estate properties.

Critical Accounting Policies

Below is a discussion of the accounting policies that management believes will be critical once we commence operations. We consider these policies critical in that they involve significant management judgments and assumptions, require estimates about matters that will be inherently uncertain and because they are important for understanding and evaluating our reported financial results. These judgments will affect the reported amounts of assets and liabilities and our disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. With different estimates or assumptions, materially different amounts could be reported in our financial statements. Additionally, other companies may utilize different estimates that may impact the comparability of our results of operations to those of companies in similar businesses.

Revenue Recognition

Real Estate

We will recognize minimum rent, including rental abatements, lease incentives and contractual fixed increases attributable to operating leases, on a straightline basis over the term of the related leases when collectability is reasonably assured and will record amounts expected to be received in later years as deferred rent receivable. If the lease provides for tenant improvements, we will determine whether the tenant improvements, for accounting purposes, are owned by the tenant or by us. When we are the owner of the tenant improvements, the tenant is not considered to have taken physical possession or have control of the physical use of the leased asset until the tenant improvements are substantially completed. When the tenant is the owner of the tenant improvements, any tenant improvement allowance (including amounts that the tenant can take in the form of cash or a credit against its rent) that is funded is

treated as a lease incentive and amortized as a reduction of revenue over the lease term. Tenant improvement ownership is determined based on various factors including, but not limited to:

- whether the lease stipulates how a tenant improvement allowance may be spent;
- whether the amount of a tenant improvement allowance is in excess of market rates;
- whether the tenant or landlord retains legal title to the improvements at the end of the lease term;
- whether the tenant improvements are unique to the tenant or generalpurpose in nature; and
- whether the tenant improvements are expected to have any residual value at the end of the lease.

We will record property operating expense reimbursements due from tenants for common area maintenance, real estate taxes, and other recoverable costs in the period the related expenses are incurred.

We will make estimates of the collectability of our tenant receivables related to base rents, including deferred rent receivable, expense reimbursements and other revenue or income. We will specifically analyze accounts receivable, deferred rent receivable, historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. In addition, with respect to tenants in bankruptcy, we will make estimates of the expected recovery of prepetition and postpetition claims in assessing the estimated collectability of the related receivable. In some cases, the ultimate resolution of these claims can exceed one year. When a tenant is in bankruptcy, we will record a bad debt reserve for the tenant's receivable balance and generally will not recognize subsequent rental revenue until cash is received or until the tenant is no longer in bankruptcy and has the ability to make rental payments.

Real Estate Loans Receivable

Interest income on real estate loans receivable will be recognized on an accrual basis over the life of the investment using the interest method. Direct loan origination fees and origination or acquisition costs, as well as acquisition premiums or discounts, will be capitalized and amortized over the term of the loan as an adjustment to interest income. We will place loans on nonaccrual status when any portion of principal or interest is 90 days past due, or earlier when concern exists as to the ultimate collection of principal or interest. When a loan is placed on nonaccrual status, we will reverse the accrual for unpaid interest and generally will not recognize subsequent interest income until the cash is received, or the loan returns to accrual status. We will resume the accrual of interest if we determine the collection of interest according to the contractual terms of the loan is probable.

Real Estate Securities

We will recognize interest income on real estate securities that are beneficial interests in securitized financial assets and are rated "AA" and above on an accrual basis according to the contractual terms of the securities. Discounts or premiums will be amortized to interest income over the life of the investment using the interest method.

We will recognize interest income on real estate securities that are beneficial interests in securitized financial assets that are rated below "AA" using the effective yield method, which requires us to periodically project estimated cash flows related to these securities and recognize interest income at an interest rate equivalent to the estimated yield on the security, as calculated using the security's estimated cash flows and amortized cost basis, or reference amount. Changes in the estimated cash flows will be recognized through an adjustment to the yield on the security on a prospective basis. Projecting cash flows for these types of securities will require significant judgment, which may have a significant impact on the timing of revenue recognized on these investments.

Cash and Cash Equivalents

We will recognize interest income on our cash and cash equivalents as it is earned and will record such amounts as other interest income.

Real Estate

Depreciation and Amortization

Real estate costs related to the acquisition and improvement of properties will be capitalized and amortized over the expected useful life of the asset on a straightline basis. Repair and maintenance costs will be charged to expense as incurred and significant replacements and betterments will be capitalized. Repair and maintenance costs will include all costs that do not extend the useful life of the real estate asset. We will consider the period of future benefit of an asset to determine its appropriate useful life. Expenditures for tenant improvements will be capitalized and amortized over the shorter of the tenant's lease term or expected useful life. We anticipate the estimated useful lives of our assets by class to be generally as follows:

Buildings	27.5 years
Building improvements	27.5 years
Tenant improvements	Shorter of lease term or expected useful life
Tenant origination and absorption costs	Remaining term of related leases, including belowmarket renewal periods

Real Estate Acquisition Valuation

We will evaluate property acquisitions to determine whether they meet the definition of a business combination or of an asset acquisition under GAAP. For asset acquisitions, we capitalize (1) pre-acquisition costs to the extent such costs would have been capitalized had we owned the asset when the cost was incurred, and (2) closing and other direct acquisition costs. We then allocate the total cost of the property including acquisition costs, between land and building based on their relative fair values, generally utilizing the relative allocation that was contained in the property tax assessment of the same or a similar property, adjusted as deemed necessary.

For acquisitions that do not qualify as an asset acquisition, we evaluate the acquisition to determine if it qualifies as a business combination. For acquired properties where we have determined that the property has a resident with an existing lease in place, we account for the acquisition as a business combination. For acquisitions that qualify as a business combination, we (1) expense the acquisition costs in the period in which the costs were incurred and (2) assign the cost of the property among land, building and in-place lease intangibles, if any, based on their fair value.

If, at acquisition, a property needs to be renovated before it is ready for its intended use, we commence the necessary stabilization and renovation activities. During this stabilization period, we capitalize all direct and indirect costs incurred in renovating the property. If we acquire a property with an existing lease, we capitalize the cost of the initial renovation of such property following lease expiration and resident move out. Once a property is ready for its intended use, expenditures for ordinary maintenance and repairs thereafter are expensed to operations as incurred, and we capitalize expenditures that improve or extend the life of a home.

Intangible assets include the value of in-place leases, which represents the estimated value of the net cash flows of the in-place leases to be realized, as compared to the net cash flows that would have occurred had the property been vacant at the time of acquisition and subject to lease up. Acquired in place lease value will be amortized to expense over the average remaining noncancelable terms of the respective in-place leases, including any belowmarket renewal periods.

We will assess the acquisition date fair values of all tangible assets, identifiable intangibles and assumed liabilities using methods similar to those used by independent appraisers, generally utilizing a discounted cash flow analysis that applies appropriate discount and/or capitalization rates and available market information. Estimates of future cash flows will be based on a number of factors, including historical operating results, known and anticipated trends, and market and economic conditions. The fair value of tangible assets of an acquired property considers the value of the property as if it were vacant.

We will record abovemarket and belowmarket inplace lease values for acquired properties based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the inplace leases and (ii) management's estimate of fair market lease rates for the corresponding inplace leases, measured over a period equal to the remaining noncancelable term of abovemarket inplace leases and for the initial term plus any extended term for any leases with belowmarket renewal options. We will amortize any recorded abovemarket or belowmarket lease values as a reduction or increase, respectively, to rental income over the remaining noncancelable terms of the respective lease, including any belowmarket renewal periods.

We will estimate the value of tenant origination and absorption costs by considering the estimated carrying costs during hypothetical expected lease up periods, considering current market conditions. In estimating carrying costs, we will include real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease up periods.

We will amortize the value of tenant origination and absorption costs to depreciation and amortization expense over the remaining average noncancelable term of the leases.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities will require us to make significant assumptions to estimate market lease rates, propertyoperating expenses, carrying costs during leaseup periods, discount rates, market absorption periods, and the number of years the property will be held for investment. The use of inappropriate assumptions would result in an incorrect valuation of our acquired tangible assets, identifiable intangibles and assumed liabilities, which would impact the amount of our net income.

Impairment of Real Estate and Related Intangible Assets and Liabilities

We will monitor events and changes in circumstances that could indicate that the carrying amounts of our real estate and related intangible assets and liabilities may not be recoverable or realized. When indicators of potential impairment suggest that the carrying value of real estate and related intangible assets and liabilities may not be recoverable, we will assess the recoverability by estimating whether we will recover the carrying value of the real estate and related intangible assets and liabilities through its undiscounted future cash flows and its eventual disposition. If, based on this analysis, we do not believe that we will be able to recover the carrying value of the real estate and related intangible assets and liabilities, we will record an impairment loss to the extent that the carrying value exceeds the estimated fair value of the real estate and related intangible assets and liabilities.

Projecting future cash flows involves estimating expected future operating income and expenses related to the real estate and its related intangible assets and liabilities as well as market and other trends. Using inappropriate assumptions to estimate cash flows could result in incorrect fair values of the real estate and its related intangible assets and liabilities and could result in the overstatement of the carrying values of our real estate and related intangible assets and liabilities and an overstatement of our net income.

Real Estate Loans Receivable

Our real estate loans receivable will be recorded at amortized cost, net of loan loss reserves (if any), and will be evaluated for impairment at each balance sheet date. The amortized cost of a real estate loan receivable is the outstanding unpaid principal balance, net of unamortized acquisition premiums or discounts and unamortized costs and fees directly associated with the origination or acquisition of the loan. The amount of impairment, if any, will be measured by comparing the amortized cost of the loan to the present value of the expected cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent and collection of principal and interest is not assured. If a loan is deemed to be impaired, we will record a loan loss reserve and a provision for loan losses to recognize impairment.

The reserve for loan losses is a valuation allowance that will reflect our estimate of loan losses inherent in the loan portfolio as of the balance sheet date. The reserve will be adjusted through "Provision for loan losses" in our consolidated statements of operations and will be decreased by chargeoffs to specific loans when losses are confirmed. The reserve for loan losses may include a portfoliobased component and an assetspecific component.

An assetspecific reserve relates to reserves for losses on loans considered impaired. We will consider a loan to be impaired when, based upon current information and events, we believe that it is probable that we will be unable to collect all amounts due under the contractual terms of the loan agreement. We will also consider a loan to be impaired if we grant the borrower a concession through a modification of the loan terms or if we expect to receive assets (including equity interests in the borrower) with fair values that are less than the carrying value of our loan in satisfaction of the loan. A reserve will be established when the present value of payments expected to be received, observable market prices, the estimated fair value of the collateral (for loans that are dependent on the collateral for repayment) or amounts expected to be received in satisfaction of a loan are lower than the carrying value of that loan.

A portfoliobased reserve covers the pool of loans that do not have assetspecific reserves. A provision for loan losses will be recorded when available information as of each balance sheet date indicates that it is probable that the pool of loans will incur a loss and the amount of the loss can be reasonably estimated. Required reserve balances for this pool of loans will be derived from estimated probabilities of default and estimated loss severities assuming a default occurs. On a quarterly basis, we will assign estimated probabilities of default and loss severities to each loan in the portfolio based on factors such as the debt service coverage of the underlying collateral, the estimated fair value of the collateral, the significance of the borrower's investment in the collateral, the financial condition of the borrower and/or its sponsors, the likelihood that the borrower and/or its sponsors would allow the loan to default, our willingness and ability to step in as owner in the event of default, and other pertinent factors.

Failure to recognize impairments would result in the overstatement of earnings and the carrying value of our real estate loans held for investment. Actual losses, if any, could differ significantly from estimated amounts.

Derivative Instruments

We may enter into derivative instruments for risk management purposes to hedge our exposure to cash flow variability caused by changing interest rates on any variable rate notes payable. We will record these derivative instruments at fair value on our consolidated balance sheets. Derivative instruments designated and qualifying as a hedge of the exposure to variability in expected future cash flows or other types of forecasted transactions will be considered cash flow hedges. The change in fair value of the effective portion of a derivative instrument that is designated as a cash flow hedge will be recorded as other comprehensive income (loss) on our consolidated statements of comprehensive income (loss) and consolidated statements of equity. The changes in fair value for derivative instruments that are not designated as a hedge or that do not meet the hedge accounting criteria will be recorded as gain or loss on derivative instruments on our consolidated statements of operations.

We will formally document all relationships between hedging instruments and hedged items, as well as its riskmanagement objectives and strategy for undertaking various hedge transactions. This process will include designating all derivative instruments that are part of a hedging relationship to specific forecasted transactions or recognized obligations on the consolidated balance sheets. We also will assess and document, both at the hedging instrument's inception and on a quarterly basis thereafter, whether the derivative instruments that are used in hedging transactions are highly effective in offsetting changes in cash flows associated with the respective hedged items. When we determine that a derivative instrument ceases to be highly effective as a hedge, or that it is probable the underlying forecasted transaction will not occur, we will discontinue hedge accounting prospectively and reclassify amounts recorded in accumulated other comprehensive income (loss) to earnings.

The termination of a cash flow hedge prior to the maturity date may result in a net derivative instrument gain or loss that will continue to be reported in accumulated other comprehensive income (loss) and is reclassified into earnings over the period of the original forecasted hedged transaction (i.e. LIBOR-based debt service payments) unless it is probable that the original forecasted hedged transaction will not occur by the end of the originally specified time period (as documented at the inception of the hedging relationship) or within an additional twomonth period of time thereafter. If it is probable that the hedged forecasted transaction will not occur either by the end of the originally specified time period or within the additional twomonth period of time, that derivative instrument gain or loss reported in accumulated other comprehensive income (loss) will be reclassified into earnings immediately.

Fair Value Measurements

Under GAAP, we will be required to measure certain financial instruments at fair value on a recurring basis. In addition, we will be required to measure other nonfinancial and financial assets and liabilities at fair value on a nonrecurring basis (e.g. carrying value of impaired real estate loans receivable and longlived assets). Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The GAAP

fair value framework uses a threetiered approach. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and modelderived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3: prices or valuation techniques where little or no market data is available that requires inputs that are both significant to the fair value measurement and unobservable.

When available, we will utilize quoted market prices from independent thirdparty sources to determine fair value and will classify such items in Level 1 or Level 2. In instances where the market for a financial instrument is not active, regardless of the availability of a nonbinding quoted market price, observable inputs might not be relevant and could require us to make a significant adjustment to derive a fair value measurement. Additionally, in an inactive market, a market price quoted from an independent third party may rely more on models with inputs based on information available only to that independent third party. When we determine the market for a financial instrument owned by us to be illiquid or when market transactions for similar instruments do not appear orderly, we will use several valuation sources (including internal valuations, discounted cash flow analysis and quoted market prices) and will establish a fair value by assigning weights to the various valuation sources. Additionally, when determining the fair value of liabilities in circumstances in which a quoted price in an active market for an identical liability is not available, we will measure fair value using (i) a valuation technique that uses the quoted price of the identical liability when traded as an asset or quoted prices for similar liabilities when traded as assets or (ii) another valuation technique that is consistent with the principles of fair value measurement, such as the income approach or the market approach.

Changes in assumptions or estimation methodologies can have a material effect on these estimated fair values. In this regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, may not be realized in an immediate settlement of the instrument.

We will consider the following factors to be indicators of an inactive market: (i) there are few recent transactions, (ii) price quotations are not based on current information, (iii) price quotations vary substantially either over time or among market makers (for example, some brokered markets), (iv) indexes that previously were highly correlated with the fair values of the asset or liability are demonstrably uncorrelated with recent indications of fair value for that asset or liability, (v) there is a significant increase in implied liquidity risk premiums, yields, or performance indicators (such as delinquency rates or loss severities) for observed transactions or quoted prices when compared with our estimate of expected cash flows, considering all available market data about credit and other nonperformance risk for the asset or liability, (vi) there is a wide bidask spread or significant increase in the bidask spread, (vii) there is a significant decline or absence of a market for new issuances (that is, a primary market) for the asset or liability or similar assets or liabilities, and (viii) little information is released publicly (for example, a principaltoprincipal market).

We will consider the following factors to be indicators of nonorderly transactions: (i) there was not adequate exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities under current market conditions, (ii) there was a usual and customary marketing period, but the seller marketed the asset or liability to a single market participant, (iii) the seller is in or near bankruptcy or receivership (that is, distressed), or the seller was required to sell to meet regulatory or legal requirements (that is, forced), and (iv) the transaction price is an outlier when compared with other recent transactions for the same or similar assets or liabilities.

Industry Segments

We expect to use substantially all of the net proceeds from our offering stage to acquire and manage a diverse portfolio of real estate properties, consisting primarily of properties located within Qualified Opportunity Zones. We intend to allocate at least 90% of our assets to such investments, which may include commercial, industrial, single family residential, multi-family, and mixed use.

PRIOR PERFORMANCE SUMMARY

The information presented in this section represents the historical experience of real estate programs sponsored by Brian Davison. Through EquiAlt, LLC, Mr. Davison has sponsored five programs: EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III, EA SIP, and EquiAlt REIT, each as defined below.

EquiAlt, LLC launched its first fund in 2011, naming it "EquiAlt Fund, LLC" ("EquiAlt Fund I"), which was followed by EquiAlt Fund II, LLC ("EquiAlt Fund II") and EquiAlt Fund III, LLC ("EquiAlt Fund III") in 2013, EA SIP, LLC ("EA SIP") in 2016, and EquiAlt Secured Income Portfolio REIT, Inc. ("EquiAlt REIT") in 2017. Except for EquiAlt REIT, each of these private offerings was structured as a debenture offering, with the investors acquiring an unsecured promissory note with a fixed yield rather than an equity interest.

As of September 30, 2018, EquiAlt had raised $64,932,490 in EquiAlt Fund I, $21,032,095 in EquiAlt Fund II, $2,897,231 in EquiAlt Fund III, $8,131,780 in EA SIP, and $3,893,000 in EquiAlt REIT. In the aggregate, EquiAlt raised this capital from approximately 980 investors. EquiAlt used the proceeds of these offerings to acquire and rehabilitate approximately 300 properties in the U.S., with an emphasis on single-family residential properties in the greater Tampa, Florida market. All of the acquired properties were residential, including a limited number of resort properties and land, and were located within the State of Florida or the State of Tennessee. EquiAlt did not use any debt financing secured by the properties.

EquiAlt Fund I and EquiAlt Fund II anticipate terminating their offerings as of the date of this memorandum. EquiAlt Fund III successfully completed its operations in 2016, and EA SIP is still offering debentures to investors. EquiAlt REIT continues to raise capital and acquire properties.

EquiAlt Fund III, which was offering investors debentures with a 9% annual return, stopped offering debentures and concluded its operations largely because the other EquiAlt-sponsored programs were able to obtain investors at a lower 8% annual return. The investors in EquiAlt Fund III all received their principal plus the contracted 9% annual return. In addition, EquiAlt, LLC, which acted as both sponsor and sole equity holder of EquiAlt Fund III, realized a net profit of approximately $300,000 on the total capital of just $2,897,231 over a 24-month period.

Investors in EquiAlt Fund I, EquiAlt Fund II and EA SIP have received their contracted debenture payments, which average 8% per annum. In addition, EquiAlt, LLC acting as sponsor and sole equity holder of these funds, has accrued an estimated unrealized profit of $18 million over the life of the funds. EquiAlt REIT, which began its operations earlier in 2018, and has declared a 6% dividend in favor of its stockholders and has achieved a "cap rate" in excess of 10%.

The existing property portfolio for the aforementioned funds consists of approximately 400 Units as of September 30, 2018. In the aggregate, the EquiAlt funds have sold or otherwise disposed of 27 properties over the past three years, including sales between funds. Of these, only nine properties have been sold to third parties. The remaining properties were conveyed by EquiAlt Fund III to the remaining funds at fair market value. For more details on the prior performance of EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III, EA SIP and EquiAlt REIT, please see the "Prior Performance Tables" in Appendix B.

FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax consequences of an investment in our Units. The law firm of DLA Piper LLP (US) has acted as our tax counsel and reviewed this summary. For purposes of this section under the heading "Federal Income Tax Considerations," references to "EquiAlt Qualified Opportunity Zone Fund, LP," "we," "our" and "us" mean only EquiAlt Qualified Opportunity Zone Fund, LP and not its subsidiaries or other lowertier entities, except as otherwise indicated. This summary is based upon the Internal Revenue Code, the regulations promulgated by the U.S. Treasury Department, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. The summary is also based upon the assumption that we will operate EquiAlt Qualified Opportunity Zone Fund, LP and its subsidiaries and affiliated entities in accordance with their applicable organizational documents. This summary is for general information only and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular investor in light of its investment or tax circumstances or to investors subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- brokerdealers;
- regulated investment companies;
- partnerships and trusts;
- persons who hold our stock on behalf of other persons as nominees;
- persons who receive our stock through the exercise of employee stock options (if we ever have employees) or otherwise as compensation;
- persons holding our stock as part of a "straddle," "hedge," "conversion transaction," "constructive ownership transaction," "synthetic security" or other integrated investment;
- "S" corporations;

and, except to the extent discussed below:

- taxexempt organizations; and
- foreign investors.

This summary assumes that investors will hold their Units as a capital asset, which generally means as property held for investment.

The federal income tax treatment of holders of our Units depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular unitholder of holding our Units will depend on the unitholder's particular tax circumstances. You are urged to consult your tax advisor regarding the federal, state, local and foreign income and other tax consequences to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging, or otherwise disposing of our Units.

Taxation of EquiAlt Qualified Opportunity Zone Fund, LP

We believe that we have been organized and expect to operate in such a manner as to qualify for taxation as a Qualified Opportunity Zone Fund.

The law firm of DLA Piper LLP (US) has acted as our tax counsel in connection with this offering. While we intend to operate so that we will qualify as a Qualified Opportunity Zone Fund, given the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by DLA Piper LLP (US) or by us that we will qualify as a Qualified Opportunity Zone Fund for any particular year. Any such legal opinion will be expressed as of the date issued and will not cover subsequent periods. Counsel will have no obligation to advise us or our unitholders of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not challenge the conclusions set forth in any such opinions.

Requirements for Qualification—General

The Internal Revenue Code defines a Qualified Opportunity Zone Fund as an investment vehicle that is organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property that holds at least 90 percent of its assets in qualified opportunity zone property.

Whether an Opportunity Fund holds at least 90% of its assets in qualified opportunity zone property is measured (i) on the last day of the first 6-month period of the Opportunity Fund's taxable year and (ii) the last day of the Opportunity Fund's taxable year. An Opportunity Fund will be subject to a fine for each month that it fails to meet this 90% assets test unless it can show that its failure to meet the assets test is due to reasonable cause.

Qualified opportunity zone property consists of (i) qualified opportunity zone stock, (ii) qualified opportunity zone partnership interests, and (iii) qualified opportunity zone business property. Qualified opportunity zone stock is stock in a corporation that is a qualified opportunity zone business. A qualified opportunity zone partnership interest is an interest in a partnership that is a qualified opportunity zone business. Qualified opportunity zone business property is tangible property used in a trade or business that is acquired by purchase from a unrelated party and that either (a) is substantially improved or (b) the original use of which in an Opportunity Zone commences with the Opportunity Fund.

The recognition of eligible gains invested in an Opportunity Fund is deferred until as late as December 31, 2026. In addition, the deferred gains will be reduced by 10% if the interest in the Opportunity Fund is held for at least five (5) years, and by 15% if the interest in the Opportunity Fund is held for at least seven (7) years. In addition, an Opportunity Fund investor will pay no capital gains tax on appreciation of the sale of its Opportunity Fund interest if the interest is held for at least ten (10) years.

Section 1400Z-2 of the Code and the Proposed Regulations provide guidance and rules on a wide range of subjects, including what types of gains are eligible to be invested in Opportunity Funds, timing issues and dates that relate to Opportunity Funds, rules for qualified opportunity zone businesses, and how partnership liability rules apply to Opportunity Funds. You are urged to consult your tax advisor regarding the federal, state, local and foreign income and other tax consequences to you in light of the enactment of Section 1400Z-2 of the Code and the issuance of the Proposed Regulations.

Taxation of Unitholders

Taxation of Taxable Domestic Unitholders

*Definition*s. In this section, the phrase "domestic unitholder" means a holder of our Units that for federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States or of any political subdivision thereof;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. person.

The Fund expects to be treated as a partnership for U.S. federal income tax purposes, in which case the Fund would not be subject to U.S. federal income tax.

Notwithstanding the foregoing, no ruling has been or will be sought from the IRS, and counsel to the Fund has not, and will not, render a legal opinion, regarding the treatment of the Fund for U.S. federal income tax purposes. If for any reason the Fund were taxable as a corporation in any taxable year, items of income, gain, loss and deduction would be taken into account by the Fund in determining the amount of the Fund's liability for federal income tax, rather than being passed through to the Unitholders. The Fund's taxation as a corporation would materially reduce the cash available for use by the Fund and/or for distribution to the Unitholders, and thus would likely substantially reduce the value of the Units. Any distribution made to a Unitholder at a time when the Fund was treated as a corporation would be (i) a taxable dividend to the extent of the Fund's current or accumulated earnings and profits, then (ii) a nontaxable return of basis to the extent of the Unitholder's tax basis in its Units, and thereafter (iii) taxable capital gain.

The remainder of this discussion is based on the assumption that the Fund will be treated as a partnership for U.S. federal income tax purposes.

Taxation of Unitholders. Each Unitholder will be required to report on such Unitholder's own U.S. federal income tax return his, her or its allocable share of the Fund's items of income, gain, deduction and loss ("Tax Items"), and will be required to pay U.S. federal income tax based on such Tax Items. In determining a Unitholder's allocable share of the Fund's Tax Items, the allocation provisions contained in the Fund's limited partnership agreement will govern, so long as the allocations provided for in such agreements have "substantial economic effect" (within the meaning of the Code) or are otherwise determined to be in accordance with the Unitholder's interests in the Fund. Given the complexity of the Code and Treasury Regulations in this area, there can be no assurance that the IRS will agree with all of the Fund's computations and allocations of the Fund's Tax Items. If the IRS successfully challenged the allocations of the Fund's Tax Items, the re-determination of the allocations of the Tax Items to a particular Unitholder

may differ from, and be less favorable than, the allocations provided for in the Fund's limited partnership agreement, as a result of which the Unitholder may be subject to additional income tax liabilities based on the Fund's Tax Items in prior taxable years.

Any items of income, gain, loss or deduction recognized by the Fund will retain the same character in the hands of the Unitholders as they have in the hands of the Fund, and the Fund anticipates that a significant portion of the taxable income earned by the Fund will be ordinary income for U.S. federal income tax purposes or otherwise taxed at ordinary income tax rates for such purposes.

The TCJA permanently reduced the corporate tax rate to a flat 21% and lowered the maximum marginal income tax rate applicable to ordinary income earned by individuals from 39.6% to 37%. The rate reduction for individuals is scheduled to expire after 2025, unless renewed. The maximum marginal income tax rate applicable to long-term capital gains of individuals currently is 20%. Recently enacted tax legislation also provides a deduction to non-corporate taxpayers in an amount up to 20% of the non-corporate taxpayer's "qualified business income" (including a non-corporate taxpayer's share of "qualified business income" of a pass-through entity, such as the Fund) (the "Section 199A Deduction"). However, for an individual taxpayer with taxable income over $415,000 (or $207,500 if the taxpayer does not file joint returns), the Section 199A Deduction is limited to the greater of (i) 50% of the taxpayer's allocable share of the W-2 wages paid that are attributable to such "qualified business income" or (ii) the sum of (A) 25% of the taxpayer's allocable share of the W-2 wages paid that are attributable to such "qualified trade or business," plus (B) 2.5% of the taxpayer's allocable share of the unadjusted basis (determined immediately after an acquisition) of all "qualified property" held by the "qualified trade or business" at the close of the relevant taxable year. This limitation is phased in (i.e., partially applicable) if the taxpayer's taxable income is over $315,000 but not over $415,000 (or over $207,500, but not over $157,500, if the taxpayer does not file joint returns). "Qualified business income" generally includes income that is effectively connected to trades or businesses conducted within the U.S. other than certain types of investment income (such as interest, C corporation dividends and long-term capital gains) and income from certain types of personal services businesses. If the maximum amount of the Section 199A Deduction is allowed (i.e., 20% of the "qualified business income"), the highest marginal income tax rate for an individual on such qualified business income effectively is reduced from 37% to 29.6%. The Section 199A Deduction is scheduled to expire after 2025, unless renewed before then.

In addition, certain U.S. Unitholders who are individuals, estates or certain trusts are generally required to pay a 3.8% Medicare tax on their net investment income, or in the case of estates and trusts on their net investment income that is not distributed, in each case to the extent that their total adjusted income exceeds applicable thresholds.

It is possible that a Unitholder's U.S. federal income tax liability with respect to his, her or its allocable share of the Fund's Tax Items in a particular taxable year could exceed the cash distributions to the Unitholder for the taxable year. Under these circumstances, the Unitholder would be required to satisfy the U.S. federal income tax liability on his, her or its allocable share of the Company's Tax Items with cash from sources other than the Company.

The ability of a Unitholder to use losses or deductions allocated to the Unitholder with respect to its Units is limited to the amount of the Unitholder's tax basis in its Interests and may be further limited by the passive activity limitations and certain other rules, such as the "at-risk" rules, as discussed below.

Tax Basis Rules. Distributions by the Fund generally will not be taxable to a Unitholder to the extent of such Unitholder's adjusted tax basis in his, her or its Units. In addition, a Unitholder is allowed to deduct his, her or its allocable share of the Fund's losses (if any) only to the extent of such Unitholder's adjusted tax basis in his, her or its Units at the end of the taxable year in which the losses occur, subject to the "at risk" rules, the "passive activity loss" rules, and certain other limitations, in each case as discussed below. A Unitholder's tax basis in its Units initially will be the amount paid for the Units plus the Unitholder's share of the Fund's liabilities (as determined under U.S. Treasury Regulations governing the allocation of partnership liabilities among partners). That tax basis generally will be (i) increased by the Unitholder's allocable share of the Fund's income and any increases in the Unitholder's share of the Fund's liabilities (as determined under U.S. Treasury Regulations governing the allocation of partnership liabilities among partners), and (ii) decreased, but not below zero, by the amount of all distributions received by such Unitholder, the Unitholder's allocable share of any Fund losses, and any decreased in the Unitholder's share of the Fund's liabilities (as determined under U.S. Treasury Regulations governing the allocation of partnership liabilities among partners).

However, as noted above in "Risk Factors," it is not clear how the basis rules described in the previous paragraph interact with the Opportunity Zone rules, which provide that a taxpayer's basis in its Opportunity Fund investment is $0, until it is increased to up to 15% of the taxpayer's deferred gain. Prospective investors should consult with their tax advisors regarding the effect that allocations of the Fund's profits, losses and liabilities will have on their tax basis in the Fund.

At Risk Rules. Unitholders who are either individuals, estates, trusts, or certain closely held C corporations are allowed to deduct their allocable share of the Fund's net losses (if any) for a given taxable year only to the extent of the amount that such Unitholder has "at risk" with respect to his, her or its Units in the Fund at the end of the taxable year in which the net losses are recognized. In general, a Unitholder will be at risk to the extent of its tax basis in its Units, reduced by (1) any portion of that basis attributable to the Unitholder's share of the Fund's liabilities, (2) any portion of that basis representing amounts otherwise protected against loss because of a guarantee, stop loss agreement or similar arrangement, and (3) any amount of money the Unitholder borrows to acquire or hold his, her or its Units, if the lender of those borrowed funds owns an interest in the Fund, is related to another Unitholder or can look only to the Units for repayment. A Unitholder subject to the at risk limitation must recapture losses deducted in previous years to the extent that distributions (including distributions deemed to result from a reduction in a Unitholder's share of nonrecourse liabilities) cause the Unitholder's at risk amount to be less than zero at the end of any taxable year.

Losses disallowed to a Unitholder or recaptured as a result of the basis limitations described above or the at-risk limitations will carry forward and will be allowable as a deduction in a later year to the extent that the Unitholder's tax basis or at risk amount, whichever is the limiting factor, is subsequently increased. Upon a taxable disposition of the Units, any gain recognized by a Unitholder can be offset by losses that were previously suspended by the at-risk limitation but not losses suspended by the basis limitation. Any loss previously suspended by the at risk limitation in excess of that gain can no longer be used, and will not be available to offset a Unitholder's salary or active business income.

Passive Activity Loss Rules. Unitholders who are individuals, estates, trusts, closely held C corporations and personal service corporations are subject to the "passive loss" rules under the Code. Taxpayers subject to such rules are allowed to deduct their allocable share of losses from passive activities (which generally are activities in which the taxpayer does not materially participate) only to the extent of the taxpayer's income from its passive activities. Taxpayers are not allowed to deduct passive activity losses against non-passive activity income, generally including (i) salary or other compensation for personal services, (ii) interest, dividends, annuities or royalties not derived in the ordinary course of a trade or business, and (iii) gain attributable to the disposition of property (a) producing such non-business income or (b) held for investment.

To the extent that a taxpayer's passive activity losses (including passive activity losses carried forward from earlier years) exceed income from all passive activities for such tax year, such excess losses are suspended and are carried forward to future years. Any such suspended passive activity losses may be used to offset passive income in future years and may be used to offset non-passive activity income upon the taxpayer's taxable disposition to an unrelated party of its entire interest in the passive activity to which such suspended passive activity loss relates. Consequently, to the extent that a Unitholder's allocable share of the Fund's losses is not allowed by reason of the passive activity loss rules, such disallowed losses may be carried over by the Unitholder to subsequent taxable years and will be allowed if and to the extent of the Unitholder's income from the Fund in subsequent years. A Unitholder will also be allowed to use any such suspended losses to offset non-passive activity income upon a complete disposition of the Unitholder's Units to an unrelated party.

The passive loss rules generally are applied after other applicable limitations on deductions, including the at risk and basis limitations described above.

Limitation on Deductibility of Capital Losses. It is possible that the Fund will recognize capital losses that would flow through to the Unitholders for U.S. federal income tax purposes. To the extent that capital losses are not otherwise limited by the other loss limitations described herein, capital losses would only be deductible for a Unitholder to the extent of such Unitholder's capital gains (subject to an exception for individuals under which a limited amount of capital losses may be offset against ordinary income).

Distributions. Cash distributions to a Unitholder (including cash distributions in redemption of all or a portion of a Unitholder's Units) generally will not be taxable to such Unitholder if such distributions do not exceed the Unitholder's adjusted tax basis in his, her or its Units. Instead, such distributions will reduce (but not below zero) the adjusted tax basis in the Units held by such Unitholder immediately before the distribution. If such distributions by the Fund to a Unitholder exceed the Unitholder's adjusted tax basis in his, her or its Units, the excess will be taxable to the Unitholder as though it were gain from a sale or exchange of the Units.

Any reduction in a Unitholder's share of the Fund's liabilities (as determined under U.S. Treasury Regulations governing the allocation of partnership liabilities among partners) will be treated as a distribution by the Fund of cash to that Unitholder. A decrease in a Unitholder's percentage ownership in the Fund because of our issuance of additional equity may decrease the Unitholder's share of our liabilities.

A non-pro rata distribution of money or property (including a deemed distribution as a result of the reduction in a Unitholder's share of our liabilities as described above) may cause a Unitholder to recognize ordinary income, if the distribution reduces the Unitholder's share of our "unrealized receivables," including depreciation recapture and substantially appreciated "inventory items," in each case as defined in Section 751 of the Code ("Section 751 Assets"). To the extent of such reduction, the Unitholder would be deemed to receive its proportionate share of the Section 751 Assets and exchange such assets with the Fund in return for a portion of the non-pro rata distribution. This deemed exchange generally will result in the Unitholder's recognition of

ordinary income in an amount equal to the excess of (1) the non-pro rata portion of that distribution over (2) the Unitholder's tax basis (generally zero) in the Section 751 Assets deemed to be relinquished in the exchange.

Sale of Interests. A Unitholder who sells his, her or its Units will recognize gain or loss measured by the difference between the amount realized on the sale and the Unitholder's adjusted tax basis in the Units sold. The amount realized by a Unitholder on a sale of Units generally will include any reduction in the Unitholder's allocable share of the Fund's liabilities in connection with the sale (as determined under U.S. Treasury Regulations governing the allocation of partnership liabilities among partners), in addition to any proceeds from the sale.

Any gain or loss recognized by a Unitholder on the sale of the Unitholder's Units will be treated as long-term capital gain or loss if the Unitholder held the sold Units for more than one year, except that all or a portion of such gain may be treated as ordinary income (even if the Interests are held for more than one year) to the extent that the Fund's assets consist of Section 751 Assets. Ordinary income attributable to Section 751 Assets may exceed net taxable gain realized on the sale of Units and may be recognized even if there is a net taxable loss realized on the sale of the Units. Thus, a Unitholder may recognize both ordinary income and capital gain or loss upon the same sale of Units.

The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an "equitable apportionment" method, which generally means that the tax basis allocated to the interest sold equals an amount that bears the same relation to the partner's tax basis in its entire interest in the partnership as the value of the interest sold bears to the value of the partner's entire interest in the partnership.

Treasury Regulations under Code Section 1223 allow a selling Unitholder who can identify Interests transferred with an ascertainable holding period to elect to use the actual holding period of the Units transferred. Thus, according to the ruling discussed above, a Unitholder will be unable to select high or low basis Interests to sell as would be the case with corporate stock, but, according to the Treasury Regulations, a Unitholder may designate specific Units sold for purposes of determining the holding period of the Units transferred. A Unitholder electing to use the actual holding period of Units transferred must consistently use that identification method for all subsequent sales or exchanges of Units. A Unitholder considering the purchase of additional Units or a sale of Interests purchased in separate transactions is urged to consult his, her or its tax advisor as to the possible consequences of this ruling and application of the Treasury Regulations.

Taxation of Foreign Unitholders

The following is a summary of certain U.S. federal income and estate tax consequences of the ownership and disposition of our stock applicable to nonU.S. holders. A "nonU.S. holder" is any person other than:

- a citizen or resident of the United States;
- a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, or of any state thereof, or the District of Columbia;
- an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust.

If a partnership, including for this purpose any entity that is treated as a partnership for U.S. federal income tax purposes, holds our Units, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the acquisition, ownership and disposition of our Units.

The following discussion is based on current law, and is for general information only. It addresses only selected, and not all, aspects of U.S. federal income and estate taxation.

Effectively Connected Income. Foreign persons are generally taxable on effectively connected income ("ECI"). ECI includes a foreign investor's allocable share of the Fund's income. Moreover, any partner or member of a pass-through entity that is engaged in a trade or business and has a permanent establishment within the U.S. is deemed to be engaged in a trade or business and to have a permanent establishment within the U.S. It is expected that the Fund will be engaged in the conduct of a U.S. trade or business and have a U.S. permanent establishment and, thus, that foreign investors will be deemed to also be engaged in that trade or business and have a U.S. permanent establishment.

foreign investors will be liable for U.S. federal income tax on a net basis (with normal deductions allowed) on their distributive share of Fund ECI in the same manner and at the same rates as are applicable to U.S. investors. If the Fund is considered

to be engaged in a U.S. trade or business (as expected), foreign investors would be required to file U.S. federal income tax returns even if no ECI is allocable to them. The Fund must pay a withholding tax on ECI allocated to foreign investors equal to the product of the income allocated to them and the maximum rate of tax applicable to corporations or individuals, as applicable. The Fund must pay the withholding tax whether or not it makes actual distributions to the foreign investor. Each foreign investor will be required to contribute to the Fund its share of such withholding taxes to the extent that the payment is not funded by distributions otherwise payable to the foreign investor. The withholding tax is creditable against the foreign investor's U.S. federal income tax liability and any amounts withheld in excess of that liability are refundable by the IRS; provided, that the foreign investor files the necessary tax returns.

foreign investors in the Fund generally will be subject to tax on any gain realized on a sale, redemption, or other disposition of their Units as if any gain were ECI to the extent such gain is attributable to U.S. real property interests or assets that would give rise to ECI if sold. The transferee of an interest from a foreign investor may be required to withhold up to 15% of any gross proceeds payable to the foreign investor. This withholding is not a substantive tax, but an enforcement mechanism. The foreign investor is required to file a U.S. federal income tax return reporting any ECI.

If the amount withheld exceeds the tax actually payable, the excess is refundable by the IRS (provided, that the Foreign Investor files the necessary tax returns); if the tax exceeds the amount withheld, the Foreign Investor must pay the excess.

Investors in the Fund that are foreign corporations also may be subject to a branch profits tax at a rate of 30% on the ECI allocated to them by the Fund or realized on the sale of Units to the extent such profits are not reinvested in property treated as connected with the conduct of a trade or business within the U.S. The imposition of the branch profits tax may be reduced (or, in certain cases, eliminated) if the foreign corporate investor is eligible for the benefits of an applicable tax treaty.

In addition, if (as expected) the Fund were regarded as engaged in a U.S. trade or business, foreign investors would be viewed as being engaged in a trade or business in the U.S. and as maintaining a permanent establishment, an office or other fixed place of business in the U.S. This could in certain cases cause certain other income of the foreign investor to be treated as ECI as a result of such foreign investor's investment in the Fund. Moreover, foreign investors may in certain circumstances be deemed to be engaged in a trade or business in the states and localities in which the Fund's activities are conducted, thus becoming subject to tax return filing and tax payment obligations in such jurisdictions.

Gain from Disposition of U.S. Real Property Interests. If the Fund owns "U.S. real property interests," as such term is defined in section 897 of the Code (including the stock of a domestic corporation the assets of which consist primarily of U.S. real estate) ("USRPI"), or if any pass-through entity in which the Fund invests owns USRPI, then a foreign investor's share of gain on the sale of such USRPI generally would be treated as ECI and would be subject to the requirements discussed above in "*Effectively Connected Income*."

Information Reporting Requirements and Backup Withholding for NonU.S. Unitholders. Payments of distributions or proceeds from the disposition of Units made to a nonU.S. holder may be subject to information reporting and backup withholding unless such holder establishes an exemption, for example, by properly certifying its nonU.S. status on an Internal Revenue Service Form W8BEN or another appropriate version of Internal Revenue Service Form W8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we have, or our paying agent has actual knowledge or reason to know, that a nonU.S. holder is a United States person. Backup withholding is not an additional tax. Rather, the United States income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained, provided that the required information is furnished to the IRS.

Foreign Accounts. The Hiring Incentives to Restore Employment Act (the "HIRE Act"), which was enacted in 2010, imposes a 30% withholding tax on certain types of payments made to "foreign financial institutions" and certain other nonU.S. entities unless certain due diligence, reporting, withholding, and certification obligations requirements are satisfied. The portion of the HIRE Act that provides for this withholding tax and related provisions is known as the "Foreign Account Tax Compliance Act" or "FATCA."

As a general matter, FATCA (i) currently imposes a 30% withholding tax on distributions on our Units if paid to a foreign entity, and (ii) beginning January 1, 2019 will impose a 30% withholding tax on gross proceeds from the sale or other disposition of, our Units if paid to a foreign entity, unless (in each case) either (i) the foreign entity is a "foreign financial institution" that undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) the foreign entity is not a "foreign financial institution" and identifies certain of its U.S. investors, or (iii) the foreign entity otherwise is excepted under FATCA.

If withholding is required under FATCA on a payment related to our stock, investors that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) generally will be required to seek a refund or credit from the IRS to obtain the benefit of such exemption or reduction (provided that such benefit is available). We will not pay any additional amounts in respect of amounts withheld under FATCA. Prospective investors should consult their tax advisors regarding the effect of FATCA in their particular circumstances.

Taxation of TaxExempt Unitholders

Taxexempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from federal income taxation. However, they may be subject to taxation on their unrelated business taxable income, or UBTI. An investment in the Fund will generate "unrelated business taxable income" for Federal income tax purposes (and

may have other adverse tax consequences) for pension funds, Keogh plans, IRAs, tax-exempt institutions and other tax-exempt investors. Accordingly, such prospective investors are urged to consult their own tax advisors concerning the Federal, state, local and non-U.S. tax consequences associated with an investment in the Fund.

Backup Withholding and Information Reporting

We will report to our domestic unitholders and the IRS the amount of distributions paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a domestic unitholder may be subject to backup withholding with respect to dividends paid unless the holder is a corporation or comes within other exempt categories and, when required, demonstrates this fact or provides a taxpayer identification number or social security number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A domestic unitholder that does not provide his or her correct taxpayer identification number or social security number may also be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. In addition, we may be required to withhold a portion of a capital gain distribution to any domestic unitholder who fails to certify its nonforeign status.

We must report annually to the IRS and to each nonU.S. unitholder the amount of distributions paid to such holder and the tax withheld with respect to such distributions regardless of whether withholding was required. Copies of the information returns reporting such distributions and withholding may also be made available to the tax authorities in the country in which the nonU.S. unitholder resides under the provisions of an applicable income tax treaty. A nonU.S. unitholder may be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of our Units within the United States is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a nonU.S. unitholder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or the holder otherwise establishes an exemption. Payment of the proceeds of a sale of our Units conducted through certain U.S.related financial intermediaries is subject to information reporting (but not backup withholding) unless the financial intermediary has documentary evidence in its records that the beneficial owner is a nonU.S. unitholder and specified conditions are met or an exemption is otherwise established. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

Other Tax Considerations

Legislative or Other Actions Affecting Qualified Opportunity Zone Funds

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to the federal tax laws and interpretations thereof could adversely affect an investment in our Units.

State, Local and Foreign Taxes

We and our subsidiaries and unitholders may be subject to state, local or foreign taxation in various jurisdictions including those in which we or they transact business, own property or reside. We may own real property assets located in numerous jurisdictions, and may be required to file tax returns in some or all of those jurisdictions. Our state, local or foreign tax treatment and that of our unitholders may not conform to the federal income tax treatment discussed above. We may own foreign real estate assets and pay foreign property taxes, and dispositions of foreign property or operations involving, or investments in, foreign real estate assets may give rise to foreign income or other tax liability in amounts that could be substantial. Any foreign taxes that we incur do not pass through to unitholders as a credit against their U.S. federal income tax liability. Prospective investors should consult their tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in our Units.

ERISA CONSIDERATIONS

The following is a summary of some considerations associated with an investment in our Units by a qualified employee pension benefit plan or an individual retirement account, or IRA. This summary is based on provisions of the Employee Retirement Income Security Act of 1974, or ERISA, and the Internal Revenue Code, each as amended through the date of this memorandum, and the relevant regulations, opinions and other authority issued by the Department of Labor and the IRS. We cannot assure our unitholders that there will not be adverse tax or labor decisions or legislative, regulatory or administrative changes in the future that would significantly modify the statements expressed herein. Any such changes may apply to transactions entered into prior to the date of their enactment. We also caution investors that under the proposed rules and regulations governing investment in qualified opportunity funds, there may be little or no additional tax benefit to investors using qualified money since those funds may already be exempt from certain forms of taxation under ERISA. Investors should seek the advice of their own tax professionals.

Each fiduciary of an employee pension benefit plan subject to ERISA (such as a profit sharing, Section 401(k) or pension plan) or any other retirement plan or account subject to Section 4975 of the Internal Revenue Code, such as an IRA, seeking to invest plan assets in our Units must consider, taking into account the facts and circumstances of each such plan or IRA (a "Benefit Plan"), among other matters:

- whether the investment is consistent with the applicable provisions of ERISA and the Internal Revenue Code;
- whether, under the facts and circumstances pertaining to the Benefit Plan in question, the fiduciary's responsibility to the plan has been satisfied;
- whether the investment will produce an unacceptable amount of "unrelated business taxable income," or UBTI, to the Benefit Plan (see "Federal Income Tax Considerations—Taxation of Unitholders—Taxation of TaxExempt Unitholders"); and
- the need to value the assets of the Benefit Plan annually.

Under ERISA, a plan fiduciary's responsibilities include the following duties:

- to act solely in the interest of plan participants and beneficiaries and for the exclusive purpose of providing benefits to them, as well as defraying reasonable expenses of plan administration;
- to invest plan assets prudently;
- to diversify the investments of the plan, unless it is clearly prudent not to do so;
- to ensure sufficient liquidity for the plan;
- to ensure that plan investments are made in accordance with plan documents; and
- to consider whether an investment would constitute or give rise to a prohibited transaction under ERISA or the Internal Revenue Code.

ERISA also requires that, with certain exceptions, the assets of an employee Benefit Plan be held in trust and that the trustee, or a duly authorized named fiduciary or investment manager, have exclusive authority and discretion to manage and control the assets of the plan.

Prohibited Transactions

Generally, both ERISA and the Internal Revenue Code prohibit Benefit Plans from engaging in certain transactions involving plan assets with specified parties, such as sales or exchanges or leasing of property, loans or other extensions of credit, furnishing goods or services, or transfers to, or use of, plan assets. The specified parties are referred to as "parties in interest" under ERISA and as "disqualified persons" under the Internal Revenue Code. These definitions generally include both parties owning threshold percentage interests in an investment entity and "persons providing services" to the Benefit Plan, as well as employer sponsors of the Benefit Plan, fiduciaries and other individuals or entities affiliated with the foregoing. For this purpose, a person generally is a fiduciary with respect to a Benefit Plan if, among other things, the person has discretionary authority or control with respect to plan assets or provides investment advice for a fee with respect to plan assets. The United States Department of Labor ("DOL") published new regulations that modify the definition of fiduciary under ERISA in connection with the provision of investment advice. The regulations became effective June 7, 2016 and became applicable on June 9, 2017. Under the new regulations the definition of fiduciary under ERISA includes anyone who renders (or has authority to render) investment advice for a fee or other compensation, direct or indirect, with respect to the money or property of a benefit plan that is subject to ERISA or the Code (including IRAs. The new regulations clarify that "investment advice" includes, among other things, any communication that (1) is about the advisability of an investment, (2) is directed to a specific recipient, and (3) would, based on the applicable facts and circumstances, reasonably be viewed as a suggestion to take (or refrain from taking) a particular course of action. A series of actions may amount to advice when considered in the aggregate. Investment advice provided to concerning investments in our Units, whether publically placed or privately offered will fall within this rule when provided for a fee or other compensation. EquiAlt Capital Advisors and its affiliates are not providing investment advice or fiduciary advice (impartial or otherwise) in connection with the offering or purchase of our Units. EquiAlt Capital Advisors and its affiliates have financial interests associated with the purchase of Units as described in the herein including fees, expense reimbursements and other payments to be received from third parties in connection with the purchase of Units.

Benefit Plan investors must consult their own financial advisors in connection with any decision to make an investment, and any investment decision on behalf of a Benefit Plan investor must be made by a sophisticated fiduciary that qualifies as one of the following: (i) a bank as defined in section 202 of the Investment Advisers Act, as amended, or similar institution that is regulated and supervised and subject to periodic examination by a state or federal agency; (ii) an insurance carrier that is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan; (iii) an investment adviser registered under the Investment Advisers Act, as amended, or, if not registered an as investment adviser under the Investment Advisers Act, as amended, by reason of paragraph (1) of section 203A of the Investment Advisers Act, as amended, is registered as an investment adviser under the laws of the State (referred to in such paragraph (1)) in which it maintains its principal office and place of business; (iv) a broker-dealer registered under the Exchange Act; or (v) an independent fiduciary that holds, or has under management or control, total assets of at least $50 million. A fiduciary acting on behalf of a Benefit Plan in connection with an investment in our Units will be required to represent that such fiduciary is (A) a fiduciary under ERISA or the Code, or both, with respect to the transaction and is responsible for exercising independent judgment in evaluating the transaction; (B) capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies; and (C) no fee or other compensation is being paid directly to the EquiAlt Capital Advisors or its affiliates for investment advice (as opposed to other services) in connection with the transaction.

If we are deemed to be providing investment advice for a fee or if we are deemed to hold plan assets, our management could be characterized as fiduciaries with respect to such assets, and each would be deemed to be a party in interest under ERISA and a disqualified person under the Internal Revenue Code with respect to investing Benefit Plans. Whether or not we are deemed to hold plan assets, if we or our affiliates are affiliated with a Benefit Plan investor, we might be a disqualified person or party in interest with respect to such Benefit Plan investor, resulting in a prohibited transaction merely upon investment by such Benefit Plan in our Units.

If a prohibited transaction were to occur, the Internal Revenue Code imposes an excise tax equal to 15% of the amount involved and authorizes the IRS to impose an additional 100% excise tax if the prohibited transaction is not "corrected" in a timely manner. These taxes would be imposed on any disqualified person who participates in the prohibited transaction. In addition, EquiAlt Capital Advisors and possibly other fiduciaries of Benefit Plan unitholders subject to ERISA who permitted the prohibited transaction to occur or who otherwise breached their fiduciary responsibilities (or a non-fiduciary participating in a prohibited transaction) could be required to restore to the Benefit Plan any profits they realized as a result of the transaction or breach and make good to the Benefit Plan any losses incurred by the Benefit Plan as a result of the transaction or breach. With respect to an IRA that invests in our Units, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiary, would cause the IRA to lose its tax exempt status under Section 408(e)(2) of the Internal Revenue Code.

Plan Asset Considerations

In order to determine whether an investment in our Units by a Benefit Plan creates or gives rise to the potential for either prohibited transactions or a commingling of assets as referred to above, a fiduciary must consider whether an investment in our Units will cause our assets to be treated as assets of the investing Benefit Plan. Neither ERISA nor the Internal Revenue Code defines the term "plan assets"; however, regulations promulgated by the Department of Labor provide guidelines as to whether, and under what circumstances, the underlying assets of an entity will be deemed to constitute assets of a Benefit Plan when the plan invests in that entity. We refer to this regulation as the "Plan Assets Regulation." Under the Plan Assets Regulation, the assets of an entity in which a Benefit Plan makes an equity investment will generally be deemed to be assets of the Benefit Plan, unless one of the exceptions to this general rule applies.

In the event that our underlying assets were treated as the assets of investing Benefit Plans, our management would be treated as fiduciaries with respect to each Benefit Plan unitholder and an investment in our Units might constitute an ineffective delegation of fiduciary responsibility to EquiAlt Capital Advisors and expose the fiduciary of the Benefit Plan to cofiduciary liability under ERISA for any breach by EquiAlt Capital Advisors of the fiduciary duties mandated under ERISA. Further, if our assets are deemed to be "plan assets," an investment by an IRA in our Units might be deemed to result in an impermissible commingling of IRA assets with other property.

If EquiAlt Capital Advisors or its affiliates were treated as fiduciaries with respect to Benefit Plan unitholders, the prohibited transaction restrictions of ERISA and the Internal Revenue Code would apply to any transaction involving our assets. These restrictions could, for example, require that we avoid transactions with persons that are affiliated with or related to us or our affiliates or require that we restructure our activities in order to obtain an administrative exemption from the prohibited transaction restrictions. Alternatively, we might have to provide Benefit Plan unitholders with the opportunity to sell their Units to us or we might dissolve.

Exception for Insignificant Participation by Benefit Plan Investors. The Plan Assets Regulation provides that the assets of an entity will not be deemed to be the assets of a Benefit Plan if equity participation in the entity by employee Benefit Plans, including Benefit Plans, is not significant. The Plan Assets Regulation provides that equity participation in an entity by Benefit Plan investors is "significant" if at any time 25% or more of the value of any class of equity interest is held by Benefit Plan investors. The term "Benefit Plan investors" is defined for this purpose under ERISA Section 3(42) and includes any employee Benefit Plan subject to Part 4 of Subtitle B of Title I of ERISA, any plan subject Section 4975 of the Internal Revenue Code, and any entity whose underlying assets include plan assets by reasons of a plan's investment in such entity. In calculating the value of a class of equity interests, the value of any equity interests held by our affiliates must be excluded. Accordingly, we intend to limit investment by those in Benefit Plans to less than 25% of the total equity in the Fund.

Exception for "PubliclyOffered Securities. If a Benefit Plan acquires "publiclyoffered securities," the assets of the issuer of the securities will not be deemed to be "plan assets" under the Plan Assets Regulation. A publiclyoffered security must be:

- either (a) part of a class of securities registered under the Exchange Act, or (b) sold as part of a public offering registered under the Securities Act, and be part of a class of securities registered under the Exchange Act, within a specified time period;
- part of a class of securities that is owned by 100 or more persons who are independent of the issuer and one another; and
- "freely transferable."

Whether a security is "freely transferable" depends upon the particular facts and circumstances. The Plan Assets Regulation provides several examples of restrictions on transferability that, absent unusual circumstances, will not prevent the rights of ownership in question from being considered "freely transferable" if the minimum investment is $10,000 or less. Where the minimum investment in an offering of securities is $10,000 or less, the presence of the following restrictions on transfer will not ordinarily affect a determination that such securities are "freely transferable":

- any restriction on, or prohibition against, any transfer or assignment that would either result in a termination or reclassification of the entity for federal or state tax purposes or that would violate any state or federal statute, regulation, court order, judicial decree or rule of law;
- any requirement that not less than a minimum number of Units or Units of such security be transferred or assigned by any investor, provided that such requirement does not prevent transfer of all of the then remaining Units or Units held by an investor;
- any prohibition against transfer or assignment of such security or rights in respect thereof to an ineligible or unsuitable investor; and
- any requirement that reasonable transfer or administrative fees be paid in connection with a transfer or assignment.

Our structure has been established with the intent to satisfy the "freely transferable" requirement set forth in the Plan Assets Regulation with respect to our Units, although there is no assurance that our Units will meet such requirement. Our Units are subject to certain restrictions on transfer. The minimum initial investment in our Units is generally $25,000; provided, however, qualified accounts (as defined herein) must initially invest at least $5,000 in our Units to be eligible to participate in this offering. However, each Unit has a value substantially below $10,000 and, after they are purchased, such Units can be sold or otherwise disposed of in a block of any number of Units. Because the Units may be sold in amounts less than $10,000 after the initial purchase, and because there are no restrictions on who may purchase such Units after the initial purchase (subject to state securities laws and regulations), we believe the restrictions on these Units should also be disregarded in determining whether such Units are "freely transferable." Although there can be no assurance that the freely transferable requirement will be met with respect to these classes of Units, we believe that these Units should be treated as "freely transferable."

Other Prohibited Transactions

Regardless of whether the Units qualify for one of the exceptions of the Plan Assets Regulation, a prohibited transaction could occur if we, EquiAlt Capital Advisors, any selected brokerdealer or any of their affiliates is a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to any Benefit Plan purchasing our Units. Accordingly, unless an administrative or statutory exemption applies, Units should not be purchased by a Benefit Plan with respect to which any of the above persons is a fiduciary. A person is a fiduciary with respect to a Benefit Plan under Section 3(21) of ERISA if, among other things, the person has discretionary authority or control with respect to the Benefit Plan or "plan assets" or provides investment advice for a fee with respect to ERISA plan or IRA account assets. Under the new DOL regulations the definition of fiduciary under ERISA includes anyone who renders (or has authority to render) investment advice for a fee or other compensation, direct or indirect, with respect to the money or property of a benefit plan that is subject to ERISA or the Code including IRAs. The new regulations clarify that "investment advice" includes, among other things, any communication that (1) is about the advisability of an investment, (2) is directed to a specific recipient, and (3) would, based on the applicable facts and circumstances, reasonably be viewed as a suggestion to take (or refrain from taking) a particular course of action. A series of actions may amount to advice when considered in the aggregate.

Annual Valuation

A fiduciary of an employee Benefit Plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan's fiscal year and to file a report reflecting that value with the Department of Labor. When the fair market value of any particular asset is not available, the fiduciary is required to make a good faith determination of that asset's fair market value, assuming an orderly liquidation at the time the determination is made. In addition, an IRA fiduciary must provide an IRA participant with a statement of the value of the IRA each year. Failure to satisfy these requirements may result in penalties, damages or other sanctions.

Unless and until our Units are listed on a national securities exchange, we do not expect that a public market for our Units will develop. To date, neither the IRS nor the Department of Labor has promulgated regulations specifying how a plan fiduciary or IRA fiduciary should determine the fair market value of Units when the fair market value of such Units is not determined in the marketplace.

Initially, we intend to use the gross offering price of Units in this offering (ignoring purchase price discounts for certain categories of purchasers), or $10.00 per unit, as the estimated per Unit value of our Units. Once we announce an estimated NAV per

unit, we generally expect to update the estimated NAV per Unit at least once per calendar year. If we do not commence an initial public offering we are not required to report an estimated NAV per unit.

Until we report an estimated NAV, the initial reported values will likely differ from the price that a unitholder would receive in the near term upon a resale of his or her Units or upon a liquidation of our company because (i) there is no public trading market for the Units at this time; (ii) when based solely on the offering price, the primary offering price includes the payment of underwriting compensation and other directed selling efforts, which payments and efforts are likely to produce a higher sale price than could otherwise be obtained; (iii) the estimated value will not reflect, and will not be derived from, the fair market value of our assets, nor will it represent the amount of net proceeds that would result from an immediate liquidation of our assets; (iv) the estimated value will not take into account how market fluctuations affect the value of our investments; and (v) the estimated value will not take into account how developments related to individual assets may increase or decrease the value of our portfolio.

Once we report an estimated NAV our unitholders should be aware of the following:

- the estimated values may not be realized by us or by our unitholders upon liquidation (in part because estimated values do not necessarily indicate the price at which assets could be sold and because the estimates may not take into account the expenses of selling our assets);
- our unitholders may not realize these values if they were to attempt to sell their Units because there is not expected to be an active trading market for the Units; and
- the estimated values, or the method used to establish values, may not be sufficient to enable an ERISA fiduciary or an IRA fiduciary to comply with the ERISA or IRA requirements described above. The Department of Labor or the IRS may determine that a plan fiduciary or an IRA fiduciary is required to take further steps to determine the value of our Units.

The foregoing requirements of ERISA and the Internal Revenue Code are complex and subject to change. Plan fiduciaries and the beneficial owners of IRAs are urged to consult with their own advisors regarding an investment in our Units.

DESCRIPTION OF UNITS

The following descriptions of our Units, certain provisions of Delaware law, and certain provisions of our certificate of limited partnership and our limited partnership agreement are summaries and are qualified by reference to Delaware law, our certificate of limited partnership, and our limited partnership agreement.

General

We are a Delaware limited partnership organized on August 10, 2018, under the Delaware Revised Uniform Limited Partnership Act, as amended, or Delaware Limited Partnership Act, issuing limited partnership interests. The limited partnership interests in the Fund will be denominated in Units of limited partnership interests and, if created in the future, preferred Units of limited partnership interests. Our limited partnership agreement provides that we may issue an unlimited number of Units with the approval of our General Partner and without unitholder approval.

All of the Units offered by this memorandum will be duly authorized and validly issued. Upon payment in full of the consideration payable with respect to the Units, as determined by our General Partner, the holders of such Units will not be liable to us to make any additional capital contributions with respect to such Units (except for the return of distributions under certain circumstances as required by the Delaware Limited Partnership Act). Holders of Units have no conversion, exchange, sinking fund or appraisal rights, no pre-emptive rights to subscribe for any securities of the Fund and no preferential rights to distributions. However, holders of our Units will be eligible to participate in our redemption plan, as described below in "—Redemption Plan".

We intend to have a December 31st fiscal year end and to operate as a Qualified Opportunity Zone Fund.

Distributions

To the extent that we make distributions, we expect that our General Partner will declare and make them on a periodic basis based on taxable income, or the sale of our assets, as determined by our General Partner, in arrears. Any distributions we make will be at the discretion of our General Partner, and will be based on, among other factors, our present and reasonably projected future cash flow, the appreciated value of the underlying assets and/or our need to maintain reserves. Distributions will be paid to unitholders as of the record dates selected by the General Partner.

Any distributions that we make will directly impact our NAV, by reducing the amount of our assets.

Although our goal is to fund the payment of distributions solely from cash flow from operations, we may pay distributions from other sources, including the net proceeds of this offering, cash advances by our General Partner or sponsor, cash resulting from a waiver of fees or reimbursements due to our advisor, borrowings in anticipation of future operating cash flow and the issuance of additional securities, and we have no limit on the amounts we may pay from such other sources. If we fund distributions from financings or the net proceeds from this offering, we will have less funds available for investment in real estate properties, real estate-related assets and other investments. We expect that our cash flow from operations available for distribution will be lower in the initial stages of this offering until we have raised significant capital and made substantial investments. Further, because we may receive income at various times during our fiscal year and because we may need cash flow from operations during a particular period to fund expenses, we expect that during the early stages of our operations and from time to time thereafter, we may declare distributions in anticipation of cash flow that we expect to receive during a later period and these distributions would be paid in advance of our actual receipt of these funds. In these instances, we expect to look to third party borrowings, our offering proceeds or other sources to fund our distributions. Additionally, we will make certain payments to our Manager for services provided to us. See "Management Compensation." Such payments will reduce the amount of cash available for distributions. Finally, payments to fulfill redemption requests under our redemption plan will also reduce funds available for distribution to remaining unitholders.

Our distributions will constitute a return of capital to the extent that they exceed our current and accumulated earnings and profits as determined for U.S. federal income tax purposes. To the extent that a distribution is treated as a return of capital for U.S. federal income tax purposes, it will reduce a holder's adjusted tax basis in the holder's Units, and to the extent that it exceeds the holder's adjusted tax basis will be treated as gain resulting from a sale or exchange of such Units.

Voting Rights

Our unitholders will have voting rights only with respect to certain matters, as described below. Each outstanding Unit entitles the holder to one vote on all matters submitted to a vote of unitholders until the redemption date as described below in "—Redemption Plan". Generally, matters to be voted on by our unitholders must be approved by either a majority or supermajority, as the case may be, of the votes cast by all Units present in person or represented by proxy. Our limited partnership agreement provides that special meetings of unitholders may be called by our General Partner. If any such vote occurs, you will be bound by the majority or supermajority vote, as applicable, even if you did not vote with the majority or supermajority.

The following circumstances will require the approval of holders representing a majority or supermajority, as the case may be, of the Units:

- any amendment to our limited partnership agreement that would adversely change the rights of the Units (*majority of affected class/series*);

- removal of our General Partner for "cause" as described under "Management—Term and Removal of the General Partner" (*two-thirds*); and

- the dissolution of the issuer (only if the General Partner has been removed for "cause") (*majority*).

Unitholder Announcements; Notices. In the case of specified dispositions or a redemption, we will announce or otherwise provide specified information to our unitholders.

Meetings. Our limited partnership agreement provides that special meetings of unitholders may only be called by our General Partner. There will be no annual or regular meetings of the partners.

Fractional Units. We will not have to issue or deliver any fractional Units to any holder of Units upon any redemption or distribution under the provisions described under "— Redemptions." Instead of issuing fractional Units, we will pay cash for the fractional Unit in an amount equal to the fair market value of the fractional unit, without interest.

Payment of Taxes. If any person exchanging a certificate representing Units wants us to issue a certificate in a different name than the registered name on the old certificate, that person must pay any transfer or other taxes required by reason of the issuance of the certificate in another name or establish, to the satisfaction of us or our agent, that the tax has been paid or is not applicable.

Liquidation Rights

In the event of a liquidation, termination or winding up of the Fund, whether voluntary or involuntary, we will first pay or provide for payment of our debts and other liabilities, including the liquidation preferences of any class of preferred Units. Thereafter, holders of our Units will share in our funds remaining for distribution pro rata in accordance with their respective interests in the Fund.

Valuation Policies

Our General Partner set our initial offering price at $10.00 per unit, which will be the purchase price of our Units until the offering terminates. However, our General Partner may determine, either before the termination of the offering or in connection with our redemption plan, that it would be more appropriate to adjust the per Unit purchase price (redemption price) to reflect changes in the value of the Fund, in which event, it expects to determine the fair market value of the Fund (and its Units) using a net asset value calculation ("NAV"). If the General Partner determines to adjust the NAV, it will be the greater of (i) $10.00 per Unit or (ii) our NAV, divided by the number of our Units outstanding as of a then-current date to be determined by the General Partner.

If the General Partner determines to adjust the purchase price or the Redemption Price, our sponsor's internal accountants will calculate our NAV per Unit using a process that may reflect some or all of the following: (1) estimated values of each of our commercial real estate assets and investments, including related liabilities, based upon (a) market capitalization rates, comparable sales information, interest rates, net operating income, (b) with respect to debt, default rates, discount rates and loss severity rates, (c) for properties that have development or value add plans, progress along such development or value add plan, and (d) in certain instances reports of the underlying real estate provided by an independent valuation expert, (2) the price of liquid assets for which third party market quotes are available, (3) accruals of our periodic distributions, and (4) estimated accruals of our operating revenues and expenses. For joint venture or direct equity investments, the sponsor primarily relies on discounted cash flow method. Note, however, that the determination of our NAV is not based on, nor intended to comply with, fair value standards under GAAP, and our NAV may not be indicative of the price that we would receive for our assets at current market conditions. In instances where we determine that an appraisal of the real estate asset is necessary, including, but not limited to, instances where our General Partner is unsure of its ability on its own to accurately determine the estimated values of our commercial real estate assets and investments, or instances where third party market values for comparable properties are either nonexistent or extremely inconsistent, we will engage an appraiser that has expertise in appraising commercial real estate assets, to act as our independent valuation expert. The independent valuation expert will not be responsible for, nor for preparing, our NAV per unit.

As there is no market value for our Units as they are not expected to be listed or traded, our goal is to provide a reasonable estimate of the value of our Units in adjusting the purchase price and Redemption Price, with the understanding that our Units are not listed or traded on any stock exchange or other marketplace. As with any commercial real estate valuation protocol, the conclusions reached by our sponsor's internal asset management team or internal accountants, as the case may be, will be based on a number of judgments, assumptions and opinions about future events that may or may not prove to be correct. The use of different judgments, assumptions or opinions would likely result in different estimates of the value of our commercial real estate assets and investments. In addition, for any given period, our published NAV per Unit may not fully reflect certain material events, to the extent that the financial impact of such events on our portfolio is not immediately quantifiable. Note, however, that the determination of our NAV is not based on, nor intended to comply with, fair value standards under GAAP, and our NAV may not be indicative of the price that we would receive for our assets

at current market conditions. As a result, the calculation of our NAV per Unit may not reflect the precise amount that might be paid for your Units in a market transaction, and any potential disparity in our NAV per Unit may be in favor of either unitholders who redeem their Units, or unitholders who buy new Units, or existing unitholders. However, to the extent quantifiable, if a material event occurs in between updates of NAV that would cause our NAV per Unit to change by 5% or more from the last disclosed NAV, we will disclose the updated price and the reason for the change as promptly as reasonably practicable, and will update the NAV information provided on our website.

Our Liquidity Philosophy and Redemption Plan

Our liquidity philosophy is informed by Dalbar's 2015 Quantitative Analysis of Investor Behavior (QAIB), which found that the average investor's returns from a standard stocks and bonds portfolio were 1.7% to 2.6% over a 10 to 20 year period, as compared to an average return of approximately 7.4% annual return for the S&P 500 over a similar period. Dalbar concluded that overall investment performance is more dependent on investor behavior than on fund performance, with investors who hold their investments through market downturns outperforming those investors who try to time the market. Our redemption plan is designed to protect the Fund and its investors from such detrimental behavior.

We invest in real property because of the many potential benefits that come with owning it. However, those benefits also come with a tradeoff, primarily liquidity. By its nature, real estate is an illiquid, long-term investment with a natural duration to be measured in years or decades. Properties grow in value as macro growth trends play out around them. Selling a property before giving it sufficient time to benefit from this growth is a good way to underperform. More importantly, to do so during a financial crisis is generally not only impatient, but also can result in painful losses.

Yet in a financial crisis, investors tend to be overcome by fear and forget the fundamentals of a long-term investment strategy. In that circumstance, we expect that some investors may ask for liquidity in the form of redemptions through our adopted redemption plan. Unknowingly or not, depending on the number of investors requesting redemptions, they could be requesting that we sell an investment property in order to generate the cash required to provide that liquidity. This type of forced selling during a financial crisis is likely to yield a discount to fair value of normal periods.

Not only do we believe that forced selling is a poor investment practice, it also hurts fellow investors in the Fund who are not seeking liquidity, as it forces existing investors to lock in lower returns by having the Fund sell an investment property into a down market rather than having the patience to ride out the storm.

We want to be clear to every investor that forced selling to provide for redemption requests is not something you should expect from the Fund during a down market. We have designed our governance and redemption plan specifically to prevent this scenario. We have built an investment model to target performance over the long run, not trade in the short term — and investors should expect us to act in accordance with what we believe is in the best long-term interest of the Fund and our investors as a whole. In fact, whenever the next downturn does occurs, we think it is likely to create compelling opportunities to buy, not sell.

While unitholders should view this investment as long-term, our General Partner has adopted a redemption program pursuant to which our unitholders may be able to have their Units repurchased by us, subject to numerous restrictions that limit our unitholders' ability to sell their Units to us. The price at which we repurchase Units in our redemption program will vary depending on whether we have announced an estimated NAV and the circumstances under which the redeeming unitholder is requesting redemption. The terms of our redemption program are more generous with respect to redemptions sought upon a unitholder's death, "qualifying disability", or "determination of incompetence" (each as defined in the program and collectively, "Special Redemptions"), as described below.

If and when we do have funds available for redemption, with respect to Units submitted for redemption, other than in connection with a Special Redemption (an "Ordinary Redemption"), for those Units held by the redeeming unitholder for at least one year, we expect to initially redeem Units submitted for redemption at 95.0% of the price paid to acquire the Units from us. For purposes of the foregoing, the price paid to acquire Units received as a stock distribution will be deemed to be the purchase price for Units in our primary offering in effect on the date of the issuance of the stock distribution. Once we establish an estimated NAV per Unit of our Units, for those Units held by the redeeming unitholder for at least one year, we will redeem all Units submitted in connection with an Ordinary Redemption at 95.0% of our estimated NAV per Unit as of the applicable redemption date.

For purposes of determining whether a redeeming unitholder has held the share submitted for redemption for at least one year, the time period begins as of the date the unitholder acquired the share; provided, that Units purchased by the redeeming unitholder pursuant to our distribution reinvestment plan or received as a stock distribution will be deemed to have been acquired on the same date as the initial share to which the distribution reinvestment plan Units or stock distribution Units relate. The date of the share's original issuance by us is not determinative.

The terms of our redemption program are more generous with respect to Special Redemptions:

- There is no oneyear holding requirement;

- Until we establish an estimated NAV per unit, the redemption price is the amount paid to acquire the Units from us; provided that, for purposes of the foregoing, the price paid to acquire Units received as a stock distribution will be deemed to be the purchase price for Units in our offering in effect on the date of the issuance; and
- Once we have established an estimated NAV per unit, the redemption price for all Units will be the estimated NAV per unit.

In order for a determination of disability or incompetence to entitle a unitholder to these special redemption terms, the determination of disability or incompetence must be made by the government entities specified in our redemption program.

Our redemption program contains numerous other restrictions on our unitholders' ability to sell their Units to us. During each calendar year, redemptions are limited to the amount of net proceeds from the sale of Units under our distribution reinvestment plan during the prior calendar year; however, we may increase or decrease the funding available for the redemption of Units upon 10 business days' notice to our unitholders. Further, during any calendar year, we may redeem no more than 5% of the weightedaverage number of Units outstanding during the prior calendar year. We also have no obligation to redeem Units if the redemption would violate the restrictions on distributions under Delaware law, which prohibits distributions that would cause a corporation to fail to meet statutory tests of solvency. We may amend, suspend or terminate the program for any reason upon 10 business days' notice to unitholders.

Furthermore, a unitholder requesting redemption will be responsible for reimbursing us for any third-party costs incurred as a result of the redemption request, including but not limited to, bank transaction charges and custody fees.

Reports to Unitholders

Pursuant to our limited partnership agreement, we will prepare an audited annual report and deliver it to our unitholders within 120 days after the end of each fiscal year. Our General Partner is required to take reasonable steps to ensure that the annual report complies with our limited partnership agreement provisions. We may provide additional reports to our unitholders at the discretion of our General Partner.

We may update this memorandum if any material developments occur that our General Partner determines should be included in a supplement. We will post updated memoranda or supplements to our website. We will provide such periodic updates electronically through the EquiAlt website at www.equialt.com, and documents will be provided electronically. You may access and print all periodic updates provided through our website. As periodic updates become available, we will notify you of this by sending you an e-mail message that will include instructions on how to retrieve the periodic updates. If our e-mail notification is returned to us as "undeliverable," we will contact you to obtain your updated e-mail address. We will provide you with paper copies at any time upon request. The contents of the EquiAlt website are not incorporated by reference in or otherwise a part of this memorandum.

THE PARTNERSHIP AGREEMENT

Our Limited Partnership Agreement

General Partner

- Our limited partnership agreement designates EquiAlt QOZ Fund GP, LLC, an affiliate of our sponsor, as our General Partner. Our General Partner will generally not be entitled to vote on matters submitted to our unitholders, although its approval will be required with respect to certain amendments to the limited partnership agreement that would adversely affect its rights. Our General Partner will not have any distribution, redemption, conversion or liquidation rights by virtue of its status as the General Partner.

- Our limited partnership agreement further provides that the General Partner, in exercising its rights in its capacity as the General Partner, will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any of our unitholders and will not be subject to any different standards imposed by our limited partnership agreement, the Delaware Limited Partnership Act or under any other law, rule or regulation or in equity.

Organization and Duration

We were formed on August 10, 2018, as a Delaware limited partnership. We will remain in existence until dissolved in accordance with our limited partnership agreement.

Purpose

Under our limited partnership agreement, we are permitted to engage in any business activity that lawfully may be conducted by a limited partnership organized under Delaware law and, in connection therewith, to exercise all of the rights and powers conferred upon us pursuant to the agreement relating to such business activity.

Agreement to be Bound by our Limited Partnership Agreement; Power of Attorney

By purchasing one or more Units, you will be admitted as a limited partner in the Fund and will be bound by the provisions of, and deemed to be a party to, our limited partnership agreement. Pursuant to this agreement, each unitholder and each person who acquires a Unit from a unitholder, grants to our General Partner a power of attorney to, among other things, execute and file documents required for our qualification, continuance, or dissolution. The power of attorney also grants our General Partner the authority to make certain amendments to, and to execute and deliver such other documents as may be necessary or appropriate to carry out the provisions or purposes of, our limited partnership agreement.

No Fiduciary Relationship with our General Partner

We operate under the direction of our General Partner, which is responsible for managing our day-to-day operations although it has delegated, subject to certain exceptions, substantially all of its obligations to the Manager pursuant to the Investments Management Agreement. Our General Partner performs its duties and responsibilities pursuant to our limited partnership agreement. Our General Partner maintains a contractual, as opposed to a fiduciary relationship, with us and our unitholders. Furthermore, we have agreed to limit the liability of our General Partner and Manager and to indemnify our General Partner and Manager against certain liabilities.

Limited Liability and Indemnification of our General Partner, our Manager and Others

Subject to certain limitations, our limited partnership agreement limits the liability of our General Partner, our advisor, their officers, managers and directors, our sponsor and our sponsor's affiliates, for monetary damages and provides that we will indemnify and pay or reimburse reasonable expenses in advance of final disposition of a proceeding to our General Partner, our advisor, their officers, managers and directors, our sponsor and our sponsor's affiliates.

Our limited partnership agreement provides that to the fullest extent permitted by applicable law, our General Partner, our advisor, their officers, managers and directors, our sponsor and our sponsor's affiliates will not be liable to us. In addition, pursuant to our limited partnership agreement, we have agreed to indemnify our General Partner, our advisor, their officers, managers and directors, our sponsor and our sponsor's affiliates, to the fullest extent permitted by law, against all expenses and liabilities (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Fund and attorney's fees and disbursements) arising from the performance of any of their obligations or duties in connection with their service to us or the limited partnership agreement, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made party by reason of being or having been the advisor or one of our General Partner's or our advisor's officers, managers or directors.

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Amendment of Our Limited Partnership Agreement; Exclusive Authority of our General Partner to Amend our Limited Partnership Agreement

Amendments to our limited partnership agreement may be proposed only by or with the consent of our General Partner. Our General Partner will not be required to seek approval of the unitholders to adopt or approve any amendment to our limited partnership agreement, except to the extent that such amendment would limit the rights of the holders of any class or series of Units or would otherwise have an adverse effect on such holders. In such a case, the proposed amendment must be approved in writing by holders representing a majority of the class or series of Units so affected.

Termination and Dissolution

We will continue as a limited partnership until terminated under our limited partnership agreement. We will dissolve upon: (1) the election of our General Partner to dissolve us; (2) the sale, exchange or other disposition of all or substantially all of our assets; (3) the entry of a decree of judicial dissolution of the Fund; or (4) at any time that we no longer have any unitholders, unless our business is continued in accordance with the Delaware Limited Partnership Act.

Books and Reports

We are required to keep appropriate books of our business at our principal offices. The books will be maintained for both tax and financial reporting purposes on a basis that permits the preparation of financial statements in accordance with GAAP. For financial reporting purposes and U.S federal income tax purposes, our fiscal year and our tax year (unless otherwise required by the Code) are the calendar year.

We will provide audited financial statements to investors within 120 days of our fiscal year end.

Determinations by our General Partner

Any determinations made by our General Partner under any provision described in our limited partnership agreement will be final and binding on our unitholders, except as may otherwise be required by law. We will prepare a statement of any determination by our General Partner respecting the fair market value of any properties, assets or securities, and will file the statement with the Fund's books and records.

Restrictions on Ownership and Transfer

All of our Units will be "restricted securities" within the meaning of Rule 144 under the Securities Act and therefore may not be transferred by a holder thereof within the United States or to a "U.S. person" unless such transfer is made pursuant to registration under the Securities Act, pursuant to an exemption therefrom, or in a transaction outside the United States pursuant to the resale provisions of Regulation S.

Anti-Takeover Effects of Our Limited Partnership Agreement and Delaware Law

The following is a summary of certain provisions of our limited partnership agreement and Delaware law that may be deemed to have the effect of discouraging, delaying or preventing transactions that involve an actual or threatened change of control of the Fund. These provisions include the following:

Authorized but Unissued Units

Our limited partnership agreement authorizes us to issue additional Units or other securities of the Fund for the consideration and on the terms and conditions established by our General Partner without the approval of our unitholders. In particular, our General Partner is authorized to provide for the issuance of an unlimited amount of one or more classes or series of Units of the Fund, and to fix the number of Units, the relative powers, preferences and rights, and the qualifications, limitations or restrictions applicable to each class or series thereof by resolution authorizing the issuance of such class or series. Our ability to issue additional Units and other securities could render more difficult or discourage an attempt to obtain control over us by means of a tender offer, merger or otherwise.

Delaware Business Combination Statute—Section 203

We are a limited partnership organized under Delaware law. Some provisions of Delaware law may delay or prevent a transaction that would cause a change in our control. Section 203 of the DGCL, which restricts certain business combinations with interested unitholders in certain situations, does not apply to limited partnerships unless they elect to utilize it. Our limited partnership agreement does not currently elect to have Section 203 of the DGCL apply to us. In general, this statute prohibits a publicly held Delaware corporation from engaging in a business combination with an interested unitholder for a period of three years after the date of the

transaction by which that person became an interested unitholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested unitholder, and an interested unitholder is a person who, together with affiliates and associates, owns, or within three years prior did own, 15% or more of voting Units. Our General Partner may elect to amend our limited partnership agreement at any time to have Section 203 apply to us.

PLAN OF DISTRIBUTION

General

We are offering up to $500,000,000 of our Units to accredited investors on a fixed price and "best efforts" basis.

We currently expect our primary offering to terminate upon our acceptance of subscriptions with an aggregate purchase price of $500,000,000; however, in our sole discretion and without notice to you, we may increase the size of this offering and offer additional Units on the same or different terms and conditions. If we decide to increase the size of our primary offering or otherwise extend the term of this offering, we will provide that information in a supplement to this memorandum. We may terminate this offering at any time.

Compensation of BrokerDealers

We will pay commissions, allowances, expense reimbursements and placement fees (collectively, the "Selling Commissions and Expenses") in connection with the offering of our Units as described below.

Broker-dealers may receive selling commissions in an amount up to 10% of the purchase price of the Units sold by such broker-dealer. Reduced selling commissions will be paid for Units with respect to sales through certain distribution channels. The standard commission structure for this offering will pay a 5% commission to the broker-dealer at the time the investment is made, and, provided the investor has not withdrawn the investment, 1% on the fifth anniversary, 1% on the seventh anniversary, and 3% on the tenth anniversary of the investment.

We may pay a non-accountable marketing and due diligence allowance of up to 1% of the purchase price of the Units sold by broker-dealers in the offering, in addition to a placement fee of up to 1% of the purchase price of the Units sold by broker-dealers in the offering. A portion of the placement fee may be used for marketing expenses as agreed to by the broker-dealer and us.

We may sell our Units at a discount to the offering price through the following distribution channels in the event that the investor:

- pays a broker a single fee, e.g. a percentage of assets under management, for investment advisory and broker services, which is frequently referred to as a "wrap fee";
- has engaged the services of a registered investment adviser with whom the investor has agreed to pay compensation for investment advisory services or other financial or investment advice (other than a registered investment adviser that is also registered as a brokerdealer who does not have a fixed or wrap fee feature or other asset fee arrangement with the investor); or
- is investing through a bank acting as trustee or fiduciary.

If an investor purchases Units through one of these channels in the offering, we will sell the Units at a 10% discount, reflecting that selling commissions will not be paid in connection with such purchases. We will receive substantially the same net proceeds for sales of Units through these channels.

From time to time we may agree to pay reduced selling commissions, non-accountable marketing and due diligence allowances, placement fees and/or wholesaling fees in connection with certain purchases, in which case we will reduce the purchase price accordingly.

Subscription Procedures

To purchase Units in this offering, you must complete and sign a subscription agreement (in the form attached to this memorandum as Appendix A) for a specific dollar amount of Units and pay for the Units at the time of your subscription. Units in this offering will be purchased at the offering price in effect on the date your subscription agreement is received in good order and either (i) processed by us or our advisor, or (ii) confirmed for acceptance into the escrow account applicable to subscription proceeds received from Benefit Plan investors, as applicable to your Units. You should make your check payable to "EquiAlt Qualified Opportunity Zone Fund, LP" Subscriptions will be effective only upon our acceptance, and we reserve the right to reject any subscription in whole or in part.

Any subscription payments not subject to an escrow will be deposited into a special account in our name until such time as we have accepted or rejected the subscriptions. We will accept or reject subscriptions within 30 days of our receipt of such subscriptions and, if rejected, we will return all funds to the rejected subscribers within ten business days. If accepted, the funds will be transferred into our general account. You will receive a confirmation of your purchase. We generally admit unitholders on a daily basis.

In this memorandum, we describe our investment objectives, borrowing policy, distribution policy, our charter and other governing documents, compensation to our advisor and its affiliates, and other aspects of our company and an investment in our Units. We also describe how we expect these will change at the time of an initial public offering if we were to commence such an offering. However, except for certain charter amendments, we may change any of these aspects of our company and an investment in our Units without unitholder approval, whether for business, regulatory or other reasons. Accordingly, there is no assurance that such aspects of our company and an investment in our Units that are in effect now will remain as described in this memorandum. In addition, there is no assurance as to when or whether we will conduct an initial public offering at all.

Irrevocable Proxy upon Subscription

If you subscribe for Units in this private offering, you will grant an irrevocable authorization for our advisor, EquiAlt Capital Advisors LLC, to be your proxy at a meeting of our unitholders with permission to vote your Units on any proposal put to a unitholder vote that our General Partner believes is necessary to comply with any state or federal rule, law or regulation or to comply with any request made by a state or federal administrative body in connection with the registration of an initial public offering of our Units. Such proposals may include, among other things, amendments to our charter. This irrevocable proxy authorization will continue until our Units are initially registered (unless otherwise withdrawn) in all jurisdictions in which we have applied to register an initial public offering. You may not agree with the votes cast by EquiAlt Capital Advisors LLC pursuant to this irrevocable proxy authorization.

Suitability Standards

As a proposed investor in the Units, you must represent in writing that you meet, among others, all of the following suitability standards:

a. You are aware that an investment in the Units involves a high degree of risk, including the possible loss of your entire investment, and you understand and take full cognizance of the risk factors related to the purchase of the Units, including, but not limited to, those set forth in the section entitled "Risk Factors" in this memorandum.

b. You are aware that the Units are restricted securities, and may not be transferred or resold except as permitted under the Securities Act, and applicable state securities laws, pursuant to registration or exemption therefrom; no public market for the Units exists and none is expected to develop; and it may not be possible for you to liquidate your investment in the Units.

c. You have received and carefully read and understand this memorandum, the subscription agreement, and all other documents in connection therewith, and you confirm that all documents, records and books pertaining to the investment in the company through the Units have been made available to you and/or your purchaser representative or other personal investment, tax and legal advisers, if such advisers were utilized by yourself, and you agree to be bound by the terms of the subscription agreement and all such other documents.

d. You are the sole party in interest as to the Units subscribed for and are acquiring the Units for your own account, for investment only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Units and you have adequate means of providing for your current needs and personal contingencies, and do not anticipate that you will have a need to liquidate or transfer the Units during the term of the company.

e. You are capable of bearing the high degree of economic risk of this investment including, but not limited to, the possibility of complete loss of investment and the lack of a public market that may make it impossible to readily liquidate the investment whenever desired, and your overall commitment to investments that are not readily marketable is not disproportionate to your net worth, and your investment in the Units will not cause such overall commitment to become excessive.

f. You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in your investment in the Units.

g. You have knowledge and experience in financial and business matters (either alone or with the aid of a purchaser representative), are capable of evaluating the merits and risks of an investment in the company and its proposed activities, have the ability to protect your interests in connection with such investment and have carefully considered the suitability of an investment in the company for your particular financial situation, and have determined that the Units are a suitable investment.

h. You are an Accredited Investor. Generally, to be an "accredited investor," an investor who is a natural person must, at the time of his or her purchase, (i) have a net worth, individually or jointly with one's spouse, in excess of $1,000,000 or (ii) have had an individual income in excess of $200,000 in each of the two most recent years, or joint income with one's spouse in excess of $300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year. In determining net worth, the value of the investor's principal residence, and debt secured thereby, is excluded from the calculation, provided, that if the debt exceeds the fair market value of the principal residence, then the excess of such debt is included in total liabilities.

An organization or entity may qualify as an "accredited investor" if it is (i) a corporation, an organization described in Section 501 (c)(3) of the Internal Revenue Code, Massachusetts or similar business trusts or partnership not formed for the specific purpose of acquiring Units, with total assets in excess of $5,000,000; (ii) a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Units, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in a share; (iii) a broker-dealer registered pursuant to Section 15 of the Exchange Act; (iv) an insurance company as defined in Section 2(13) of the Securities Act; (v) an investment company registered under the Investment Company Act of 1940 (the "Investment Company Act"); (vi) a business development company as defined in Section 2(a)(48) of the Investment Company Act; (vii) any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; (viii) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, if such plan has total assets in excess $5,000,000; (ix) an employee Benefit Plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), if the investment decision is made by a plan fiduciary, as defined in

Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee Benefit Plan has total assets in excess of $5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; (x) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940; (xi) a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; or (xii) an entity all of the equity owners of which are accredited investors.

Those selling Units on our behalf and participating broker-dealers and registered investment advisers recommending the purchase of Units in this offering have the responsibility to make every reasonable effort to determine that your purchase of Units in this offering is a suitable and appropriate investment for you based on information provided by you regarding your financial situation and investment objectives. In making this determination, these persons have the responsibility to ascertain that you:

- are an accredited investor as set forth under "Who May Invest" immediately following the cover page of this memorandum;
- can reasonably benefit from an investment in our Units based on your overall investment objectives and portfolio structure;
- are able to bear the economic risk of the investment based on your overall financial situation;
- are in a financial position appropriate to enable you to realize to a significant extent the benefits described in this memorandum of an investment in our Units; and
- have apparent understanding of:
  - the fundamental risks of the investment;
  - the risk that you may lose your entire investment;
  - the lack of liquidity of our Units;
  - the restrictions on transferability of our Units; and
  - the tax consequences of your investment.

Relevant information for this purpose will include at least your age, investment objectives, investment experience, income, net worth, financial situation and other investments as well as any other pertinent factors. Our sponsor, those selling Units on our behalf and participating broker-dealers and registered investment advisers recommending the purchase of Units in this offering must maintain, for a six-year period, records of the information used to determine that an investment in Units is suitable and appropriate for you.

Minimum Purchase Requirements

You must generally initially invest at least $25,000 in our Units to be eligible to participate in this offering; provided, however, qualified accounts (as defined below) must initially invest at least $5,000 in our Units to be eligible to participate in this offering. In our sole discretion we may permit certain investors to invest less. If you are a nonqualified account and have satisfied the applicable minimum purchase requirement, any additional purchase must be in amounts of at least $25,000. The investment minimum for subsequent purchases does not apply to Units purchased pursuant to our distribution reinvestment plan. In order to satisfy this minimum purchase requirement, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs, provided that each such contribution is made in increments of $25,000. You should note that an investment in our Units will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Internal Revenue Code.

A qualified account includes an account established for (i) an "employee pension benefit plan" within the meaning of Section 3(3) of ERISA and subject to the requirements of Title I of ERISA, (ii) an "individual retirement account" within the meaning of section 408(a) of the Code and/or a "Plan" within the meaning of section 4975(e)(1) of the Code, or (iii) a "governmental plan" within the meaning of section 3(32) of ERISA.

Unless you are transferring all of your Units, you may not transfer your Units in a manner that causes you or your transferee to own fewer than the number of Units required to meet the minimum purchase requirements in our most recent offering, except for the following transfers without consideration: transfers by gift, transfers by inheritance, intra-family transfers, family dissolutions, transfers to affiliates and transfers by operation of law. These minimum purchase requirements are applicable until our Units are listed on a national securities exchange, and these requirements may make it more difficult for you to sell your Units. All sales must also comply with applicable state and federal securities laws.

Investments by Qualified Accounts

Funds from qualified accounts will be accepted if received in installments that together meet the minimum or subsequent investment amount, as applicable, so long as the total subscription amount was indicated on the subscription agreement and all funds are received within a 90day period. We intend to limit investment from qualified accounts to 24.9% of the total Fund.

LEGAL MATTERS

The validity of the Units being offered hereby has been passed upon for us by DLA Piper LLP (US). DLA Piper LLP (US) has also reviewed the statements relating to certain federal income tax matters that are likely to be material to U.S. holders of our Units under the caption "Federal Income Tax Considerations."

APPENDIX A

SUBSCRIPTION AGREEMENT

Investor Instructions

Private Placement Offering

Please follow these instructions carefully. Failure to do so could result in the rejection of your subscription.

1. SUBSCRIPTION AMOUNT

PLEASE NOTE: Money Orders, Traveler's Checks, Starter Checks, Foreign Checks, Counter Checks, Third-Party Checks and Cash cannot be accepted.

A minimum initial investment of $25,000 is required; provided, however, qualified accounts (as defined below) must initially invest at least $5,000 in our units to be eligible to participate in this offering. In our sole discretion, we may permit certain investors to make a smaller investment in our units. You should make your check payable to "EquiAlt Qualified Opportunity Zone Fund, LP."

A qualified account includes an account established for (i) an "employee pension benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and subject to the requirements of Title I of ERISA, (ii) an "individual retirement account" within the meaning of section 408(a) of the Code and/or a "Plan" within the meaning of section 4975(e)(1) of the Code or (iii) a "governmental plan" within the meaning of section 3(32) of ERISA.

The maximum number of partnership units of EquiAlt Qualified Opportunity Zone Fund, LP (the "Fund") will be purchased based on the amount set forth under "Amount of Subscription" and will vary depending on whether the sale is subject to any available discounts. If you provide payment that differs from the payment amount indicated in "Amount of Subscription," your subscription will be automatically deemed a subscription for the maximum number of units that may be purchased for the payment provided.

2. ACCOUNT TYPE

Please check the appropriate box to indicate the account type of the subscription. Please note that pension plans, profit sharing plans, KEOGH plans, 401Ks, traditional (individual) Individual Retirement Accounts ("IRAs"), simple IRAs, SEP IRAs, ROTH IRAs, and Beneficial IRAs are considered to be Benefit Plans (as defined in the PPM) and as such, investments to be held in such accounts are subject to certain limitations and escrow terms as described in the PPM. See "ERISA Considerations - Plan Asset Considerations" and "Plan of Distribution - Special Notice to Benefit Plan Investors" in the PPM. **Benefit Plans may only subscribe for units through a Broker-Dealer or a Registered Investment Advisor, and are limited to not more than 25% of the Fund.**

Please be aware that the Fund, EquiAlt Capital Advisors LLC (the "Advisor"), EquiAlt Holdings LLC and their respective officers, directors, employees and affiliates are not undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the Fund's private offering or the purchase of the Fund's units and that the Advisor has financial interests associated with the purchase of the Fund's units, as described in the PPM, including fees, expense reimbursements and other payments it anticipates receiving from the Fund in connection with the purchase of the Fund's units.

3. ACCOUNT INFORMATION

Enter the name(s), mailing address and telephone numbers of the registered owner of the investment. Partnerships, corporations and other organizations should include the name of an individual to whom correspondence should be addressed. Non-resident aliens must also supply IRS Form W-8BEN.

All investors must complete the space provided for taxpayer identification number or social security number. By signing in Section 8, you are certifying that the number you have provided in the Subscription Agreement is correct.

Please print the exact name(s) in which units are to be registered. Include the trust/entity name, if applicable. If the account is an IRA or custodial held account, include the names and taxpayer identification numbers of both the investor and the custodian or administrator.

You may elect to have your account documents, such as investor and proxy statements, tax forms, annual reports and other investor communications made available to you electronically, by signing in this section. If you elect this option, you (i) must provide a valid e-mail address in Section 3 of the Subscription Agreement; (ii) agree that you have the appropriate hardware and software to receive e-mail notifications and view PDF documents; (iii) understand you may incur certain costs associated with downloading and printing investor documents; and (iv) understand that electronic delivery also involves risks related to system or network outages that could impair your timely receipt of or access to your documents. EquiAlt Qualified Opportunity Zone Fund, LP may choose to send one or more items to you in paper form despite your consent to electronic delivery. You may also request a paper copy of any particular investor document. Your consent will be effective until you revoke it by either written consent to EquiAlt Qualified Opportunity Zone Fund, LP or by contacting EquiAlt Qualified Opportunity Zone Fund, LP at (855) EquiAlt.

PLEASE NOTE: You must include a permanent street address even if your mailing address is a P.O. Box. If the investment is to be held by joint owners, you must provide the requested investor information for each joint owner.

4. CUSTODIAN/THIRD PARTY ADMINISTRATOR INFORMATION

Complete this section if the registered owner of the investment will be a Custodian Plan. The Custodian/Administrator of the plan must also complete section 7 and sign page six of the Subscription Agreement.

5. DISTRIBUTION INFORMATION

Complete this section to elect to receive distributions, if any, by direct deposit and/or to elect to receive distributions by check. If you elect direct deposit into your checking or savings account (not available for brokerage accounts), you must attach a voided check with this completed Subscription Agreement. You must indicate the percentage of your distribution to be applied to each option selected and the sum of the allocations must equal 100%. If you do not complete this section, distributions will be paid to the registered owner at the address in Section 3, or for custodial held accounts, to the address listed in Section 4 of the Subscription Agreement. Custodial account distributions to a third party require custodian approval.

6. BROKER-DEALER AND REGISTERED REPRESENTATIVE INFORMATION

PLEASE NOTE: If applicable, the Broker-Dealer or Registered Investment Adviser must complete this section of the Subscription Agreement. To subscribe through a Broker-Dealer, the Fund may require that a Selected Dealer Agreement be executed with the Fund to be listed as agent/firm of record.

7. ACCREDITED INVESTOR STATUS

Units are being sold only to certain classes of qualified investors. To become an investor, you must attest that you are an "accredited investor," as that term is defined from time to time in Regulation D as promulgated by the SEC under the Securities Act of 1933, as amended (the "Securities Act"). Please check all representations that apply.

8. SUBSCRIBER SIGNATURES

Please separately initial each of the representations in paragraphs (a) through (l). Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make such representations on your behalf.

Please refer to the PPM under "Investor Suitability Standards" to verify that you meet the minimum suitability standards to invest in this offering.

By signing this Subscription Agreement, you agree to provide the information in Section 7 and 8 of the agreement and confirm the information is true and correct. If we are unable to verify your identity or that of another person authorized to act on your behalf or if we believe we have identified **potential criminal activity**, we reserve the right to take action as we deem appropriate, including, but not limited to, closing your account or refusing to establish your account.

9. FINANCIAL REPRESENTATIVE SIGNATURES

PLEASE NOTE: If applicable, the Broker-Dealer or Registered Investment Advisor must sign this section to complete the subscription.

Required Representations: By signing Section 9, the registered representative of the Broker-Dealer or Registered Investment Advisor confirms on behalf of the Broker-Dealer that:

- the investor is an "accredited investor" as the term is defined in Section 501(a) of Regulation D and meets the investor suitability requirements set forth in the PPM;
- the information and representations concerning the investor identified herein are true, correct and complete in all respects;
- he or she has discussed the investor's prospective purchase of units with such investor and believes the investor can reasonably benefit from an investment in the units of EquiAlt Qualified Opportunity Zone Fund, LP based on such investor's overall investment objectives and portfolio structure;
- he or she has advised such investor of all pertinent facts with regard to the lack of liquidity and marketability of the units and other fundamental risks related to the investment in the units, the restrictions on transfer of the units and the risk that the investor could lose his or her entire investment in the units;
- he or she has delivered to the investor the PPM required to be delivered in connection with this subscription;
- the investor is purchasing these units for the account referenced in Section 3; and
- the purchase of units is a suitable investment for such investor, and such investor is in a financial position to enable the investor to realize the benefits of such an investment and to suffer any loss that may occur with respect thereto.

In addition, the registered representative of the Broker-Dealer or Registered Investment Advisor represents that he or she and the Broker-Dealer and/or Registered Investment Advisor:

- are duly licensed and may lawfully offer and sell the units in the state where the investment was made and in the state designated as the investor's legal residence in Section 3; and
- agree to maintain records of (i) the information used to determine that an investment in units is suitable and appropriate for the investor for a period of 6 years, and (ii) the documents used to establish a pre-existing relationship between the financial advisor and the Investor.

To the extent the investor identified in the Subscription Agreement is a plan, plan fiduciary, plan participant or beneficiary, IRA, or IRA owner subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), the registered representative of the Broker-Dealer or Registered Investment Advisor further represents that: (i) there is no financial interest, ownership interest, or other relationship, agreement, or understanding that would limit his or her ability to carry out his or her fiduciary responsibility to such investor beyond the control, direction, or influence of other persons involved in such investor's purchase of units; (ii) he or she is capable of evaluating investment risk independently, both in general and with regard to particular transactions and investment strategies; and (iii) he or she is a fiduciary under ERISA or the Code, or both, with respect to such investor's purchase of units, and he or she is responsible for exercising independent judgment in evaluating such investor's purchase of units.

The registered representative of the Broker-Dealer or Registered Investment Advisor also represents that he or she is not or has not been subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) of the Securities Act, i.e. that he or she is not and has not been:

- Convicted, within ten years of the date hereof (the "Effective Date"), of any felony or misdemeanor that was:
  - In connection with the purchase or sale of any security;
  - Involving or making of any false filing with the Securities and Exchange Commission (the "SEC"); or
  - Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment advisor or paid solicitor of purchasers of securities.
- Subject to any order, judgment or decree of any court of competent jurisdiction, entered within 5 years before the Effective Date, that restrains or enjoins such person from engaging or continuing in any conduct or practice:
  - In connection with the purchase or sale of any security;
  - Involving the making of any false filing with the SEC; or
  - Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment advisor or paid solicitor of purchasers of securities.
- Subject to a final order of a state securities commission (or an agency or officer of a state performing like functions), a state authority that supervises or examines banks, savings associations or credit unions, a state insurance commission (or an agency or officer of a state performing like functions), an appropriate federal banking agency, the U.S. Commodity Futures Trading Commission or the National Credit Union Administration that:
  - As of the Effective Date, bars the person from:
    - Association with an entity regulated by such commission, authority, agency or officer;
    - Engaging in the business of securities, insurance, or banking; or
    - Engaging in savings association or credit union activities.
  - Constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct entered within 10 years before the Effective Date.

- Subject to an order of the SEC pursuant to Sections 15(b) or 15B(c) of the Exchange Act of 1934, as amended (the "Exchange Act"), or Section 203(e) or (f) of the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), that, at the time of such sale:
    - Suspends or revokes such person's registration as a broker, dealer, municipal securities dealer or investment advisor;
    - Places limitations on the activities, functions or operations of such person; or
    - Bars such person from being associated with any entity or from participating in the offering of any penny stock.
- Subject to any order of the SEC entered within 5 years before the Effective Date, as of the date hereof, that orders the person to cease and desist from committing or causing a violation or future violation of:
    - Any scienter-based anti-fraud provisions of the federal securities laws, including, without limitation, Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act, and 17 CFR 240.10b-5, Section 15(c)(1) of the Exchange Act and Section 206(1) of the Investment Advisers Act, or any other rule or regulation thereunder; or
    - Section 5 of the Securities Act.
- Suspended or expelled from membership in, or suspended or barred from association with, a member of a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade.
- Filed (as a registrant or issuer), or was or was named as an underwriter in, any registration statement or Regulation A offering statement filed with the SEC that, within 5 years of the Effective Date, was the subject of a refusal order, stop order or order suspending the Regulation A exemption or, is, at the time of such sale, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued.
- Subject to a United States Postal Service false representation order entered within 5 years before the Effective Date, or is, at the Effective Date, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

Unless the investment is for the account of a Benefit Plan Investor, payment and Subscription Agreement should be delivered by your Broker-Dealer or Registered Investment Advisor, as applicable, to the address below. Benefit Plan Investors should follow the escrow instructions in the PPM under "Plan of Distribution - Special Notice to Benefit Plan Investors."

Company Mailing Address:

EquiAlt Qualified Opportunity Zone Fund, LP
2112 W. Kennedy Blvd.
Tampa, Florida 33606
(855) EquiAlt

Wiring Instructions:

City National Bank of Florida
Bank Address: 25 W. Flagler Street, Miami, FL 33130
ABA Routing Number: 066004367
Account Number: 30000027667
SWIFT: CNBFUS3M
Ref: EquiAlt Qualified Opportunity Zone Fund LP FBO [Investor Name]

We have placed limitations on the participation of Benefit Plan Investors (as defined in the PPM) in the offering. Benefit Plan Investors should follow the escrow instructions in the PPM under "Plan of Distribution – Special Notice to Benefit Plan Investors."

10. PURCHASER QUESTIONNAIRE

PLEASE NOTE: All investors must complete this section of the Subscription Agreement.

Subscription Agreement

Private Placement Offering

EquiAlt
EQUITY IN ALTERNATIVES

1. SUBSCRIPTION AMOUNT

State of Sale:

** Minimum investment is $25,000, or $5,000 for qualified accounts.*

** Money Orders, Traveler's Checks, Starter Checks, Foreign Checks, Counter Checks, Third-Party Checks and Cash cannot be accepted.*

Amount of Subscription:

Units are being purchased net of commissions.

Purchase qualifies for volume discount as described in the PPM.

2. ACCOUNT TYPE (Check **ONE** box only)

Individual *(If applicable, attach TOD form)*	S-Corporation[2]	401K[4]
Joint Tenant[1] *(If applicable, attach TOD form)*	C-Corporation[2]	Traditional (Individual) IRA[4]
Tenants in Common[1]	Partnership[2]	Simple IRA[4]
Community Property[1]	Pension Plan[2,4]	SEP IRA[4]
UGMA: State of	Profit Sharing Plan[2,4]	ROTH IRA[4]
UTMA: State of	KEOGH Plan[2,4]	Beneficial IRA[4] as Beneficiary for:
Trust[2,3]	Other[2]	

(Name of Deceased Owner)

(1) All parties must sign. (2) Please attach pages of trust/plan document (or corporate/entity resolution) which lists the name of trust/plan/entity, trustees/officers or authorized signatories, signatures and date. (3) The Certification of Investment Powers for Trust Accounts form may be completed in lieu of providing trust documents. (4) These accounts are considered to be investments by Benefit Plans and as such are subject to certain limitations and escrow terms as described in the Confidential Private Placement Memorandum of EquiAlt Qualified Opportunity Zone Fund, LP, as amended and supplemented as of the date hereof (the "PPM").

3. ACCOUNT INFORMATION (SSN OR TIN REQUIRED)

Investor/Trustee 1 Name

SSN/Tax ID DOB

Investor/Trustee 2 Name

SSN/Tax ID DOB

► **Please complete if registration of units is different than above:**

Account Registration

Taxable ID

Legal Address City

State Zip Code

Mailing Address City

(*If same as above, please write "same"*) State Zip Code

Phone (*Day*)

Phone (*Evening*)

E-mail Address

US Citizen US Citizen residing outside the US

Sign here if you would like to receive investor communications electronically
Electronic delivery of investor communications is optional.

Signature of Investor *Date*

By signing here EquiAlt Qualified Opportunity Zone Fund, LP may make certain investor communications available on its website at www.equialtreit.com and notify you via e-mail when such documents are available. Investor communications that may be delivered electronically include account statements, tax forms, annual reports, acquisition updates, proxy statements and other investor communications. By electing electronic delivery, you

Foreign citizen, country

A U.S. Social Security number or Taxpayer Identification Number is required for all entities and authorized signers to open an account. Nonresident Aliens must supply a completed and signed original IRS Form W-8BEN.

Check here if you are subject to backup withholding

Please attach a copy of the withholding notice.

agree that you have the appropriate hardware and software to receive e-mail notifications and view PDF documents. You understand you may incur certain costs associated with downloading and printing investor documents. Electronic delivery also involves risks related to system or network outages that could impair your timely receipt of or access to your documents. EquiAlt Qualified Opportunity Zone Fund, LP may choose to send one or more items to you in paper form despite your consent to electronic delivery. You may also request a paper copy of any particular investor document. Your consent will be effective until you revoke it by either written consent to EquiAlt Qualified Opportunity Zone Fund, LP or by contacting EquiAlt Qualified Opportunity Zone Fund, LP at (855) EquiAlt.

4. CUSTODIAN/THIRD PARTY ADMINISTRATOR INFORMATION

Custodian/Administrator Name

Custodian/Administrator Address 1

Custodian/Administrator Address 2

Custodian/Administrator City State Zip Code

Custodian/Administrator Phone No.

Custodian/Administrator Tax ID

Investor's Account No. with Custodian/Administrator

By executing this Subscription Agreement, the Custodian/Administrator certifies to the Fund that the units purchased pursuant to this Subscription Agreement are held for the benefit of the investor named in section 3 of this Subscription Agreement (the "Beneficial Owner"). The Custodian/Administrator agrees to notify the Fund promptly, but in any event within 30 days of any change in the names of the Beneficial Owner or the number of units for which the Custodian/Administrator holds units. The Custodian/Administrator confirms that the Fund is entitled to rely on these representations for purposes of determining the partners entitled to notice of or to vote at each annual or special meeting of partners of the Fund until delivery by the Custodian/Administrator to the Fund of a written statement revoking such representations (provided, however, that any such revocation delivered after the record date or the closing of the stock transfer books of the Fund in respect of any annual or special meeting of partners, but on or prior to the date of such annual or special meeting of partners shall not be effective until after the holding of such annual or special meeting of partners of the Fund). Each Beneficial Owner (and not the Custodian/Administrator) will then be deemed the holder of record for the partnership units for purposes of determining the partners holding units entitled to notice of or to vote at each annual or special meeting of partners.

5. DISTRIBUTION INFORMATION (CHOOSE ONE OR MORE OF THE FOLLOWING OPTIONS)

If you select more than one option you must indicate the percentage of your distribution to be applied to each option and the sum of the allocations **must** equal 100%. Without custodial approval, cash distributions will be paid directly to the custodian for all custodial accounts. If you do not complete this section, distributions will be paid to the registered owner at the address in Section 3, or for custodial held accounts, to the address listed in Section 4 of the Subscription Agreement.

% of distribution

Send distributions via check to investor's home address (*not available without custodial approval*) .....

Send distributions via check to alternate payee listed here (*not available without custodial approval*) .....

Name

Address

City State Zip Code

Account No.

.....**Direct Deposit** (*Attach Voided Check*) I authorize EquiAlt Qualified Opportunity Zone Fund, LP, or its agent (collectively, EquiAlt) to deposit my distributions in the checking or savings (*not available for brokerage accounts*) account identified below. This authority will remain in force until I notify EquiAlt in writing to cancel it. In the event that EquiAlt deposits funds erroneously into my account, EquiAlt is authorized to debit my account for an amount not to exceed the amount of the erroneous deposit (*not available without custodial approval*) ..... **% of distribution**

Financial Institution Name Checking Savings

ABA/Routing No. Account No.

6. BROKER-DEALER AND REGISTERED REPRESENTATIVE INFORMATION

To subscribe through a Broker-Dealer, a Selected Dealer Agreement must be executed with the Fund to be listed as agent/ firm of record. Benefit Plans may only subscribe for units through a Broker-Dealer or a Registered Investment Advisor.

Broker-Dealer Name

Representative Name | Rep. No.

Representative's Company Name | Branch ID

Representative's Address

Rep's City | State | Zip Code

Rep's Phone No. | Fax No.

Rep's E-mail Address

REGISTERED INVESTMENT ADVISOR (RIA): *If a RIA has introduced a sale, the sale may be conducted through (i) the RIA in its capacity as a Registered Representative, if applicable; (ii) a Registered Representative of a Broker-Dealer that is affiliated with the RIA, if applicable; (iii) an unaffiliated Broker-Dealer; or (iv) without a Broker-Dealer.*

7. ACCREDITED INVESTOR STATUS

The undersigned hereby confirms that the Investor is an "accredited investor" as such term is defined under the Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the following representations:

For Individual or Joint Investors: *(Please check all that apply:)*

I have an individual net worth, or joint net worth with my spouse, in excess of $1,000,000, where, for purposes of calculating net worth:

(i) My primary residence is not included as an asset;

(ii) Indebtedness that is secured by my primary residence, up to the estimated fair market value of my primary residence at the time of the sale of partnership units of EquiAlt Qualified Opportunity Zone Fund, LP, is not included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of partnership units of EquiAlt Qualified Opportunity Zone Fund, LP exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess is to be included as a liability); and

(iii) Indebtedness that is secured by my primary residence in excess of the estimated fair market value of my primary residence at the time of the sale of units is included as a liability.

I had an individual gross income (excluding any income of my spouse) exceeding $200,000 in each of the last two calendar years or for each of such years my combined income with my spouse exceeded $300,000, and I reasonably expect to reach the same income level in the current year.

For IRA/Qualified Pension, Profit Sharing of Keogh Investors and Other Plans: *(Please check all that apply:)*

The subscriber is an "individual retirement account" ("IRA") under Section 408(a) of the Internal Revenue Code of 1986, as amended, owned by and for the benefit of an "accredited investor" or a self-directed plan (e.g. 401(k) plan or profit sharing plan) in which all investment decisions are made solely by, and such investments are made on behalf of, "accredited investors."

The subscriber is an "employee benefit plan" within the meaning of ERISA with either (1) total assets in excess of $5,000,000, or (2) its investment decisions made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment advisor or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors."

The subscriber is a plan established or maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, and such plan has total assets in excess of $5,000,000.

For Trust Investors: *(Please check all that apply:)*

The Trust is a revocable trust, and the Grantor of the Trust is an "accredited investor."

The Trust is an irrevocable trust, and the trustee is a bank as defined in Section 3(a)(2) of the Securities Act.

The Trust is an irrevocable trust, has total assets in excess of $5,000,000, was not formed for the specific purpose of acquiring the partnership units of EquiAlt Qualified Opportunity Zone Fund, LP, and is directed by a “sophisticated person” as described in Rule 506 (b) (2) (ii) under the Securities Act.

7. ACCREDITED INVESTOR STATUS (CONTINUED)

For Corporate, Partnership, Limited Liability Company or Other Entity or Organization Investors: *(Please check all that apply:)*

The subscribing entity is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or a corporation, a Massachusetts or similar business trust, or a partnership, that has total assets in excess of $5,000,000 and was not formed for the specific purpose of investing in the partnership units of EquiAlt Qualified Opportunity Zone Fund, LP

The subscribing entity is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended, and purchasing the partnership units of EquiAlt Qualified Opportunity Zone Fund, LP for its own account.

The subscribing entity is an insurance company as defined in Section 21(a) (13) of the Securities Act.

The subscribing entity is an investment company registered under the Investment Company Act of 1940, as amended (the "Investment Company Act").

The subscribing entity is a business development company (as defined in Section 2(a)(48) of the Investment Company Act).

The subscribing entity is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

The subscribing entity is a private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended).

The subscribing entity is a bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity.

All of the equity owners of the subscribing entity are "accredited investors."

8. SUBSCRIBER SIGNATURES

TAXPAYER IDENTIFICATION NUMBER CONFIRMATION (REQUIRED): The investor signing below, under penalties of perjury, certifies that (i) the number shown on this Subscription Agreement is his or her correct Taxpayer Identification Number (or he or she is waiting for a number to be issued to him or her), (ii) he or she is not subject to backup withholding either because he or she has not been notified by the Internal Revenue Service ("IRS") that he or she is subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified him or her that he or she is no longer subject to backup withholding and (iii) he or she is a U.S. Citizen unless otherwise indicated in Section 3. NOTE: CLAUSE (ii) IN THIS CERTIFICATION SHOULD BE CROSSED OUT IF THE WITHHOLDING BOX HAS BEEN CHECKED IN THE INVESTOR INFORMATION SECTION.

Please separately initial each of the representations below. Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make such representations on your behalf. In order to induce EquiAlt Qualified Opportunity Zone Fund, LP to accept this subscription, I hereby represent and warrant to you as follows:

		Owner	Joint Owner
(a)	The undersigned is aware of the following:		
	(1) An investment in the units involves a high degree of risk of loss of the undersigned's entire investment, and the undersigned understands and takes full cognizance of the risk factors related to the purchase of the units, including, but not limited to, those set forth in the PPM.....	Initials	Initials
	(2) The units are restricted securities, and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom; no public market for the units exists and none is expected to develop; it may not be possible for the undersigned to liquidate the undersigned's investment in the units; and neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the units or passed upon the accuracy or adequacy of the PPM.	Initials	Initials
(b)	The undersigned has received and carefully read and understands the PPM, this Subscription Agreement, the Fund's Limited Partnership Agreement, and all other documents in connection therewith, and the undersigned confirms that all documents, records and books pertaining to the investment in the Fund through the units have been made available to the undersigned and/or to the undersigned's purchaser representative or other personal investment, tax and legal advisers, if such advisers were utilized by the undersigned, and the undersigned agrees to be bound by the terms of this Subscription Agreement, the Fund's Limited Partnership Agreement, and all such other documents.	Initials	Initials
(c)	The information that the undersigned has furnished herein is correct and complete as of the date of this Subscription Agreement and will be correct and complete upon the acceptance of this subscription. The representations, warranties and agreements herein shall survive the acceptance of this subscription and may be relied upon by the Fund and its officers and affiliates.	Initials	Initials
(d)	The undersigned will immediately notify the Fund in writing of any change in any statement made herein, occurring prior to the undersigned's receipt of the Fund's acceptance of this subscription and such written change will be documented with reference hereto by the undersigned.	Initials	Initials
(e)	The undersigned is capable of bearing the high degree of economic risk of this investment including, but not limited to, the possibility of complete loss of investment and the lack of a public market that may make it impossible to readily liquidate the investment whenever desired, and the undersigned's overall commitment to investments that are not readily marketable is not disproportionate to the undersigned's net worth, and the undersigned's investment in the units will not cause such overall commitment to become excessive.	Initials	Initials

8. SUBSCRIBER SIGNATURES (CONTINUED)

(f) The undersigned has adequate means of providing for its financial requirements, both current and anticipated, and has no need for liquidity in this investment. ..... Initials Initials

(g) The undersigned has knowledge and experience in financial and business matters (either alone or with the aid of a purchaser representative), is capable of evaluating the merits and risks of an investment in the Fund and its proposed activities, has the ability to protect the undersigned's interests in connection with such investment and has carefully considered the suitability of an investment in the Fund for the undersigned's particular financial situation, and has determined that the units are a suitable investment. ..... Initials Initials

(h) I acknowledge that I am aware that the Fund, its external advisor and their officers, directors, employees and affiliates are not undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with this offering or the purchase of the units and that the advisor has financial interests associated with the purchase of the Fund's units, as described in the PPM, including fees, expense reimbursements and other payments it anticipates receiving from the Fund in connection with the purchase of the units..... Initials Initials

(i) The undersigned is the sole party in interest as to the units subscribed for and is acquiring the units for the undersigned's own account, for investment only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the units and the undersigned has adequate means of providing for his/her current needs and personal contingencies, and does not anticipate that he/she will have a need to liquidate or transfer the units during the term of the investment. ..... Initials Initials

(j) If the undersigned is an entity, trust, pension fund or IRA account (an "Entity"), the Entity and the person signing on its behalf represent and warrant that: (1) such Entity is an existing entity, and has not been organized or reorganized for the purpose of making this investment (or if not true, such fact has been disclosed to the Fund in writing along with information concerning the beneficial owners of the Entity); (2) the undersigned has the authority to execute this Subscription Agreement and any other documents required in connection with an investment in the units; (3) the Entity has the power, right and authority to invest in the units and enter into the transactions contemplated thereby, and the investment is suitable and appropriate for the Entity and its beneficiaries (given the risks and illiquid nature of the investment); and (4) all documents executed by the Entity in connection with the Fund are valid and binding documents or agreements of the Entity enforceable in accordance with their terms. ..... Initials Initials

(k) If the undersigned is acquiring units in a fiduciary or custodial capacity, the above representations, acknowledgments and agreements shall be deemed to have been made on behalf of the person or persons for whose benefits such units are being acquired, and the name of each such person is indicated under the undersigned's name in this Subscription Agreement. ..... Initials Initials

(l) The undersigned (if a resident of Pennsylvania) acknowledges (i) that the undersigned is prohibited from selling the units for a period of 12 months after the date that the units are purchased, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, (ii) that the units have not been registered under the Pennsylvania Securities Act of 1972 in reliance upon an exemption therefrom, and (iii) that no subsequent resale or other disposition of the units may be made within 12 months following the initial sale of the units in the absence of an effective registration, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, and thereafter only pursuant to an effective registration or exemption. ..... Initials Initials

The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding. If custodial held account, Custodian or Administrator must sign.

Signature of Investor	*Date*	*Signature of Joint Investor or, for Custodial Held Accounts, of Custodian/Administrator*	*Date*

Investors will receive confirmations of their purchases upon acceptance of their subscriptions.

9. FINANCIAL REPRESENTATIVE SIGNATURES

If applicable, the Investor's financial advisor must sign below to complete the order. The financial advisor hereby warrants that he/she is duly licensed and may lawfully sell partnership units in the state designated as the Investor's legal residence and covenants that the financial advisor will maintain records of the information used to determine that an investment in units is suitable and appropriate for the Investor for a period of six years. The undersigned confirm(s) by their signatures that they have (i) reasonable grounds to believe, on the basis of information supplied by the Investor who has completed this Subscription Agreement concerning his, her or its investment objectives, other investments, financial situation, liquidity and marketability and needs, and other pertinent information that: (1) the Investor is an accredited investor as defined in Section 501(a) of Regulation D and meets the investor suitability requirements set forth in the PPM; (2) the Investor can reasonably benefit from an investment in the units of EquiAlt Qualified Opportunity Zone Fund, LP based on such Investor's overall investment objectives and portfolio structure; (3) the Investor is able to bear the economic risk of the investment based on such Investor's overall financial situation; (4) the Investor has an apparent knowledge of (A) the features and characteristics of an investment in the units, (B) the fundamental risks of an investment in the units, (C) the risk that such Investor may lose his or her entire investment, (D) the lack of liquidity of the units, (E) the restrictions on transferability of the units, and (F) the tax consequences of an investment in the units.

The financial advisor also hereby warrants that they are not or have not been subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act and listed in the instructions to this Subscription Agreement.

The undersigned further confirms by their signatures that, to the extent the investor identified herein is a plan, plan fiduciary, plan participant or beneficiary, IRA, or IRA owner subject to Title I of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended ("Code"): (i) there is no financial interest, ownership interest, or other relationship, agreement, or understanding that would limit their ability to carry out their fiduciary responsibility to such investor beyond the control, direction, or influence of other persons involved in such investor's purchase of units; (ii) they are capable of evaluating investment risk independently, both in general and with regard to particular transactions and investment strategies; and (iii) they are a fiduciary under ERISA or the Code, or both, with respect to such investor's purchase of units, and they are responsible for exercising independent judgment in evaluating such investor's purchase of units.
The undersigned confirm(s) by their signatures that the representations and warranties above are and shall be continuing representations and warranties throughout the term of the offering. In the event that any of these representations or warranties become untrue, the undersigned will immediately notify EquiAlt Qualified Opportunity Zone Fund, LP in writing of the fact which makes the representation or warranty untrue.

I understand this Subscription Agreement is for EquiAlt Qualified Opportunity Zone Fund, LP

Signature of Financial Representative	*Date*	*Branch Manager Signature (If required by Broker/Dealer)*	*Date*

You should make your check payable to "EquiAlt Qualified Opportunity Zone Fund, LP" Payment and Subscription Agreement should be delivered by your Broker-Dealer or Registered Investment Advisor, as applicable, to the address below.

Company Mailing Address:

EquiAlt Qualified Opportunity Zone Fund, LP
2112 W. Kennedy Blvd.
Tampa, Florida 33606
(855) EquiAlt

Wiring Instructions:

City National Bank of Florida
Bank Address: 25 W. Flagler Street, Miami, FL 33130
ABA Routing Number: 066004367
Account Number: 30000027667
SWIFT: CNBFUS3M
Ref: EquiAlt Qualified Opportunity Zone Fund LP FBO [Investor Name]

10. PURCHASER QUESTIONNAIRE (ALL INVESTORS MUST COMPLETE THIS SECTION.)

1. SOURCE OF FUNDS FOR INVESTMENT

Savings | Individual Retirement Account | 401k/pension | Sale of other investments

Capital set aside for investments | Bonus | Line of credit | Other _____

2. INVESTOR INFORMATION

a. General Information

Name _____ Single Married

Name of Joint Tenant _____ Age _____

(or Tenant-In-Common)

Name of Entity _____

Type of Entity Corporation Partnership LLC Trust Limited Partnership Other

b. Current and prior employment, positions or occupations

(Please set forth employment history during at least the past five years, including service on boards of directors, etc.)

Employer _____ Title _____

Business Address _____ Years of Service _____

c. Professional licenses or registration of Investor or Corporate/Trust Representative

d. Highest Level of Education of Investor or Corporate/Trust Representative

School _____ Dates of Attendance _____

Field of Study _____ Degree _____

e. Prior investment experience in alternative investments

Name and Types of Investment *(natural gas and oil, real estate, equipment leasing, etc.)*

_____ Years Invested _____

_____ Years Invested _____

f. Other investments (*i.e. stocks, bonds, real estate, options*), which would reflect your knowledge and experience in financial and business matters.

g. Have you previously purchased securities which were sold in reliance on private offering exemptions from registrations under the Securities Act?

Yes No

APPENDIX B

PRIOR PERFORMANCE TABLES

The tables presented in this section provide summary unaudited information related to the historical experience of EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III, EA SIP, and EquiAlt REIT. By purchasing Units in this offering, you will not acquire any ownership interest in any programs to which the information in this section relates and you should not assume that you will experience returns, if any, comparable to those experienced by the investors in the funds discussed.

The information in this section should be read together with the summary information in this memorandum under "Prior Performance Summary." The following tables are included in this section:

- Table I – Experience in Raising and Investing Funds;
- Table III – Operating Results of Prior Programs;
- Table IV – Results of Completed Programs; and
- Table V – Sales or Disposals of Properties.

Table II (Compensation to Sponsor) has been omitted because three prior programs were debenture offerings. The fourth, EquiAlt REIT, has not paid compensation to the Sponsor as of the date of this memorandum.

TABLE I

EXPERIENCE IN RAISING AND INVESTING FUNDS

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

Table I provides a summary of the experience of our sponsor in raising and investing funds for the private programs discussed below. Three of these four programs have closed their offerings as of the date of this Memorandum. These programs have investment objectives similar to ours.

	EquiAlt Fund, LLC	EquiAlt Fund II, LLC	EquiAlt Fund III, LLC	EA SIP LLC	EquiAlt Secured Income Portfolio REIT, Inc.
Dollar amount offered	$ 100,000,000	$ 50,000,000	$ 20,000,00	$ 25,000,0	$105,000,0
Dollar amount raised	$ 64,932,490	$ 21,032,095	$ 2,897,231	$ 8,131,78	$3,893,000
Length of offering (in months)	Open [1]	Open [2]	24	Open[3]	Open
Months to invest 90% of amount available for investments [4]	N/A	N/A	N/A	N/A	2

[1] EquiAlt Fund, LLC launched its private offering of fixed-rate debentures on May 23, 2011.

[2] EquiAlt Fund II, LLC launched its private offering of fixed-rate debentures on April 24, 2013.

[3] EA SIP LLC launched its private offering of fixed-rate debentures on January 20, 2016. The offering remains open as of the date of this Memorandum.

[4] EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP LLC were debenture offerings.

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

This table summarizes the operating results of the private programs sponsored by our sponsor that had offerings close during the five years ended December 31, 2017. For these programs, this table shows the income or loss of such programs (based upon U.S. generally accepted accounting principles ("GAAP")); the cash they generated from operations, sales and refinancings; and information regarding cash distributions. These programs have investment objectives similar to ours. All figures are as of December 31 of the year indicated, except as otherwise noted. For EquiAlt REIT, which commenced operations in early 2018, results for the period January 1, 2018, through September 30, 2018, are included.

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS (CONTINUED)

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

Equialt Fund, LLC

	2015	2016	2017
Operating revenues	831,086	1,215,977	2,395,091
Operating expenses	1,346,974	2,081,182	4,454,653
Interest Expense	1,047,682	2,804,543	9,886,363
Operating Income	(515,888)	(865,205)	(2,059,562)
Net Income - GAAP basis	(5,566,304)	(10,035,092)	(17,853,250)
Summary Statements of Cash Flows			
Cash flows provided by operating activities	(5,489,386)	(9,972,106)	(16,797,771)
Cash flows provided by investing activities	(1,824,113)	(5,748,319)	(14,720,278)
Cash flows provided by financing activities	8,215,534	25,630,412	24,307,023
Summary of Balance Sheet			
Total Assets (before depn/amtz)	17,045,251	33,111,801	41,017,362.99
Total Assets (after depn/amtz)	16,550,897	32,223,711	39,715,604.99
Total Liabilities	25,529,647	51,237,554	75,632,884.11
2017 Appraisals			84,884,888.50
End of 2017 Cash On Hand			3,406,360

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS (CONTINUED)

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

Value of Fixed Assets	9,170,933	14,147,287	29,014,378
Other Assets	6,962,011	8,217,778	18,120,770
Liabilities	(6,004,625)	(12,744,697)	(35,555,290)
	10,128,319	9,620,368	11,579,858
Units	100	100	100
Value per Unit	$ 101,283.19	$ 96,203.68	$ 115,798.58

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS (CONTINUED)

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

	Equialt Fund II, LLC		
	2015	**2016**	**2017**
Operating revenues	139,924	443,182	618,994
Operating expenses	240,509	666,314	978,860
Interest Expense	117,879	652,366	1,580,133
Operating Income	(100,585)	(223,132)	(359,866)
Net Income - GAAP basis	(843,427)	(3,055,726)	(3,907,883)
Summary Statements of Cash Flows			
Cash flows provided by operating activities	(828,542)	(3,027,682)	(3,751,260)
Cash flows provided by investing activities	(1,456,262)	(3,665,145)	(2,115,692)
Cash flows provided by financing activities	2,484,172	8,095,029	4,325,450
Summary of Balance Sheet			
Total Assets (before depn/amtz)	7,346,635	12,557,896	13,221,716
Total Assets (after depn/amtz)	7,285,197	12,353,785	12,814,622
Total Liabilities	8,933,468	17,057,782	21,406,820
2017 Appraisals			18,927,311
End of 2017 Cash On Hand			100,056

Notes: One-time sales related fees:

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS (CONTINUED)

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

	EA SIP, LLC		
	2015	**2016**	**2017**
Operating revenues			16,463.00
Operating expenses	-	175.00	298,946.95
Interest Expense	-	-	24,230.00
Operating Income	-	(175.00)	(282,483.95)
Net Income - GAAP basis	-	(588,955.36)	(1,288,268.31)
Summary Statements of Cash Flows			
Cash flows provided by operating activities	-	(588,955.36)	(1,282,541.99)
Cash flows provided by investing activities	-	-	(3,544,306.05)
Cash flows provided by financing activities	-	4,430,484.27	4,090,228.98
Summary of Balance Sheet			
Total Assets (before depn/amtz)		3,841,529	6,651,736
Total Assets (after depn/amtz)		3,841,529	6,647,308
Total Liabilities		4,430,484	8,524,531
2017 Appraisals			6,024,975
End of 2017 Cash On Hand			3,105,660

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS (CONTINUED)

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

Equialt REIT Financial Indicators for the 9 months ending September 30, 2018

	REIT Financial Metrics		
	REIT Operational Performance		
	Funds From Operations (FFO)		
(a)	Earnings	143,695.41	
(b)	Depreciation Expense +	23,636.09	
(c)	Amortization Expenses +	-	
(d)	Gains from sales -	(94,397.27)	
	FFO	**72,934.23**	Indicator of cash flow from operations
	Funds From Operations (FFO) per share		
	FFO	72,934.23	
	Outstanding shares	394,548.00	
	FFOPS	**$ 0.18**	Used to gauge a company's profitability per unit of shareholder ownership.
	Return on investment (ROI)		
	Earning from investment	167,232.80	
	Cost of investment	3,086,400.84	
	ROI	**5.42%**	To determine the efficiency of the investment, to express the profitability of properties
	Net Asset Value (NAV)		
	Book Value of Assets	3,063,028.38	
	September Operating Income	23,460.45	
	Annualized Operating Income	281,525.40	
	Cap rate	**9.12%**	Expression of the profitability of properties
	Market Value Estimate	3,086,400.84	
	Less Debt & Other liabilities	148,931.58	
	NAV	**2,937,469.26**	Expression of the actual market value of a REIT'S properties, minus its debt
	NAV per share	**$ 7.45**	

TABLE IV

RESULTS OF COMPLETED PROGRAMS

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

This table summarizes the results of completed programs sponsored by our sponsor that have completed operations during the ten years ended September 30, 2018.

	EquiAlt Fund III, LLC
Date of Completion of Operations	June 27, 2016
Duration of operations (months)	24 months
Dollar Amount Raised	2,897,231.00
Annualized Return On Investment [1]	9%

[1] Investors held debentures that paid a fixed rate of return of 9%. In addition, the sole equity holder of EquiAlt Fund III, LLC earned approximately $300,000 in profit from the fund's investments.

TABLE V

SALES OR DISPOSALS OF PROPERTIES

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

Table V presents summary information with respect to the results of sales or disposals of properties by private programs sponsored by our sponsor during the three years ended September 30, 2018. The table includes information about the sales proceeds received, the cash invested in the properties, the taxable gain or loss from the sales and the cash flow from the operation of the properties. Each of the programs represented has investment objectives similar to ours.

Selling Price, Net of Closing Costs and GAAP Adjustments | **Cost of Properties including Closing and Soft Costs**

Sales to non-related parties

No.	Property Type	Date Acquired	Date of Sale	Cash received Net of Closing Costs	Mortgage Balance at Time of Sale	Purchase money Mortgage Taken Back by Program	Adjustments resulting from application of GAAP	Total	Original Mortgage Financing	Total Acquisition Cost, Capital improvement, Closing & Soft costs	Total	Excess(Deficiency of Property Operating Cash Receipts Over Cash Expenditures)	Property Description	Fund
1	Single Family	05/13	10/15	61,080	—	—	—	61,080	—	41,210	41,210	6,329	9573 68th St	EquiAlt Fund I
2	Single Family	03/14	11/15	380,000	—	—	—	380,000	—	297,325	297,325	(44,438)	2437 Navarez Ave	EquiAlt Fund I
3	Single Family	04/14	11/15	181,671	—	—	—	181,671	—	198,187	198,187	(34,704)	6501 Gant Rd	EquiAlt Fund I
4	Multifamily	05/14	02/16	28,935	—	—	—	28,935	—	26,063	26,063	(14,885)	101 Cambridge Trail #194	EquiAlt Fund I
5	Single Family	01/13	09/16	103,013	—	—	—	103,013	—	100,980	100,980	850	3920 W. Laurel St	EquiAlt Fund I
6	Single Family	02/18	03/18	122,612	—	—	—	122,612	—	101,826	101,826	455	3829 Darlington Rd	EquiAlt REIT
7	Single Family	7/17	9/18	132,360				132,360		108,515	108,515	2,758	3515 Eddie Newkirk Way	EquiAlt REIT
8	Single Family	7/17	9/18	132,396				132,396		108,515	108,515	2,489	3517 Eddie Newkirk Way	EquiAlt REIT
9	Single Family	7/17	9/18	132,396				132,396		108,515	108,515	2,339	3604 E 24th St	EquiAlt REIT

Sale to Related Party

No.	Property Type	Date Acquired	Date of Sale	Cash received Net of Closing Costs	Mortgage Balance at Time of Sale	Purchase money Mortgage Taken Back by Program	Adjustments resulting from application of GAAP	Total	Original Mortgage Financing	Total Acquisition Cost, Capital improvement, Closing & Soft costs	Total	Excess(Deficiency of Property Operating Cash Receipts Over Cash Expenditures)	Property Description	Fund
1	Single Family	09/12	12/15	77,000	—	—	(56,439)	20,561	—	20,561	20,561	6,381	1320 Sylvia Avenue #D	EquiAlt Fund III to Fund I
2	Single Family	12/12	12/15	49,000	—	—	(12,054)	36,946	—	36,946	36,946	1,050	1496 33rd St NW	EquiAlt Fund III to EquiAlt Fund I
3	Single Family	08/13	12/15	75,500	—	—	13,826	89,326	—	89,326	89,326	(1,053)	1801 13th Avenue South	EquiAlt Fund III to EquiAlt Fund I
4	Single Family	07/12	12/15	65,000	—	—	(15,648)	49,352	—	49,352	49,352	16,096	3106 Strawberry Lane	EquiAlt Fund III to EquiAlt Fund I
5	Single Family	10/12	12/15	14,000	—	—	16,600	30,600	—	30,600	30,600	(2,378)	312 Merrill Ave	EquiAlt Fund III to EquiAlt Fund I
6	Single Family	07/12	12/15	41,000	—	—	(3,974)	37,026	—	37,026	37,026	2,157	3125 Strawberry Lane	EquiAlt Fund III to EquiAlt Fund I

7	Single Family	08/12	12/15	48,000	—	—	(28,952)	19,048	—	19,048	19,048	3,746	3406 Ave X	EquiAlt Fund III to EquiAlt Fund I
8	Single Family	11/13	12/15	717,090	—	—	(321,600)	395,490	—	395,490	395,490	(66,040)	3916 N Ridge Ave	EquiAlt Fund III to EquiAlt Fund I
9	Multifamily	11/13	12/15	106,500	—	—	34,630	141,130	—	141,130	141,130	9,355	4908 W. Ingraham Street	EquiAlt Fund III to EquiAlt Fund II
10	Multifamily	11/13	12/15	106,500	—	—	(8,500)	98,000	—	98,000	98,000	17,706	4910 W. Ingraham Street	EquiAlt Fund III to EquiAlt Fund II
11	Single Family	09/12	12/15	47,000	—	—	(33,300)	13,700	—	13,700	13,700	9,458	509 Avenue T NE	EquiAlt Fund III to EquiAlt Fund I
12	Single Family	01/12	12/15	85,000	—	—	(64,400)	20,600	—	20,600	20,600	14,035	6050 Ashland Dr	EquiAlt Fund III to EquiAlt Fund I
13	Single Family	07/12	12/15	39,000	—	—	(29,400)	9,600	—	9,600	9,600	4,440	621 Strain Blvd	EquiAlt Fund III to EquiAlt Fund I
14	Single Family	09/13	12/15	47,000	—	—	(27,500)	19,500	—	19,500	19,500	3,477	7095 Holiday Dr	EquiAlt Fund III to EquiAlt Fund I
15	Multifamily	11/13	12/15	106,500	—	—	(8,500)	98,000	—	98,000	98,000	13,565	7204 S. Kissimmee Street	EquiAlt Fund III to EquiAlt Fund II
16	Multifamily	11/13	12/15	106,500	—	—	(8,500)	98,000	—	98,000	98,000	11,571	7206 S. Kissimmee Street	EquiAlt Fund III to EquiAlt Fund II
17	Multifamily	11/13	12/15	106,500	—	—	(8,500)	98,000	—	98,000	98,000	10,846	7208 S. Kissimmee Street	EquiAlt Fund III to EquiAlt Fund II
18	Single Family	03/13	04/16	550,000	—	—	1,180,739	1,730,739	—	1,730,739	1,730,739	(33,025)	128 Biscayne Ave	EquiAlt Fund I

(1) Adjustments resulting from GAAP application is deferred gain/loss until property is sold to a third party.

(2) Sale to related party item No. 18 - Total Acquisition Cost, Capital Improvement, Closing & Soft Costs include $1.3M of leasehold improvements to EquiAlt Fund I property paid by EquiAlt. The outstanding receivable due to EquiAlt was considered when EquiAlt purchased the property.

We have not authorized any dealer, salesperson or other individual to give any information or to make any representations that are not contained in this memorandum. If any such information or statements are given or made, you should not rely upon such information or representation. This memorandum does not constitute an offer to sell any securities other than those to which this memorandum relates, or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. This memorandum speaks as of the date set forth below. You should not assume that the delivery of this memorandum or that any sale made pursuant to this memorandum implies that the information contained in this memorandum will remain fully accurate and correct as of any time subsequent to the date of this memorandum.

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Our Units are not FDIC insured, may lose value and are not bank guaranteed. See “Risk Factors” to read about risks you should consider before buying our Units

EQUIALT QUALIFIED OPPORTUNITY ZONE FUND, LP

Maximum Offering of $500,000,000 of Units

PRIVATE PLACEMENT MEMORANDUM

EXHIBIT B

Confidential Private Placement Memorandum

EQUIALT SECURED INCOME PORTFOLIO REIT, INC.

Maximum Offering of $100,000,000 in Class A Shares of Common Stock

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EquiAlt Secured Income Portfolio REIT, Inc. is a newly organized Maryland corporation that intends to qualify as a real estate investment trust beginning with the taxable year that will end December 31, 2017. We expect to use substantially all of the net proceeds raised during our offering stage to acquire and manage a diverse portfolio of real estate properties and real estate-related assets, consisting primarily of single-family residential properties. The real estate-related assets in which we may invest include mortgage, mezzanine, bridge and other loans; debt, including mortgage-backed securities; equity securities such as common stocks, preferred stocks and convertible preferred securities of other REITs and real estate companies. We intend to purchase a significant number of single-family residential and other properties from an affiliate of our sponsor, which are identified in this memorandum. During the term of this offering, we will supplement this memorandum to disclose information concerning any significant investment identified or acquired by us.

We are seeking to raise up to $100,000,000 through our best efforts offering of Class A shares of our common stock to accredited investors, which amount may be increased to $200,000,000 in the sole discretion of our board of directors. As of the date of this memorandum, we have only designated one class of common stock, our Class A common stock, which we refer to herein as our shares of common stock. We are offering up to $100,000,000 of shares in our primary offering at an initial purchase price of $10.00. Discounts to the purchase price will be available to some categories of purchasers. We expect this offering will terminate no later than (i) six months after commencement of an initial public offering and (ii) our acceptance of subscriptions with an aggregate purchase price of $100,000,000. However, the term of this offering and the maximum offering amount may be extended in the sole discretion of our board of directors. We may terminate this offering at any time.

Investing in our common stock involves a high degree of risk. See "Risk Factors" to read about risks investors should consider before buying shares of our common stock. These risks include the following:

- No public market currently exists for our shares, and we have no plans at this time to list our shares on an exchange. Our charter does not require our board of directors to provide our stockholders a liquidity event by a specified date or at all. In addition, the shares are subject to restrictions on transferability and re-sale and you will be required to bear the financial risk of this investment for an indefinite period of time. If you are able to sell your shares, you would likely have to sell them at a substantial loss.
- We have no operating history and our total assets consist of $500,001 of cash. We intend to purchase a significant number of single-family residential and other properties from an affiliate of our sponsor, which are identified in this memorandum.
- This is a fixed price offering and we set the offering price of our shares arbitrarily. This price is unrelated to the book or net value of our assets or to our expected operating income.
- If we are unable to raise substantial funds during our offering stage, we may not be able to acquire a diverse portfolio of real estate investments and the value of our stockholders' investment may vary more widely with the performance of specific assets.
- All of our executive officers and directors and other key professionals are also officers, managers, directors, key professionals and/or holders of an interest in our advisor and/or other EquiAlt-affiliated entities. As such, they will face conflicts of interest, including significant conflicts created by our advisor's compensation arrangements with us and other EquiAlt-sponsored programs. Fees we pay our advisor in connection with the acquisition or origination and management of our investments will be based on the cost of the investment, not on the quality of the investment or services rendered to us. Unless and until we commence an initial public offering, we do not expect to have any independent directors.
- We depend on our advisor and its affiliates to conduct our operations and this offering. Our advisor is a newly formed entity with no operating history.
- We may fund distributions from any source, including, without limitation, from offering proceeds (which may constitute a return of capital). If we pay distributions from sources other than our cash flow from operations, we will have less funds available to make real estate investments, the overall return to our stockholders may be reduced and subsequent investors will experience dilution.
- We will pay substantial fees and expenses to our advisor, its affiliates and participating broker-dealers. These fees increase our stockholders' risk of loss.
- If you subscribe for shares in this private offering, you will grant an irrevocable authorization for our advisor to be your proxy at a meeting of our stockholders with permission to vote your shares on certain matters, including amendments to our charter.
- No investor may own more than 9.8% of our stock unless exempted by our board. See "Description of Shares – Restriction on Ownership of Shares."
- Disruptions in the financial markets and uncertain economic conditions could adversely affect our ability to implement our business strategy and generate returns to stockholders.

Neither the SEC nor any other state securities regulator has approved or disapproved of our common stock, determined if this memorandum is truthful or complete or passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.

This investment involves a high degree of risk. You should purchase these securities only if you can afford a complete loss of your investment. No one is permitted to make any predictions about the cash benefits or tax consequences you will receive from your investment.

The minimum permitted purchase generally is $25,000; provided, however, qualified accounts (as defined below) must initially invest at least $5,000 in our shares to be eligible to participate in this offering. We will not sell any shares in this offering unless we raise gross proceeds of $2,000,000 from the sale of common stock, whether in this offering or in a separate private transaction outside of this offering. Gross proceeds raised by us from the sale of shares to persons who are affiliated with us, our sponsor and our advisor and who have a financial interest in this offering will count toward the $2,000,000 threshold. Pending satisfaction of this condition, all subscription payments will be placed in an account held by the escrow agent, UMB Bank, N.A., in trust for subscriber's benefit, pending release to us. If we do not raise gross proceeds of $2,000,000 prior to the termination of this offering, we will promptly return all funds in the escrow account (including interest). Benefit Plan investors have different escrow procedures.

The date of this memorandum is December 7, 2017

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") IS BEING FURNISHED ON A CONFIDENTIAL BASIS SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED ON BEHALF OF US, EQUIALT SECURED INCOME PORTFOLIO REIT, INC. THIS MEMORANDUM IS NOT AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO PURCHASE SHARES TO ANY PERSON IN ANY JURISDICTION IN WHICH AN OFFER OR SOLICITATION IS UNLAWFUL OR NOT AUTHORIZED. ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ITS CONTENTS, WITHOUT OUR PRIOR WRITTEN CONSENT, IS PROHIBITED. THE OFFEREE, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN THIS MEMORANDUM AND ALL ENCLOSED DOCUMENTS TO US IF: (i) THE OFFEREE DOES NOT SUBSCRIBE TO PURCHASE ANY OF THE SHARES OFFERED HEREBY; (ii) THE OFFEREE'S SUBSCRIPTION IS NOT ACCEPTED; OR (iii) THE OFFERING IS TERMINATED FOR ANY REASON.

THE SHARES ARE OFFERED SUBJECT TO THE ACCEPTANCE BY US OF OFFERS BY PROSPECTIVE INVESTORS. WE MAY REJECT ANY OFFER IN WHOLE OR IN PART AND NEED NOT ACCEPT OFFERS IN THE ORDER RECEIVED.

THIS OFFERING IS BEING MADE IN RELIANCE UPON THE AVAILABILITY OF AN EXEMPTION FROM THE REGISTRATION PROVISIONS OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), BASED UPON OUR INTENDED COMPLIANCE WITH THE PROVISIONS OF REGULATION D UNDER THE SECURITIES ACT. ACCORDINGLY, A SALE WILL NOT BE MADE TO ANY PERSON UNLESS WE HAVE REASONABLE GROUNDS TO BELIEVE, AND DO BELIEVE, IMMEDIATELY PRIOR TO MAKING SUCH SALE, THAT SUCH PERSON IS A SUITABLE INVESTOR AS DESCRIBED IN THE SECURITIES ACT. SEE "WHO MAY INVEST."

THE SHARES HAVE NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR THE STATE SECURITIES AUTHORITIES OF ANY STATE, NOR HAS THE SEC OR ANY STATE SECURITIES AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SHARES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. AS A RESULT, THE SHARES MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF ONLY IF, AMONG OTHER THINGS, SUCH TRANSACTION IS REGISTERED OR SUCH TRANSACTION IS EXEMPT FROM THE REGISTRATION PROVISIONS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THIS MEMORANDUM SUPERSEDES ALL PREVIOUSLY PROVIDED MATERIALS, IF ANY. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

INFORMATION RELATING TO OUR COMPANY IS BASED ON THE BELIEFS OF OUR COMPANY AND OUR ADVISOR, EQUIALT CAPITAL ADVISORS, AS WELL AS ASSUMPTIONS MADE BY, AND INFORMATION CURRENTLY AVAILABLE TO, US AND OUR ADVISOR. WHEN USED IN THIS MEMORANDUM, THE WORDS "ANTICIPATE", "BELIEVE", "ESTIMATE", "INTEND", AND WORDS OR PHRASES OF SIMILAR IMPORT, AS THEY RELATE TO OUR COMPANY OR THE INVESTMENTS TO BE MADE BY US, ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS REFLECT THE CURRENT RISKS, UNCERTAINTIES, AND ASSUMPTIONS RELATED TO CERTAIN FACTORS INCLUDING, WITHOUT LIMITATION, COMPETITIVE FACTORS, GENERAL ECONOMIC CONDITIONS, MARKET CONDITIONS, ONE-TIME EVENTS, AND OTHER FACTORS DESCRIBED HEREIN, PARTICULARLY IN THE SECTION ENTITLED "RISK FACTORS." BASED UPON CHANGING CONDITIONS, SHOULD ANY ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALIZE OR SHOULD AN UNDERLYING ASSUMPTION PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED HEREIN AS ANTICIPATED, BELIEVED, ESTIMATED, EXPECTED OR INTENDED. THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION SET FORTH HEREIN IS CORRECT SUBSEQUENT TO THE DATE OF THIS MEMORANDUM. WE DO NOT INTEND TO UPDATE THESE FORWARD-LOOKING STATEMENTS. THIS MEMORANDUM MAY BE SUPPLEMENTED FROM TIME TO TIME TO SET FORTH MATERIAL SUBSEQUENT EVENTS OR INFORMATION AND ANY SUCH SUPPLEMENTS ARE INCORPORATED HEREIN BY REFERENCE.

OFFEREES ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS AS LEGAL, TAX OR INVESTMENT ADVICE. EACH OFFEREE SHOULD CONSULT HIS OWN COUNSEL, ACCOUNTANT OR BUSINESS ADVISOR AS TO LEGAL, TAX AND RELATED MATTERS COVERING THE SHARES OFFERED HEREBY. AN INVESTMENT IN OUR COMPANY DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM. INVESTORS MUST FULLY UNDERSTAND AND BE WILLING TO ASSUME THE RISKS INVOLVED IN OUR INVESTMENT PROGRAM. SUBSCRIBERS FOR SHARES WILL REPRESENT THAT THEY ARE ACQUIRING THE SHARES FOR INVESTMENT PURPOSES ONLY.

DURING THE COURSE OF THE OFFERING MADE HEREBY AND PRIOR TO THE PURCHASE OF SHARES, EACH OFFEREE OF SHARES AND HIS PURCHASER REPRESENTATIVE(S), IF ANY, ARE INVITED TO ASK QUESTIONS OF, AND TO OBTAIN ADDITIONAL INFORMATION FROM, US CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, OUR COMPANY OR ANY OTHER RELEVANT MATTERS INCLUDING ADDITIONAL INFORMATION TO VERIFY THE ACCURACY OF THE INFORMATION IN THIS MEMORANDUM TO THE EXTENT WE POSSESS SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE. IN ORDER TO BE RELIED UPON BY THE OFFEREE, ANY SUCH ADDITIONAL INFORMATION OR ANSWERS TO QUESTIONS MUST BE IN WRITING, MUST BE IDENTIFIED AS SUCH, MUST BE DELIVERED AFTER THIS MEMORANDUM, AND MUST BE PROVIDED BY OUR COMPANY. ALL DOCUMENTS REASONABLY RELATED TO THIS INVESTMENT THAT DO NOT ACCOMPANY THIS MEMORANDUM AS EXHIBITS WILL BE MADE AVAILABLE TO THE OFFEREE (OR TO ANY PURCHASER REPRESENTATIVE(S) RETAINED TO ADVISE HIM WITH RESPECT THERETO) UPON REQUEST.

NOTICE TO FLORIDA RESIDENTS: THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. UNDER FLORIDA LAW, IF SECURITIES ARE SOLD TO FIVE OR MORE FLORIDA RESIDENTS, SUCH

INVESTORS WILL HAVE A THREE DAY RIGHT OF RESCISSION. INVESTORS WHO HAVE EXECUTED A SUBSCRIPTION AGREEMENT MAY ELECT, WITHIN THREE BUSINESS DAYS AFTER THE FIRST TENDER OF CONSIDERATION THEREFORE, TO WITHDRAW THEIR SUBSCRIPTION AND RECEIVE A FULL REFUND OF ANY MONEY PAID BY THEM. SUCH WITHDRAWAL WILL BE WITHOUT ANY LIABILITY TO ANY PERSON. TO ACCOMPLISH SUCH WITHDRAWAL, THE WITHDRAWING INVESTOR MUST (i) PROVIDE WRITTEN NOTICE TO THE COMPANY INDICATING THE INVESTOR'S DESIRE TO WITHDRAW AND (ii) NOT BE A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY, A PENSION OR PROFIT-SHARING TRUST, OR A QUALIFIED INSTITUTIONAL BUYER. THE WRITTEN NOTICE MUST BE SENT AND POSTMARKED PRIOR TO THE END OF THE THIRD BUSINESS DAY AFTER THE FIRST TENDER OF CONSIDERATION FOR THE SECURITIES PURCHASED. NOTICE LETTERS SHOULD BE SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND TO EVIDENCE THE TIME WHEN IT IS MAILED. ANY ORAL REQUESTS FOR RESCISSION SHOULD BE ACCOMPANIED BY A REQUEST FOR WRITTEN CONFIRMATION FROM THE COMPANY THAT THE ORAL REQUEST WAS RECEIVED ON A TIMELY BASIS.

NOTICE TO PENNSYLVANIA RESIDENTS: EACH SUBSCRIBER WHO IS A PENNSYLVANIA RESIDENT HAS THE RIGHT TO CANCEL AND WITHDRAW HIS OR HER SUBSCRIPTION AND HIS OR HER PURCHASE OF SECURITIES THEREUNDER, UPON WRITTEN NOTICE TO THE COMPANY GIVEN WITHIN TWO BUSINESS DAYS FOLLOWING THE RECEIPT BY THE COMPANY OF HIS OR HER EXECUTED SUBSCRIPTION AGREEMENT. ANY LETTER OR TELEGRAM NOTICE SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED. IF YOU MAKE THE REQUEST ORALLY, YOU SHOULD ASK FOR WRITTEN CONFIRMATION FROM THE COMPANY THAT YOUR REQUEST HAS BEEN RECEIVED. UPON SUCH CANCELLATION OR WITHDRAWAL, THE SUBSCRIBER WILL HAVE NO OBLIGATION OR DUTY UNDER THE SUBSCRIPTION AGREEMENT TO THE COMPANY OR ANY OTHER PERSON AND WILL BE ENTITLED TO THE FULL RETURN OF ANY AMOUNT PAID BY HIM OR HER, WITHOUT INTEREST. NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY PASSED ON OR ENDORSED THE MERITS OF THE OFFERING, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON.

WHO MAY INVEST

The shares we are offering through this memorandum are being offered and sold in reliance on an exemption from the registration requirements of the Securities Act. Accordingly, purchasers in this offering will be strictly limited to persons who meet the requirements and make the representations set forth below. We reserve the right to declare any prospective investor ineligible to purchase shares based on any information that may become known or available to us concerning the suitability of such prospective investor or for any other reason.

Investor Suitability Standards

Investment in the shares involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. Investors should be able to afford the loss of their entire investment. This investment will be sold only to investors who (i) purchase a minimum of $25,000 of shares or $5,000 of shares for qualified accounts (as defined below), except that we may permit certain investors to make a smaller investment in our shares, in our sole discretion, and (ii) represent in writing that they meet the investor suitability standards established by us and as may be required under federal law.

A qualified account includes an account established for (i) an "employee pension benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA") and subject to the requirements of Title I of ERISA, (ii) an "individual retirement account" within the meaning of section 408(a) of the Code and/or a "Plan" within the meaning of section 4975(e)(1) of the Code, or (iii) a "governmental plan" within the meaning of section 3(32) of ERISA.

As a proposed investor in the shares, you must represent in writing that you meet, among others, all of the following suitability standards:

a. You are aware that an investment in the shares involves a high degree of risk of loss of your entire investment, and you understand and take full cognizance of the risk factors related to the purchase of the shares, including, but not limited to, those set forth in the section entitled "Risk Factors" in this memorandum.

b. You are aware that the shares are restricted securities, and may not be transferred or resold except as permitted under the Securities Act, and applicable state securities laws, pursuant to registration or exemption therefrom; no public market for the shares exists and none is expected to develop; and it may not be possible for you to liquidate your investment in the shares.

c. You have received and carefully read and understand this memorandum, the subscription agreement, and all other documents in connection therewith, and you confirm that all documents, records and books pertaining to the investment in the company through the shares have been made available to you and/or your purchaser representative or other personal investment, tax and legal advisers, if such advisers were utilized by yourself, and you agree to be bound by the terms of the subscription agreement and all such other documents.

d. You are the sole party in interest as to the shares subscribed for and are acquiring the shares for your own account, for investment only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the shares and you have adequate means of providing for your current needs and personal contingencies, and do not anticipate that you will have a need to liquidate or transfer the shares during the term of the company.

e. You are capable of bearing the high degree of economic risk of this investment including, but not limited to, the possibility of complete loss of investment and the lack of a public market that may make it impossible to readily liquidate the investment whenever desired, and your overall commitment to investments that are not readily marketable is not disproportionate to your net worth, and your investment in the shares will not cause such overall commitment to become excessive.

f. You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in your investment in the shares.

g. You have knowledge and experience in financial and business matters (either alone or with the aid of a purchaser representative), are capable of evaluating the merits and risks of an investment in the company and its proposed activities, have the ability to protect your interests in connection with such investment and have carefully considered the suitability of an investment in the company for your particular financial situation, and have determined that the shares are a suitable investment.

h. You are an accredited investor. Generally, to be an "accredited investor," an investor who is a natural person must, at the time of his or her purchase, (i) have a net worth, individually or jointly with one's spouse, in excess of $1,000,000 or (ii) have had an individual income in excess of $200,000 in each of the two most recent years, or joint income with one's spouse in excess of $300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year. In determining net worth, the value of the investor's principal residence, and debt secured thereby, is

excluded from the calculation, provided, that if the debt exceeds the fair market value of the principal residence, then the excess of such debt is included in total liabilities.

An organization or entity may qualify as an "accredited investor" if it is (i) a corporation, an organization described in Section 501 (c)(3) of the Internal Revenue Code, Massachusetts or similar business trusts or partnership not formed for the specific purpose of acquiring shares, with total assets in excess of $5,000,000, (ii) a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring shares, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in a share, (iii) a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); (iv) an insurance company as defined in Section 2(13) of the Securities Act; (v) an investment company registered under the Investment Company Act of 1940 (the "Investment Company Act"); (vi) a business development company as defined in Section 2(a)(48) of the Investment Company Act; (vii) any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; (viii) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, if such plan has total assets in excess $5,000,000; (ix) an employee Benefit Plan within the meaning of ERISA, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee Benefit Plan has total assets in excess of $5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors, (x) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, (xi) a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; (xii) an entity all of the equity owners of which are accredited investors.

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SUMMARY OF THE OFFERING

This summary highlights material information contained elsewhere in this memorandum. Because it is a summary, it may not contain all of the information that is important to you. To understand this offering fully, you should read the entire memorandum, as supplemented, carefully, including the "Risk Factors" section, before making a decision to invest in our common stock.

What is EquiAlt Secured Income Portfolio REIT, Inc.?

EquiAlt Secured Income Portfolio REIT, Inc. is a newly organized Maryland corporation that intends to qualify as a real estate investment trust, or REIT, beginning with the taxable year that will end December 31, 2017. We expect to use substantially all of the net proceeds raised during our offering stage to acquire and manage a diverse portfolio of real estate properties and real estate-related assets, consisting primarily of single-family residential properties. Based on the current market outlook, we expect our focus in the U.S. residential market to reflect a more value-creating core strategy. We may also invest in multifamily and commercial properties. The real estate-related assets in which we may invest include mortgage, mezzanine, bridge and other loans; debt, including mortgage-backed securities; equity securities such as common stocks, preferred stocks and convertible preferred securities of other REITs and real estate companies. We may make our investments through the acquisition of individual assets or by acquiring portfolios of assets, other REITs or real estate companies. While we generally expect to have no leverage, we may incur debt if unexpected events create extreme strains on our company or our ability to maintain and operate our portfolio, to make distributions to our stockholders to preserve our status as a REIT or to prevent other adverse consequences to the company. We plan to diversify our portfolio by geographic region, investment size and investment risk with the goal of acquiring a portfolio of income-producing assets that provides attractive and stable returns to our investors.

We were incorporated in the State of Maryland on June 27, 2017 and have not yet made any investments. We intend to purchase a significant number of single-family residential and other properties from an affiliate of our sponsor. For more information about these identified properties see "Investment Objectives and Criteria – Properties from our Affiliate."

Our external advisor, EquiAlt Capital Advisors LLC, will conduct our operations and will manage our portfolio of real estate investments. We have no paid employees.

Our office is located at 720 E. Henderson Avenue, Tampa, Florida 33602. Our telephone number is (855) EquiAlt.

What is a REIT?

In general, a REIT is an entity that:

- combines the capital of many investors to acquire or provide financing for real estate investments;
- allows individual investors to invest in a professionally managed, large-scale, diversified portfolio of real estate assets;
- pays distributions to investors of at least 90% of its annual REIT taxable income (computed without regard to the dividends-paid deduction and excluding net capital gain); and
- avoids the "double taxation" treatment of income that normally results from investments in a corporation because a REIT is not generally subject to federal corporate income taxes on that portion of its income distributed to its stockholders, provided certain income tax requirements are satisfied.

However, under the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, REITs are subject to numerous organizational and operational requirements. If we fail to qualify for taxation as a REIT in any year after electing REIT status, our income will be taxed at regular corporate rates, and we may be precluded from qualifying for treatment as a REIT for the four-year period following our failure to qualify. Even if we qualify as a REIT for federal income tax purposes, we may still be subject to state and local taxes on our income and property and to federal income and excise taxes on our undistributed income.

What are your investment objectives?

Our primary investment objectives are to preserve and return our stockholders' capital contribution and to provide them with attractive and stable cash distributions. We will also seek to realize growth in the value of our investments by timing asset sales to maximize asset value.

We may return all or a portion of our stockholders' capital contribution in connection with the sale of the company or the assets we acquire or upon maturity or payoff of our debt investments. Alternatively, and while the sale of our stockholders' shares

may be difficult for the reasons discussed in the risk factors below, our stockholders may be able to obtain a return of all or a portion of their capital contribution in connection with the sale of their shares.

Once we make our first real estate investment, we expect our board of directors to authorize and declare distributions based on daily record dates and to pay these distributions on a monthly basis; however, we may be unable or limited in our ability to make distributions to our stockholders.

Are there any risks involved in an investment in your shares?

Investing in our common stock involves a high degree of risk. You should carefully review the "Risk Factors" section of this memorandum, which contains a detailed discussion of the material risks that you should consider before you invest in our common stock. Some of the more significant risks relating to an investment in our shares include:

- No public market currently exists for our shares of common stock, and we have no plans at this time to list our shares on a national securities exchange. Our charter does not require our directors to provide our stockholders with a liquidity event by a specified date or at all. In addition, the shares are subject to restrictions on transferability and resale and you will be required to bear the financial risk of this investment for an indefinite period of time. Further, any sale must comply with applicable state and federal securities laws. In addition, our charter prohibits the ownership of more than 9.8% of our stock, unless exempted by our board of directors, which may inhibit large investors from purchasing our stockholders' shares. Our shares cannot be readily sold and, if our stockholders are able to sell their shares, they would likely have to sell them at a substantial loss.

- We have no operating history and our total assets consist of $500,001 of cash. As of the date of this memorandum, we did not own any real estate investments. We intend to purchase a significant number of single-family residential and other properties from an affiliate of our sponsor. However, our stockholders will not have an opportunity to evaluate all of our investments before we make them, making an investment in us more speculative.

- This is a fixed price offering and we set the offering price of our shares arbitrarily. This price may not be indicative of the price at which our shares would trade if they were listed on an exchange or actively traded, and this price bears no relationship to the book or net value of our assets or to our expected operating income.

- If we are unable to raise substantial funds during our offering stage, we may not be able to acquire a diverse portfolio of real estate investments, which may cause the value of an investment in us to vary more widely with the performance of specific assets and cause our general and administrative expenses to constitute a greater percentage of our revenue. Raising fewer proceeds during our offering stage, therefore, could increase the risk that our stockholders will lose money in their investment.

- We depend on our advisor and its affiliates to select and manage our investments and conduct our operations and this offering. Our advisor is a newly formed entity with no operating history.

- There is no limit on the amount of organization and offering expenses we may incur in this offering. As of September 26, 2017, our advisor and its affiliates had incurred approximately $294,603.15 in organization and offering expenses related to this offering on our behalf. Once we raise the minimum amount necessary to sell shares in this offering, we will be obligated to reimburse our advisor and its affiliates for these expenses. Thus, unless we raise significant proceeds in this offering, our organization and offering expenses will be a significant portion of the total proceeds raised.

- All of our executive officers, our directors and other key real estate professionals are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor and/or other EquiAlt-affiliated entities. As a result, our executive officers, our directors, some of our key real estate professionals, our advisor and its affiliates will face conflicts of interest, including significant conflicts created by our advisor's and its affiliates' compensation arrangements with us and other EquiAlt-sponsored programs and conflicts in allocating time among us and these other programs. Furthermore, these individuals may become employees of another EquiAlt-sponsored program in an internalization transaction or, if we internalize our advisor, may not become our employees as a result of their relationship with other EquiAlt-sponsored programs. These conflicts could result in action or inaction that is not in the best interests of our stockholders. Unless and until we commence an initial public offering, we do not expect to have any independent directors.

- We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). Until the proceeds from our offering stage are fully invested and from time to time during our

operational stage, we expect to use proceeds from third-party financings to fund at least a portion of distributions in anticipation of cash flow to be received in later periods. We may also fund distributions from the sale of assets or from the maturity, payoff or settlement of debt investments. If we pay distributions from sources other than our cash flow from operations, we will have less funds available for investment in assets, the overall return to our stockholders may be reduced and subsequent investors will experience dilution.

- Because investment opportunities that are suitable for us may also be suitable for other EquiAlt-sponsored programs, our advisor and its affiliates could face conflicts of interest relating to the purchase of properties and other investments. Any such conflicts in directing investment opportunities may not be resolved in our favor, meaning that we could invest in less attractive assets, which could reduce the investment return to our stockholders. Currently, the only other EquiAlt-sponsored programs are no longer making acquisitions of properties. Accordingly, any conflicts we face would be with respect to future EquiAlt-sponsored programs, none of which are contemplated at this time.

- Our advisor and its affiliates will receive fees in connection with transactions involving the acquisition or origination and management of our investments. These fees will be based on the cost of the investment, and not based on the quality of the investment or the quality of the services rendered to us. This may influence our advisor to recommend riskier transactions to us and increases our stockholders' risk of loss.

- We will pay substantial fees to and expenses of our advisor, its affiliates and participating broker-dealers, which payments increase the risk that our stockholders will not earn a profit on their investment. We may also pay significant fees during our listing/liquidation stage.

- While we generally expect to have no leverage, we may incur debt if unexpected events create extreme strains on our company or our ability to maintain and operate our portfolio, to make distributions to our stockholders to preserve our status as a REIT or to prevent other adverse consequences to the company. Under our charter, we are not limited in the amount of debt we can incur until commencement of an initial public offering, at which point our charter would limit our aggregate borrowings to 300% of our net assets (before deducting depreciation or other non-cash reserves) unless the conflicts committee of our board of directors (which would be formed pursuant to our charter upon commencement of an initial public offering) approves such excess. High debt levels could limit the amount of cash we have available to distribute and could result in a decline in the value of our stockholders' investment.

- If we are unable to locate investments with attractive yields while we are investing the proceeds raised in our offering stage, our distributions and the long-term returns of our investors may be lower.

- If you subscribe for shares in this offering, you will grant an irrevocable authorization for our advisor to be your proxy at a meeting of our stockholders with permission to vote your shares on certain matters, including certain amendments to our charter.

- We will depend on tenants for the revenue generated by any real estate investments we make and, accordingly, the revenue generated by our real estate investments is dependent upon the success and economic viability of our tenants. Revenues from any properties we acquire could decrease due to a reduction in occupancy (caused by factors including, but not limited to, tenant defaults, tenant insolvency, early termination of tenant leases and non-renewal of existing tenant leases) and/or lower rental rates, making it more difficult for us to meet any debt service obligations we have incurred and limiting our ability to pay distributions to our stockholders.

- Our future real estate investments may be affected by unfavorable real estate market and general economic conditions, which could decrease the value of those assets and reduce the investment return to our stockholders. Revenues from such real estate properties and assets directly securing any real estate-related investments we acquire or originate could decrease. Such events would make it more difficult for the borrowers under such investments to meet their payment obligations to us and could in turn make it more difficult for us to meet debt service obligations and limit our ability to pay distributions to our stockholders.

- Disruptions in the financial markets and uncertain economic conditions could adversely affect our ability to implement our business strategy and generate returns to our stockholders.

- We may incur debt obligations that have variable interest rates with interest and related payments that vary with the movement of LIBOR or other indexes. Increases in the indexes could increase the amount of payments on such debt obligations and limit our ability to pay distributions to our stockholders.

Who is your advisor and what will the advisor do?

As our advisor, EquiAlt Capital Advisors will manage our day-to-day operations and our portfolio of real estate investments, all subject to the supervision of our board of directors. Our advisor is indirectly owned and controlled by Brian Davison. Mr. Davison and his team of real estate professionals, acting through EquiAlt Capital Advisors, will make most of the decisions regarding the selection and the negotiation of our real estate investments. EquiAlt Capital Advisors then makes recommendations on all investments to our board of directors. EquiAlt Capital Advisors will also provide asset management, marketing, investor-relations and other administrative services on our behalf with the goal of maximizing our cash flow from operations.

What is the experience of your sponsor?

EquiAlt Holdings LLC, which is owned and controlled by Brian Davison, acts as our sponsor. EquiAlt Holdings owns and controls our advisor and EquiAlt Property Management, LLC, our property manager. Mr. Davison actively participates in the management and operations of our advisor and our property manager.

Mr. Davison works at EquiAlt Capital Advisors with his team of key real estate professionals. The key real estate professionals at our advisor include Mr. Davison, Barry Rybicki, Tony James Michael Kelly, Bertram Andy Nyka and Michelle Rodriquez Diaz. These key real estate professionals, collectively, have over 50 years of real estate experience. The key real estate professionals at our advisor have been through multiple real estate cycles in their careers and have the expertise gained through hands-on experience in acquisitions, originations, asset management, dispositions, development, leasing and property and portfolio management.

Collectively, EquiAlt Fund, LLC ("EquiAlt Fund I"), EquiAlt Fund II, LLC ("EquiAlt Fund II"), EA SIP, LLC ("EA SIP") and EquiAlt, LLC own approximately 350 properties, largely consisting of single-family residential properties and multifamily properties, primarily in the greater Tampa, Florida area and surrounding counties.

When we refer to a "EquiAlt-sponsored program," we are referring to the real estate programs sponsored by an investment advisor affiliated with Mr. Davison and our company, that have been or are currently being sponsored by Mr. Davison. As noted above, Mr. Davison has sponsored EquiAlt Fund I, EquiAlt Fund II and EA SIP, which continue to manage properties. Mr. Davison also sponsored EquiAlt Fund III, LLC ("EquiAlt Fund III"), which returned all principal plus a fixed 9% annual return to third-party investors. EquiAlt, LLC was the manager of EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP.

Mr. Davison is our Chief Executive Officer, President and Chairman of the Board of Directors, positions he has held since our inception in June 2017. Mr. Davison is also the Chief Executive Officer and a principal of our advisor and our property manager. Mr. Davison is the founder of the EquiAlt family of companies, and has served as the Chief Executive Officer of EquiAlt, LLC since the company's inception in 2011. Mr. Davison has extensive executive management experience and more than 20 years of experience in the real estate industry, with an emphasis on the single-family residential market. In 2009, Mr. Davison founded EquityAlt, LLC through which he acquired real property with third-party investors, typically structured as tenancies in common. Under his leadership, EquityAlt, LLC began acquiring distressed real estate assets, including single-family properties sold at auction. Having successfully completed numerous transactions between 2009 and 2011, Mr. Davison founded EquiAlt, LLC in early 2011 to introduce a fixed-return fund concept for its investors. EquiAlt, LLC served as the manager for four EquiAlt-sponsored programs, EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP. These programs offered investors fixed-rate debentures and targeted the single-family residential market. EA SIP, however, focuses on single-family residential and multifamily developments. Mr. Davison has purchased, rehabilitated, and either sold or rented more than $300 million in single-family and multi-family properties on behalf of the EquiAlt-sponsored programs, delivering impressive returns to the funds.

From 2003 to the start of 2008, Mr. Davison served as the Chief Executive Officer of Affinity Capital LLC, a national mortgage brokerage with offices in three states, where he successfully completed over $600 million in funded projects for single-family residential property, commercial property, and tenants-in-common transactions before the U.S. economy suffered its severe downtown. As a result of the Great Recession and its impact on the real estate industry, including his then-employer, Mr. Davison filed for personal bankruptcy, which was discharged in August 2008.

Prior to that experience, he served as an officer or director of several real estate lending or investment companies beginning in 1995, with a focus on single-family residential products.

Mr. Davison studied political science at California State University San Marcos, and holds, or has held, mortgage broker licenses in Nevada and Florida, and real estate licenses in California and Nevada.

Mr. Rybick has served as our Chief Financial Officer, Treasurer, Secretary and Executive Vice President since December 2017 and as a member of the Board of Directors since August 2017. Mr. Rybicki is also the Chief Operating Officer of our advisor and our property manager. Mr. Rybicki has served as Managing Director of EquiAlt, LLC since its inception in January 2011. He served as President of Operations of EquityAlt, LLC from June 2009 to early 2011, when he and Mr. Davison formed EquiAlt, LLC.

Mr. Rybicki has over 20 years of experience in residential real estate investment, banking, and investment funds. For the past six years, he has managed a $100 million capital raise for the EquiAlt family of funds, and he oversaw the successful dissolution of EquiAlt Fund III.

Mr. Rybicki also founded and successfully grew Integrity Funding, LLC, a mortgage bank, from March 2003, until its dissolution in June 2009. During that time, Mr. Rybicki acted as Chief Executive Officer and oversaw the origination of over $500 million in real estate loans, ranking it within the top five financial institutions in the Western region of the United States, before the collapse of the real estate lending industry. He developed numerous relationships within Wells Fargo, Citi Bank, JP Morgan and Bank of America. As a result of the Great Recession and its impact on the real estate industry, including his then-employer, Mr. Rybicki filed for bankruptcy, which was discharged in 2009.

Mr. Rybicki has a thorough knowledge of business administration and management as well as an extensive experience in lending, portfolio management, marketing, acquisition analysis and contract negotiation. Mr. Rybicki has held numerous banking licenses and has many affiliations with the National Association of Mortgage Brokers.

How do you expect your portfolio to be allocated between real estate properties and real estate-related assets?

We intend to acquire and manage a diverse portfolio of real estate investments. We plan to diversify our portfolio by geographic region, investment size and investment risk with the goal of acquiring a portfolio of income-producing assets that provides attractive and stable returns to our investors. We intend to allocate approximately 75% to 100% of our portfolio to investments in single-family residential properties. Based on the current market outlook, we expect our focus in the U.S. residential market to reflect a more value-creating core strategy. We intend to allocate approximately 0% to 25% of our portfolio to multifamily properties, resorts, land for development, commercial properties, and/or real estate-related investments, including mortgage, mezzanine, bridge and other loans; debt, including mortgage-backed securities; equity securities such as common stocks, preferred stocks and convertible preferred securities of other REITs and real estate companies. If we make investments in other public companies, we do not expect our non-controlling equity investments in other public companies to exceed 3% of the proceeds raised during our offering stage, assuming we raise substantial proceeds during our offering stage, or to represent a substantial portion of our assets at any one time.

Although this is our current target portfolio, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities. We will not forego a good investment because it does not precisely fit our expected portfolio composition. We believe that we are most likely to meet our investment objectives through the careful selection and underwriting of assets. When making an acquisition, we will emphasize the performance and risk characteristics of that investment, how that investment will fit with our portfolio-level performance objectives, the other assets in our portfolio and how the returns and risks of that investment compare to the returns and risks of available investment alternatives. Thus, to the extent that our advisor presents us with what we believe to be good investment opportunities that allow us to meet the REIT requirements under the Internal Revenue Code, our portfolio composition may vary from what we initially expect. However, we will attempt to construct a portfolio that produces stable and attractive returns by spreading risk across different real estate investments.

What is the composition of your board of directors?

Currently our board is composed of two directors, one of whom directly or indirectly owns our sponsor and advisor and both of whom are executive officers of our advisor. Prior to commencement of an initial public offering, we expect to appoint three additional directors who are independent of our sponsor and advisor to our board of directors. Currently, however, none of the members of our board of directors are independent. Pursuant to our charter, upon commencement of an initial public offering, a committee composed solely of independent directors, or the conflicts committee, would be formed to address the conflicts of interest arising out of our relationship with our advisor and its affiliates. An "independent director" is a person who would meet the requirements set forth in our charter for an independent director and who is not one of our officers or employees or an officer or employee of EquiAlt Capital Advisors, our sponsor or their affiliates, and has not been so for the previous two years. Serving as a director of, or having an ownership interest in, another EquiAlt-sponsored program would not, by itself, preclude independent director status.

Will you use leverage?

While we generally expect to have no leverage, we may incur debt if unexpected events create extreme strains on our company or our ability to maintain and operate our portfolio, to make distributions to our stockholders to preserve our status as a REIT or to prevent other adverse consequences to the company. Upon commencement of an initial public offering, our charter would

limit our aggregate borrowings to 300% of our net assets (before deducting depreciation or other non-cash reserves); however, we could exceed that limit if a majority of the conflicts committee (which would be formed pursuant to our charter upon commencement of an initial public offering) approves each borrowing in excess of our charter limitation and we disclose such borrowing to our stockholders in our next quarterly report with an explanation from the conflicts committee of the justification for the excess borrowing.

How will you structure the ownership and operation of your assets?

We plan to own substantially all of our assets and conduct our operations through EquiAlt Secured Income Portfolio Limited Partnership, which we refer to as our "Operating Partnership" in this memorandum. We are the sole general partner of our Operating Partnership and our wholly owned subsidiary, EquiAlt Secured Income Portfolio REIT Holdings LLC, is the sole limited partner of our Operating Partnership. Because we plan to conduct substantially all of our operations through our Operating Partnership, we are considered an "Umbrella Partnership Real Estate Investment Trust," or UPREIT.

What conflicts of interest will your advisor face?

EquiAlt Capital Advisors and its affiliates will experience conflicts of interest in connection with the management of our business. Mr. Davison controls and indirectly owns both our advisor and our property manager. Messrs. Davison and Rybicki, our executive officers, are also executive officers of our advisor and property manager. Some of the material conflicts that EquiAlt Capital Advisors and its affiliates will face include the following:

- The team of real estate professionals at our advisor must determine which investment opportunities to recommend to us and any future EquiAlt-sponsored programs, or programs for whom EquiAlt-affiliated entities serve as an advisor;

- The team of professionals at EquiAlt Capital Advisors and its affiliates have to allocate their time between us and other programs and activities in which they are involved;

- EquiAlt Capital Advisors and its affiliates will receive fees in connection with transactions involving the acquisition or origination, management and sale of our assets regardless of the quality of the asset acquired or the services provided to us;

- EquiAlt Capital Advisors and its affiliates will receive fees in connection with our offerings of equity securities;

- The negotiations of the advisory agreement and the property management agreement (including the substantial fees EquiAlt Capital Advisors and its affiliates will receive thereunder) were not at arm's length;

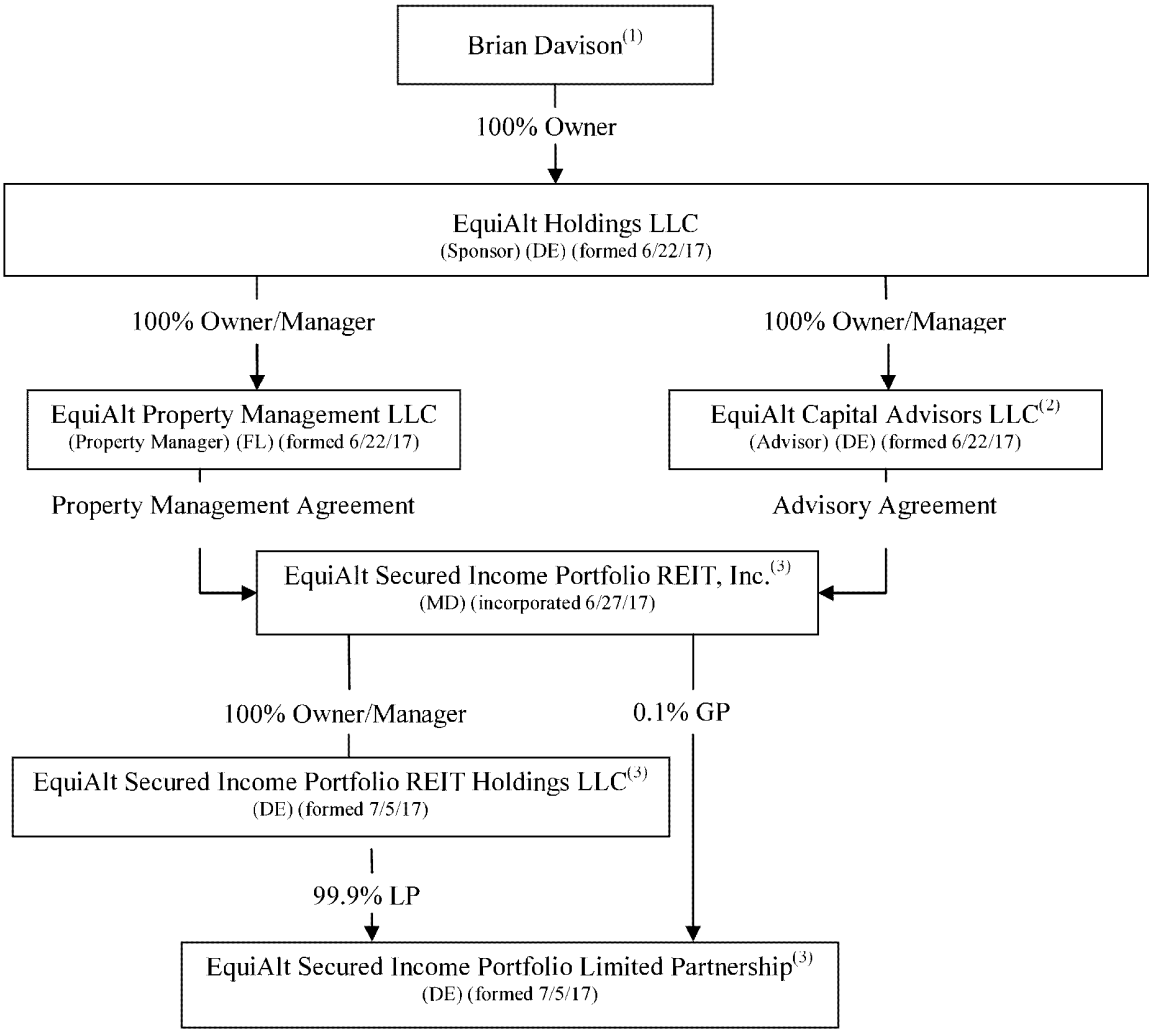
- EquiAlt Capital Advisors may terminate the advisory agreement without cause or penalty upon 60 days' written notice. Upon termination of the advisory agreement by either party, EquiAlt Capital Advisors may be entitled to receive a fee. The amount of the fee would be 15% of the amount, if any, by which (i) the hypothetical liquidation proceeds as determined by an independent third party plus distributions paid exceed (ii) the amount necessary to provide investors with a return of their gross investment amount and a 6% per year cumulative, noncompounded return from inception through the termination date; however, the agreement does not require that investors actually have received such return prior to payment of the fee. For more information on the calculation of the 6% per year cumulative, noncompounded return, see "Management Compensation—Operational and Liquidation Listing Stage—Subordinated Participation in Net Cash Flows." If the ultimate liquidation value of our assets were to decline relative to the appraised value of our assets as of the termination date of the advisory agreement, we may have paid a fee to our advisor even if our stockholders do not ultimately receive a 6% per year cumulative, noncompounded return on their investment in us; and

- The key real estate, debt finance, management and accounting professionals at our advisor may become employees of another EquiAlt-sponsored program in an internalization transaction or, if we internalize our advisor, may not become our employees as a result of their relationship with other EquiAlt-sponsored programs.

- EquiAlt Capital Advisors and its affiliates may structure the terms of joint ventures between us and other EquiAlt-sponsored programs or EquiAlt-advised entities.

Who owns and controls the advisor?

The following chart shows the ownership structure of EquiAlt Capital Advisors, EquiAlt Property Management and their affiliates that will perform services for us:



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(1) Brian Davison is our Chief Executive Officer, President and Chairman of our Board of Directors.

(2) As of the date of this memorandum, EquiAlt Capital Advisors owned 55,248 shares of our common stock, which it acquired in exchange for an initial investment of $500,001.

(3) We are the sole member and manager of EquiAlt Secured Income Portfolio REIT Holdings LLC. EquiAlt Secured Income Portfolio REIT Holdings is the sole limited partner of, and owns a 99.9% partnership interest in, EquiAlt Secured Income Portfolio Limited Partnership. We are the sole general partner of, and own the remaining 0.1% partnership interest in, EquiAlt Secured Income Portfolio Limited Partnership.

As of the date of this memorandum, Mr. Davison has not received any compensation from us for services provided in his capacity as a principal of EquiAlt Capital Advisors or its affiliates. In connection with this offering, we will pay or reimburse our advisor and its affiliates for the services described below.

What are the fees that you will pay to the advisor, its affiliates and participating broker-dealers?

EquiAlt Capital Advisors and/or its affiliates and participating broker-dealers, will receive compensation and reimbursement for services related to this offering and the investment and management and disposition of our assets. The most significant items of compensation are included in the table below. The table assumes the maximum commissions, allowances and expense reimbursements (collectively, the "Selling Commissions and Expenses") (with no discounts to any categories of purchasers).

Type of Compensation	Determination of Amount	Estimated Amount for Minimum Primary Offering $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares
	Organization and Offering Stage	
Selling Commissions	Up to 6.5% of the purchase price of the shares sold in the primary offering will be paid to participating broker-dealers.	$130,000 / $6,500,000
Marketing and Due Diligence Allowance	Up to 1% of the purchase price of the shares sold in the primary offering will be paid to participating broker-dealers.	$20,000/ $1,000,000
Organization and Other Offering Expenses	To date, our advisor has paid organization and other offering expenses on our behalf. We will reimburse our advisor for these costs and future organization and other offering costs it may incur on our behalf. These organization and other offering expenses include all expenses (other than Selling Commissions and Expenses) to be paid by us in connection with the offering, including our legal, accounting, printing, mailing and filing fees, charges of our escrow holder, charges of our advisor for administrative services related to the issuance of shares in this offering, reimbursement of due diligence expenses of broker-dealers, reimbursement of our advisor for costs in connection with preparing supplemental sales materials, the cost of training and education meetings held by us (primarily the travel, meal and lodging costs of registered representatives of broker-dealers), attendance and sponsorship fees and travel, meal and lodging costs for officers and employees of our affiliates to attend retail seminars conducted by broker-dealers. If we raise the maximum offering amount we expect our organization and other offering expenses to be 2% of gross offering proceeds; however, there is no limit on the amount of organization and other offering expenses we may incur. If we only raise $2,000,000, we expect our organization and other offering expenses to be 30% of gross offering proceeds.	$600,000/ $2,000,000
	Acquisition and Development Stage	
Acquisition and Origination Fees – EquiAlt Capital Advisors	1.5% of the cost of investments acquired by us, or the amount to be funded by us to acquire or originate loans, including any acquisition expenses associated with the purchase of such investment or the acquisition or origination of such loan, and any debt attributable to such investment or loan, plus significant capital expenditures budgeted as of the date of acquisition related to the development, construction or improvement of a real estate property; provided, however, such fee will be reduced to 0.75% with respect to investments acquired by us from our affiliates. Acquisition fees calculated based on capital expenditures budgeted as of the date of acquisition shall be paid at the time funds are disbursed pursuant to a final approved budget upon receipt of an invoice by us. Upon commencement of an initial public offering, our charter would limit our ability to make an investment if the total of all acquisition and origination fees and acquisition and origination	$12,718 (minimum amount and no debt)/ $945,564 (maximum offering and no debt), assuming 50% of the target investment capital is used to acquire investments from our affiliates

Type of Compensation	Determination of Amount	Estimated Amount for Minimum Primary Offering $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares
	expenses relating to the investment exceeds 6% of the contract purchase price or 6% of the total funds advanced. This limit could only be exceeded if a majority of the board of directors (including a majority of the members of the conflicts committee once formed) not otherwise interested in the transaction approves the fees and expenses and finds the transaction to be commercially competitive, fair and reasonable to us.	
Acquisition and Origination Expenses – EquiAlt Capital Advisors	Reimbursement of customary acquisition and origination expenses (including expenses relating to potential investments that we do not close), such as legal fees and expenses (including fees of independent contractor in-house counsel that are not employees of our advisor), costs of due diligence (including, as necessary, updated appraisals, surveys and environmental site assessments), travel and communications expenses, accounting fees and expenses and other closing costs and miscellaneous expenses relating to the acquisition or origination of real estate properties and real estate-related investments. We estimate that these expenses will average approximately 0.6% of the purchase price or origination amount of our investments, excluding fees and expenses associated with such investments.	$6,783 (minimum amount and no debt) /$504,301 (maximum offering and no debt)
	Operational Stage	
Asset Management Fees – EquiAlt Capital Advisors	A monthly fee equal to one-twelfth of 1.6% of the cost of our investments, less any debt secured by or attributable to our investments. The cost of our real property investments will be calculated as the amount paid or allocated to acquire the real property, plus budgeted capital improvement costs for the development, construction or improvements to the property once such funds are disbursed pursuant to a final approved budget and fees and expenses associated with the purchase of such real property, but excluding acquisition fees paid or payable to our advisor or its affiliates. The cost of our real estate-related investments and any investments other than real property will be calculated as the lesser of: (x) the amount paid or allocated to acquire, originate or fund the investment, including fees and expenses associated with the acquisition, origination or funding of such investment (but excluding acquisition or origination fees paid or payable to our advisor or its affiliates), and (y) the outstanding principal amount of such investment, including fees and expenses associated with the acquisition, origination or funding of such investment (but excluding acquisition or origination fees paid or payable to our advisor or its affiliates). In the case of investments made through joint ventures, the asset management fee will be determined based on our proportionate share of the underlying investment.	Actual amounts are dependent upon the total equity and debt capital we raise, the cost of our investments and the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation	Determination of Amount	Estimated Amount for Minimum Primary Offering $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares
Other Operating Expenses – EquiAlt Capital Advisors and EquiAlt Property Management	We may reimburse the expenses incurred by our advisor in connection with its provision of services to us, including our allocable share of our advisor's overhead, such as rent, employee costs, utilities and IT costs. Our advisor may seek reimbursement for employee costs under the advisory agreement. However, we will not reimburse our advisor or its affiliates for employee costs in connection with services for which our advisor earns acquisition or origination fees or disposition fees (other than reimbursement of travel and communication expenses) or for the salaries or benefits our advisor or its affiliates may pay to our named executive officers. We will reimburse our property manager for all expenses and liabilities incurred in connection with certain utility and service contracts entered into on our behalf. We will reimburse the costs and expenses incurred by our property manager on our behalf, including the wages and salaries and other employee-related expenses and benefits of all on-site employees of our property manager who are engaged in the operation, management, maintenance and leasing or access of our properties, including taxes, insurance and benefits relating to such employees, costs of technology related to specific properties, and legal, travel and other out-of-pocket expenses that are directly related to the management of specific properties. We will not be obligated to reimburse our property manager for any expense allocable to (i) time spent on properties other than those properties the property manager manages under the property management agreement and (ii) any personnel other than on-site personnel or personnel spending a portion of their working hours (to be charged on a pro rata basis) on-site. We may also reimburse our property manager for certain third-party charges and miscellaneous expenses.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
Property Management Fee – EquiAlt Property Management	A monthly management fee equal to the following: (a) for any single-family residential property, (i) 10% of gross revenues for each such property for such month payable monthly in arrears, and (ii) the first month's rent payment for any property for which property manager has placed a new tenant, plus (b) for any property that is not a single-family residence, including multifamily and commercial properties, 4.5% of gross revenues for each such property for such month payable monthly in arrears. "Gross revenues" means all amounts actually collected as rents or other charges for use and occupancy of properties, whether residential or commercial, and concessionaires (if any) in respect of each property, including furniture rental, parking fees, forfeited security deposits, application fees, late charges, income from coin operated machines, proceeds from rental interruption insurance, and other miscellaneous income collected at each property; but shall exclude all other receipts, including but not limited to, income derived from interest on investments or otherwise, proceeds of claims on account of insurance policies (other than	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation	Determination of Amount	Estimated Amount for Minimum Primary Offering $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares
	rental interruptions insurance), abatement of taxes, and awards arising out of eminent domain proceedings, discounts and dividends on insurance policies.	
Oversight Fee – EquiAlt Property Management	If we hire a third-party property manager not affiliated with the property manager in respect of a property for which we, in our sole discretion, have the ability to appoint or hire the property manager, we will pay the property manager an oversight fee equal to 0.50% of gross revenues of such property.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
	Operational and Liquidation/Listing Stage	
Subordinated Participation in Net Cash Flows (payable only while we are not listed on a national securities exchange) – EquiAlt Capital Advisors	After our common stockholders have received, together as a collective group, aggregate distributions (including distributions that may constitute a return of capital for federal income tax purposes) sufficient to provide (i) a return of their gross investment amount, which is the amount calculated by multiplying the total number of shares purchased by stockholders by the issue price, reduced by the total number of shares repurchased by us pursuant to our share redemption program (excluding the number of shares issued as stock dividends and subsequently repurchased by us) multiplied by the weighted average issue price of the shares sold in the primary offering, and (ii) a 6% per year cumulative, noncompounded return on such gross investment amount, EquiAlt Capital Advisors is entitled to receive 15% of our net cash flows, whether from continuing operations, net sales proceeds, net financing proceeds, or otherwise. Net sales proceeds means the net cash proceeds realized by us after deduction of all expenses incurred (i) in connection with a disposition of our assets, or (ii) from the prepayment, maturity, workout or other settlement of any loan or other investment. Net financing proceeds means the net cash proceeds realized from the financing of our assets or refinancing of our debt. The 6% per year cumulative, noncompounded return on gross investment amount is calculated on a daily basis. In making this calculation, gross investment amount is determined for each day during the period for which the 6% per year cumulative, noncompounded return is being calculated, including a daily adjustment to reflect shares repurchased by us pursuant to our share redemption program, and gross investment amount is reduced by the following: (i) distributions from net sales proceeds, (ii) distributions paid from operating cash flow in excess of a cumulative, noncompounded, annual return of 6%, and (iii) distributions from net financing proceeds, except to the extent such distributions would be required to supplement prior distributions paid in order to achieve a cumulative, noncompounded, annual return of 6%. Gross investment amount is only reduced as described above; it is not reduced simply because a distribution constitutes a return of capital for federal income tax purposes. The 6% per year cumulative, noncompounded return is not based on the return provided to any individual stockholder. Accordingly, it is not	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation	Determination of Amount	Estimated Amount for Minimum Primary Offering $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares
	necessary for each of our stockholders to have received any minimum return in order for EquiAlt Capital Advisors to participate in our net cash flows. In fact, if EquiAlt Capital Advisors is entitled to participate in our net cash flows, the returns of our stockholders will differ, and some may be less than a 6% per year cumulative, noncompounded return. This fee is payable only while we are not listed on an exchange.	
	Liquidation/Listing Stage	
Disposition Fees – EquiAlt Capital Advisors or its affiliates	In connection with the sale of our assets, which includes the sale of a single asset or the sale of all or a portion of our assets through a portfolio sale, merger or business combination transaction, we will pay our advisor or its affiliates a percentage of the contract sales price of the assets sold (including residential or commercial mortgage-backed securities issued by a subsidiary of ours as part of a securitization transaction). For dispositions with a contract sales price less than or equal to $1.5 billion, the disposition fee will equal 1.5% of the contract sales price. For dispositions with a contract sales price greater than $1.5 billion, the disposition fee will equal 1.5% of the first $1.5 billion of the contract sales price, plus 1.1% of the amount of the contract sales price in excess of $1.5 billion. Provided, however, that upon commencement of an initial public offering, the disposition fees paid to our advisor, its affiliates and unaffiliated third parties may not exceed 6% of the contract sales price. We will not pay a disposition fee upon the maturity, prepayment or workout of a loan or other debt-related investment, provided that if we negotiate a discounted payoff with the borrower, we will pay a disposition fee and if we take ownership of a property as a result of a workout or foreclosure of a loan, we will pay a disposition fee upon the sale of such property. We do not intend to sell assets to affiliates. However, if we do sell assets to an affiliate, our organizational documents would not prohibit us from paying our advisor a disposition fee. Although we are most likely to pay disposition fees during our liquidation stage, these fees may also be incurred during our operational stage.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
Subordinated Incentive Fee (payable only upon a merger or if we are listed on a national securities exchange) – EquiAlt Capital Advisors	Upon a merger or listing of our common stock on a national securities exchange, we will pay our advisor an incentive fee. Upon a listing this fee will equal 15% of the amount by which (i) the market value of our outstanding stock plus the total of all distributions paid by us to stockholders from inception until the date market value is determined (including distributions that may constitute a return of capital for federal income tax purposes and excluding any stock dividend) exceeds (ii) the sum of our stockholders' gross investment amount, which is the amount calculated by multiplying the total number of shares purchased by stockholders by the issue price, reduced by the total number of shares repurchased by us pursuant to our share redemption	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation	Determination of Amount	Estimated Amount for Minimum Primary Offering $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares
	program multiplied by the weighted average issue price of the shares sold in the primary offering, and the amount of cash flow necessary to generate a 6% per year cumulative, noncompounded return on our stockholders' gross investment amount from our inception through the date the market value is determined. Upon a merger this fee will equal 15% of the amount by which (i) the merger consideration amount plus the total of all distributions paid or declared by us to stockholders from inception until the closing of the merger (including distributions that may constitute a return of capital for federal income tax purposes and excluding any stock dividend) exceeds (ii) the sum of our stockholders' gross investment amount, which is the amount calculated by multiplying the total number of shares purchased by stockholders by the issue price, reduced by the total number of shares repurchased by us pursuant to our share redemption program multiplied by the weighted average issue price of the shares sold in the primary offering, and the amount necessary to generate a 6% per year cumulative, noncompounded return on our stockholders' gross investment amount from our inception through the closing of the merger. The 6% per year cumulative, noncompounded return on gross investment amount is calculated on a daily basis. In making this calculation, gross investment amount is determined for each day during the period for which the 6% per year cumulative, noncompounded return is being calculated, including a daily adjustment to reflect shares repurchased by us pursuant to our share redemption program, and gross investment amount is reduced by the following: (i) distributions from net sales proceeds, (ii) distributions paid from operating cash flow in excess of a cumulative, noncompounded, annual return of 6%, and (iii) distributions from net financing proceeds, except to the extent such distributions would be required to supplement prior distributions paid in order to achieve a cumulative, noncompounded, annual return of 6%. Gross investment amount is only reduced as described above; it is not reduced simply because a distribution constitutes a return of capital for federal income tax purposes. The 6% per year cumulative, noncompounded return is not based on the return provided to any individual stockholder. Accordingly, it is not necessary for each of our stockholders to have received any minimum return in order for EquiAlt Capital Advisors to receive the subordinated incentive fee. In fact, if EquiAlt Capital Advisors is entitled to receive the subordinated incentive fee, the returns of our stockholders will differ, and some may be less than a 6% per year cumulative, noncompounded return.	

How many real estate investments do you currently own?

As of the date of this memorandum, we did not own any real estate investments and our total assets consist of $500,001 of cash. We intend to purchase a significant number of single-family residential and other properties from an affiliate of our sponsor. See "Investment Objectives and Criteria – Properties from our Affiliate" for more details. As other significant investments become probable, we will supplement this memorandum to provide information regarding the likely investment. We will describe material changes to our portfolio, including the closing of significant asset acquisitions or originations, by means of a supplement to this memorandum.

Are you planning to conduct an initial public offering?

We intend to file a registration statement with the SEC to register an initial public offering. We can make no assurances, however, as to whether we will be successful in commencing a public offering. You should not purchase shares in this offering with the expectation that we will commence a public offering in the future. We do not expect to register our shares on a national securities exchange in connection with any public offering or otherwise, at this time. Therefore, we do not expect a market to develop for our shares, and the shares purchased in this private offering are likely to remain difficult to sell even if we commence a public offering.

In this memorandum, we describe our investment objectives, borrowing policy, distribution policy, our charter and other governing documents, compensation to our advisor and its affiliates, and other aspects of our company and an investment in our shares. We also describe how we expect these will change at the time of an initial public offering, if one is commenced. However, except for certain charter amendments, we may change any of these aspects of our company and an investment in our shares without stockholder approval, whether for business, regulatory or other reasons. Accordingly, there is no assurance that such aspects of our company and an investment in our shares that are in effect now will remain as described in this memorandum.

Why am I being asked to grant the advisor an irrevocable proxy to vote my shares if I subscribe for this offering?

In addition to the SEC, we will be required to register any public offering we may conduct with the state securities administrators and the offering will be subject to the Statement of Policy Regarding Real Estate Investment Trusts published by the North American Securities Administrators Association. In connection with the state review and that of the SEC and other regulatory bodies, we may be asked to change provisions in our charter, agreements with our advisor and its affiliates, or other aspects of our company and the terms of our initial public offering. In order to make such changes, it may be necessary to obtain stockholder approval with respect to charter amendments or other matters. If you subscribe for shares in this private offering, you will grant an irrevocable authorization for our advisor to be your proxy at a meeting of our stockholders with permission to vote your shares on any proposal put to a stockholder vote that our board of directors believes is necessary to comply with any state or federal rule, law or regulation or to comply with any request made by a state or federal administrative body in connection with the registration of an initial public offering of shares of our common stock. Such proposals may include, among other things, amendments to our charter. This irrevocable proxy authorization will continue until our shares of common stock are initially registered (unless otherwise withdrawn) in all jurisdictions in which we have applied to register an initial public offering. You may not agree with the votes cast by our advisor pursuant to this irrevocable proxy authorization.

If I buy shares, will I receive distributions and how often?

After we have made an initial investment, we expect our board of directors to authorize and declare distributions based on daily record dates, and we expect to pay these distributions on a monthly basis. The rate and type of distribution (whether cash or stock) will be determined by our board of directors based on our financial condition and such other factors as our board of directors deems relevant. Our board of directors has not pre-established a percentage rate of return for distributions to stockholders. We have not established a minimum distribution level, and our charter does not require that we make distributions to our stockholders.

We may authorize and declare cash and stock distributions. Generally, our policy will be to pay cash distributions from cash flow from operations. However, we expect to have little, if any, cash flow from operations available for distribution until we make substantial investments. During our offering stage, when we may raise capital more quickly than we acquire income-producing assets, and for some period after our offering stage, we may not be able to pay distributions solely from our cash flow from operations. Further, because we may receive income from interest or rents at various times during our fiscal year and because we may need cash flow from operations during a particular period to fund capital expenditures and other expenses, we expect that, at least during the early stages of our development and from time to time during our operational stage, we will declare distributions in anticipation of cash flow that we expect to receive during a later period and we will pay these distributions in advance of our actual receipt of these funds. In these instances, we expect to utilize offering proceeds to fund at least a portion of our distributions. We may also fund such distributions from the sale of assets or from the maturity, payoff or settlement of debt investments. We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). If we pay distributions from sources other than our cash flow from operations, we will have less funds available for investment in assets, the overall return to our stockholders may be reduced and subsequent investors will experience dilution.

Our board of directors may declare stock distributions from time to time. For instance, if our board of directors believes assets in our portfolio have appreciated in value after acquisition our board of directors may declare a stock distribution. To the extent we pay stock distributions the return on invested capital for investors purchasing our stock after payment of the stock distribution will be below the return on invested capital of investors who received the stock distribution. Especially during the early stages of our operations, our board of directors may determine that a stock distribution in lieu of a cash distribution is in our best interest because it will allow us to focus on our investment strategy of investing in more value-creating single-family residential properties that may not generate a substantial level of cash flow from operations at acquisition, but have the potential for increased cash flow from operations and long-term appreciation. We believe such properties will experience an increase in value. For example, in most instances, we will bring financial stability to the property, which reduces uncertainty in the market and alleviates concerns regarding the property's management, ownership and future. We also may have more capital available for investment in these properties than their prior owners and operators were willing to invest, and as such, we will be able to invest in tenant improvements and capital expenditures with respect to such properties, which enables us to attract substantially increased interest from brokers and tenants.

To maintain our qualification as a REIT, we must make aggregate annual distributions to our stockholders of at least 90% of our REIT taxable income (which is computed without regard to the dividends-paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with U.S. generally accepted accounting principles ("GAAP")). If we meet the REIT qualification requirements, we generally will not be subject to federal income tax on the income that we distribute to our stockholders each year. See "Federal Income Tax Considerations—Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Annual Distribution Requirements." Our board of directors may authorize distributions in excess of those required for us to maintain REIT status depending on our financial condition and such other factors as our board of directors deems relevant.

May I reinvest my distributions in shares of EquiAlt Secured Income Portfolio REIT, Inc.?

No. We do not have a distribution reinvestment plan at this time. We intend to implement a distribution reinvestment plan if we commence an initial public offering.

How will you use the proceeds raised in this offering?

The following table sets forth information about how we intend to use the proceeds raised in this offering assuming that we sell at least $2,000,000 and a maximum of $100,000,000 in shares of common stock in this offering. Many of the amounts set forth below represent management's best estimate since they cannot be precisely calculated at this time. This table assumes the maximum Selling Commissions and Expenses (with no discounts to any categories of purchasers).

We estimate that we will use 62.50% to 90.50% of the gross proceeds in the primary offering to acquire real estate and real estate-related investments, maintain a working capital reserve, to pay acquisition and origination expenses and, upon the acquisition or origination of real estate investments, to pay a fee to our advisor for its services in connection with the selection and acquisition or origination of such real estate investments. We will use the remainder of the gross proceeds from the primary offering to pay Selling Commissions and Expenses and organization and other offering expenses.

We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). If we pay distributions from sources other than our cash flow from operations, we will have less funds available to make real estate investments, the overall return to our stockholders may be reduced and subsequent investors may experience dilution.

The following table presents information regarding the use of proceeds raised in this offering.

	Primary Offering $2,000,000 in Shares		Primary Offering $100,000,000 in Shares	
	$	% of Offering Proceeds	$	% of Offering Proceeds
Gross Offering Proceeds	**2,000,000**	**100.00**	**100,000,000**	**100.00**
Less Offering Expenses:				
Selling Commissions [1]	130,000	6.50	6,500,000	6.50
Marketing and Due Diligence [2]	20,000	1.00	1,000,000	1.00
Organization and Other Offering Expenses	600,000	30.0%	2,000,000	2.00
Amount Available for Investment	**1,250,000**	**62.50**	**90,500,000**	**90.50**
Acquisition and Origination Fees [3]	12,718	0.64	945,564	0.95
Acquisition and Origination Expenses [3]	6,783	0.34	504,301	0.50
Initial Working Capital Reserve	100,000	5.00	5,000,000	5.00
Targeted Investment Capital	**1,130,499**	**56.52**	**84,050,135**	**84.05**

[1] Selling commissions in an amount up to 6.5% of the purchase price of the shares sold in the primary offering will be paid to participating broker-dealers.

[2] The participating broker-dealers will receive a non-accountable marketing and due diligence allowance of up to 1% of the purchase price of the shares sold in the primary offering.

[3] This table assumes no debt proceeds and assumes that 50% of the target investment capital is used to acquire investments from our affiliates. Although we do not intend to use leverage, to the extent we fund our investments with debt, the targeted investment capital and the amount of acquisition and origination fees and acquisition and origination expenses will be proportionately greater.

What kind of offering is this?

We are seeking to raise a maximum of $100,000,000 of shares of our common stock through a best efforts offering of shares of our common stock to accredited investors, which amount may be increased to $200,000,000 in the sole discretion of our board of directors. We are offering up to $100,000,000 of shares in our primary offering at an initial purchase price of $10.00. Discounts will be available to some categories of purchasers.

How does a "best efforts" offering work?

When shares are offered on a "best efforts" basis, the participating broker-dealers will be required to use only their best efforts to sell the shares and they have no firm commitment or obligation to purchase any of the shares. Therefore, we may sell substantially less than all of the shares that we are offering.

We will not sell any shares in this offering unless we raise gross proceeds of $2,000,000 from the sale of common stock whether in this offering or in separate private transactions outside of this offering. Investments by persons who are affiliated with us, our sponsor and our advisor and who have a financial interest in this offering will count toward satisfaction of the $2,000,000 threshold. Pending satisfaction of this condition, all subscription payments will be placed in an escrow account held by the escrow agent in trust for our subscribers' benefit, pending release to us. Once we have raised $2,000,000 and instructed the escrow agent to disburse the funds in the account, funds representing the gross purchase price for the shares will be distributed to us and the escrow agent will disburse directly to you, without reduction for fees, any interest earned on your subscription payment while it was held in the escrow account. If we do not raise $2,000,000 prior to the termination of this offering, we will promptly return all subscribers' funds in the escrow account (plus interest). Funds in escrow will be invested in short-term investments that mature on or before the termination of the escrow period or that can be readily sold or otherwise disposed of for cash by such date without any dissipation of the offering proceeds invested. We will not deduct any fees if we return funds from the escrow account because we are unable to raise the minimum amount necessary to sell shares in this offering.

Different escrow procedures apply to Benefit Plan investors. The term "Benefit Plan investors" is defined for this purpose under ERISA Section 3(42) and includes any employee Benefit Plan subject to Part 4 of Subtitle B of Title I of ERISA, any plan subject Section 4975 of the Internal Revenue Code, and any entity whose underlying assets include plan assets by reasons of a plan's investment in such entity. Because of the different escrow procedures applicable to Benefit Plan investors, only subscription payments made by Benefit Plan investors in an amount such that shares purchased would not exceed 24% of the total shares of our common stock outstanding (excluding from both the numerator and denominator of this test any shares held by our affiliates) as of the break-escrow date will count towards the $2,000,000 threshold.

As a result of plan asset considerations related to ERISA we expect to initially limit participation by Benefit Plan investors to no more than 24% of the total shares of our common stock outstanding, excluding from both the numerator and denominator of this test any shares held by our affiliates. Thus, all subscription payments received from Benefit Plan investors initially will be placed in an account held by the escrow agent, UMB Bank, N.A., in trust for Benefit Plan investors' benefit pending release to us to ensure that we can satisfy this restriction on investments by Benefit Plans.

Upon our reaching the minimum amount necessary to sell shares in this offering and thereafter on a weekly basis, we will request that our escrow agent release to us any funds received from Benefit Plan investors up to an amount that would not exceed 24% of the total shares of our common stock outstanding, excluding from both the numerator and denominator of this test any shares held by our affiliates. See "ERISA Considerations – Plan Asset Considerations – Exception for Insignificant Participation by Benefit Plan Investors" for additional information about this restriction on participation by Benefit Plan investors and "Plan of Distribution – Special Notice to Benefit Plan Investors" for a discussion of the specific escrow procedures applicable to Benefit Plan investors.

How long will this offering last?

We currently expect this primary offering to terminate no later than (i) six months after commencement of an initial public offering and (ii) upon our acceptance of subscriptions with an aggregate purchase price of $100,000,000; however, in our sole discretion and without notice to you, we may increase the size of this offering and offer additional shares of our common stock on the same or different terms and conditions and thereby extend the term of this offering or otherwise extend the term of this offering beyond six months from the commencement of an initial public offering. If we decide to increase the size of our primary offering or otherwise extend the term of this offering, we will provide that information in a supplement to this memorandum. We may terminate this offering at any time.

We intend to file a registration statement with the SEC to register an initial public offering which we may commence prior to the termination of this offering. Our charter does not restrict our ability to conduct offerings in the future.

Who can buy shares?

An investment in our shares is suitable only for persons who have adequate financial means and who will not need immediate liquidity from their investment. An investment in our shares is strictly limited to persons who meet certain minimum financial and other requirements. See "Who May Invest."

Who might benefit from an investment in our shares?

An investment in our shares may be beneficial for you if you seek to diversify your personal portfolio with a real estate-based investment, seek to receive current income, seek to preserve capital, seek to obtain the benefits of potential long-term capital appreciation and are able to hold your investment for a time period consistent with our liquidity strategy. On the other hand, we caution persons who require immediate liquidity or guaranteed income, or who seek a short-term investment, that an investment in our shares will not meet those needs.

Is there any minimum investment required?

You must generally initially invest at least $25,000 in our shares to be eligible to participate in this offering; provided, however, qualified accounts (as defined below) must initially invest at least $5,000 in our shares to be eligible to participate in this offering. In our sole discretion we may permit certain investors to invest less. If you are not a qualified account and have satisfied the applicable minimum purchase requirement, any additional purchase must be in amounts of at least $100.

A qualified account includes an account established for (i) an "employee pension benefit plan" within the meaning of Section 3(3) of ERISA and subject to the requirements of Title I of ERISA, (ii) an "individual retirement account" within the meaning of section 408(a) of the Code and/or a "Plan" within the meaning of section 4975(e)(1) of the Code, or (iii) a "governmental plan" within the meaning of section 3(32) of ERISA.

Are there any special restrictions on the ownership or transfer of shares?

Yes. Our charter contains restrictions on the ownership of our shares that prevent any one person from owning more than 9.8% of our aggregate outstanding shares unless exempted by our board of directors. These restrictions are designed to enable us to comply with ownership restrictions imposed on REITs by the Internal Revenue Code.

In addition, the shares in this offering have not been registered under the Securities Act or by the securities regulatory authority of any state. The shares may not be resold unless they are registered under the Securities Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available.

Our charter also limits our stockholders' ability to sell their shares. Upon commencement of an initial public offering, unless stockholders are transferring all of their shares, they could not transfer their shares in a manner that causes them or their transferee to own fewer than the number of shares required to meet the minimum purchase requirements in our current primary offering, except for the following transfers without consideration: transfers by gift, transfers by inheritance, intrafamily transfers, family dissolutions, transfers to affiliates and transfers by operation of law. This minimum purchase requirement will be set forth in the most recent prospectus for a public offering of our shares. Any sale must also comply with applicable state and federal securities laws.

Are there any special considerations that apply to employee benefit plans subject to ERISA or other retirement plans that are investing in shares?

Yes. The section of this memorandum entitled "ERISA Considerations" describes special procedures for the purchase of our shares that apply to Benefit Plan investors, and the effect the purchase of shares will have on, individual retirement accounts and retirement plans subject to ERISA, and/or the Internal Revenue Code. We refer to these types of accounts as "Benefit Plan" investors. ERISA is a federal law that regulates the operation of certain tax advantaged retirement plans. Any retirement plan trustee or individual considering purchasing shares for a retirement plan or an individual retirement account should carefully read that section of the memorandum.

We may make some investments that generate "excess inclusion income" which, when passed through to our tax exempt stockholders, can be taxed as unrelated business taxable income ("UBTI") or, in certain circumstances, can result in a tax being imposed on us. Although we do not expect the amount of such income to be significant, there can be no assurance in this regard.

As a result of plan asset considerations related to ERISA we expect to initially limit participation by Benefit Plan investors to no more than 24% of the total shares of our common stock outstanding, excluding from both the numerator and denominator of this test any shares held by our affiliates. Thus, all subscription payments received from Benefit Plan investors initially will be placed in an account held by the escrow agent, UMB Bank, N.A., in trust for Benefit Plan investors' benefit pending release to us to ensure that we can satisfy this restriction on investments by Benefit Plans. See "ERISA Considerations – Plan Asset Considerations – Exception for Insignificant Participation by Benefit Plan Investors" for additional information about this restriction on participation by Benefit Plan investors and "Plan of Distribution – Special Notice to Benefit Plan Investors" for a discussion of the specific escrow procedures applicable to Benefit Plan investors.

May I make an investment through my IRA, SEP or other tax-deferred account?

Yes. You may make an investment through your individual retirement account ("IRA"), a simplified employee pension ("SEP") plan or other tax deferred account but only if the decisions made by as sophisticated fiduciary. In making these investment decisions, the fiduciary should consider, at a minimum, (i) whether the investment is in accordance with the documents and instruments governing your IRA, plan or other account, (ii) whether the investment satisfies the fiduciary requirements associated with your IRA, plan or other account, (iii) whether the investment will generate UBTI for your IRA, plan or other account, (iv) whether there is sufficient liquidity for such investment under your IRA, plan or other account, (v) the need to value the assets of the IRA, plan or other account annually or more frequently, and (vi) whether the investment would constitute a prohibited transaction under applicable law. See above for considerations related to investments through an IRA, SEP or other tax-deferred account.

How do I subscribe for shares?

If you choose to purchase shares in this offering, you will need to complete and sign a subscription agreement (in the form attached to this memorandum as Appendix A) for a specific dollar amount of shares and pay for the shares at the time of your subscription. Shares in this offering will be purchased at the offering price and either (i) processed by us or our advisor, or (ii) confirmed for acceptance into the escrow account applicable to subscription proceeds received from Benefit Plan investors, as applicable to your shares.

If I buy shares in this offering, how may I sell them later?

The shares will not be registered under the Securities Act or any other securities laws and are being offered and sold in reliance on exemptions from registration under the Securities Act for offers and sales of securities that do not involve any public offering contained in Section 4(2) of the Securities Act and Regulation D promulgated thereunder and analogous exemptions under state securities laws. At the time you purchase the shares, they will not be listed for trading on any national securities exchange or over-the-counter market. The shares may not be sold or transferred unless they are registered under the laws of the relevant jurisdictions, or unless such sale, transfer, or disposition is exempt from such registration under the Securities Act and under all other applicable laws.

Our board of directors has adopted a share redemption program pursuant to which our stockholders may be able to have their shares repurchased by us, subject to numerous restrictions that limit our stockholders' ability to sell their shares to us. The price at

which we repurchase shares in our share redemption program will vary depending on whether we have announced an estimated NAV and the circumstances under which the redeeming stockholder is requesting redemption. The terms of our share redemption program are more generous with respect to redemptions sought upon a stockholder's death, "qualifying disability", or "determination of incompetence" (each as defined in the program and collectively, "Special Redemptions"), as described below.

If and when we do have funds available for redemption, with respect to shares submitted for redemption, other than in connection with a Special Redemption (an "Ordinary Redemption"), for those shares held by the redeeming stockholder for at least one year, we expect to initially redeem shares submitted for redemption at 95.0% of the price paid to acquire the shares from us. For purposes of the foregoing, the price paid to acquire shares received as a stock distribution will be deemed to be the purchase price for shares in our primary offering in effect on the date of the issuance of the stock distribution. Once we establish an estimated NAV per share of our common stock, for those shares held by the redeeming stockholder for at least one year, we will redeem all shares submitted in connection with an Ordinary Redemption at 95.0% of our estimated NAV per share as of the applicable redemption date.

For purposes of determining whether a redeeming stockholder has held the share submitted for redemption for at least one year, the time period begins as of the date the stockholder acquired the share; provided, that shares purchased by the redeeming stockholder pursuant to a distribution reinvestment plan or received as a stock distribution will be deemed to have been acquired on the same date as the initial share to which the distribution reinvestment plan shares or stock distribution shares relate. The date of the share's original issuance by us is not determinative.

The terms of our share redemption program are more generous with respect to Special Redemptions:

- There is no one-year holding requirement;
- Until we establish an estimated NAV per share, the redemption price is the amount paid to acquire the shares from us; provided that, for purposes of the foregoing, the price paid to acquire shares received as a stock distribution will be deemed to be the purchase price for shares in our primary offering in effect on the date of the issuance of the stock distribution; and
- Once we have established an estimated NAV per share, the redemption price for all shares will be the estimated NAV per share.

In order for a determination of disability or incompetence to entitle a stockholder to these special redemption terms, the determination of disability or incompetence must be made by the government entities specified in our share redemption program.

Our share redemption program contains numerous other restrictions on our stockholders' ability to sell their shares to us. During each calendar year, redemptions are limited to an amount equal to 1% of our cash flows from operating activities in the prior calendar year; however, we may increase or decrease the funding available for the redemption of shares upon 10 business days' notice to our stockholders. Further, during any calendar year, we may redeem no more than 5% of the weighted-average number of shares outstanding during the prior calendar year. We also have no obligation to redeem shares if the redemption would violate the restrictions on distributions under Maryland law, which prohibits distributions that would cause a corporation to fail to meet statutory tests of solvency. We may amend, suspend or terminate the program for any reason upon 10 business days' notice to stockholders.

Will you register as an investment company?

We intend to conduct our operations so that neither we nor any of our subsidiaries will be required to register as an investment company under the Investment Company Act of 1940, as amended, or the Investment Company Act. Under the relevant provisions of Section 3(a)(1) of the Investment Company Act, an investment company is any issuer that:

- is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities (the "primarily engaged test"); or
- is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of such issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis (the "40% test"). "Investment securities" excludes U.S. government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

We believe that neither we nor our Operating Partnership will be required to register as an investment company based on the following analysis. With respect to the 40% test, most of the entities through which we and our Operating Partnership will own our

assets will be majority-owned subsidiaries that will not themselves be investment companies and will not be relying on the exceptions from the definition of investment company under Section 3(c)(1) or Section 3(c)(7).

With respect to the primarily engaged test, we and our Operating Partnership will be holding companies and do not intend to invest or trade in securities ourselves. Rather, through the majority-owned subsidiaries of our Operating Partnership, we and our Operating Partnership will be primarily engaged in the non-investment company businesses of these subsidiaries, namely the business of purchasing or otherwise acquiring real estate and real estate-related assets.

We believe that most of the subsidiaries of our Operating Partnership will be able to rely on Section 3(c)(5)(C) of the Investment Company Act for an exception from the definition of an investment company. (Any other subsidiaries of our Operating Partnership will be able to rely on the exceptions for private investment companies pursuant to Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act.) As reflected in no-action letters, the SEC staff's position on Section 3(c)(5)(C) generally requires that an issuer maintain at least 55% of its assets in "mortgages and other liens on and interests in real estate," or qualifying assets; at least 80% of its assets in qualifying assets plus real estate-related assets; and no more than 20% of the value of its assets in other than qualifying assets and real estate-related assets, which we refer to as miscellaneous assets. To constitute a qualifying asset under this 55% requirement, a real estate interest must meet various criteria based on no-action letters. We expect that each of the subsidiaries of our Operating Partnership relying on Section 3(c)(5)(C) will invest at least 55% of its assets in qualifying assets, and approximately an additional 25% of its assets in other types of real estate-related assets. We expect to rely on guidance published by the SEC staff or on our analyses of guidance published with respect to types of assets to determine which assets are qualifying real estate assets and real estate-related assets.

To avoid registration as an investment company, we expect to limit the investments that we make, directly or indirectly, in assets that are not qualifying assets and in assets that are not real estate-related assets. In 2011, the SEC issued a concept release indicating that the SEC and its staff were reviewing interpretive issues relating to Section 3(c)(5)(C) and soliciting views on the application of Section 3(c)(5)(C) to companies engaged in the business of acquiring mortgages and mortgage-related instruments. To the extent that the SEC or its staff provides guidance regarding any of the matters bearing upon the exceptions we and our subsidiaries will rely on from registration as an investment company, we may be required to adjust our strategy accordingly. Any guidance from the SEC or its staff could further inhibit our ability to pursue the strategies we have chosen.

When will the company seek a liquidity event?

It is currently contemplated that within six years after we have invested substantially all of the proceeds from our offerings (including public offerings, if we commence one or more public offerings) our board of directors will begin to explore and evaluate various strategic options to provide our stockholders with liquidity of their investment, either in whole or in part. These options may include, but are not limited to, (i) listing our common stock on a national securities exchange (or the receipt by our stockholders of securities that are listed on a national securities exchange in exchange for our common stock), (ii) our sale, merger or other transaction in which our stockholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company, (iii) a sale of all or substantially all of our assets where our stockholders either receive, or have the option to receive, cash or other consideration. We do not know at this time what circumstances will exist in the future and therefore we do not know what factors our board of directors will consider in determining whether to pursue a liquidity event in the future. Therefore, we have not established any pre-determined criteria. We are not required, by our charter or otherwise, to pursue a liquidity event or any transaction to provide liquidity to our stockholders. For example, we may transition the company to a perpetual net asset value REIT or fund. A liquidation of all or substantially all of our assets or a sale of the company would require the approval of a majority of our stockholders.

Will I be notified of how my investment is doing?

Yes, we will provide our stockholders with detailed quarterly distribution reports. We will provide this information to our stockholders via one or more of the following methods, in our discretion and with their consent, if necessary: U.S. mail or other courier; facsimile; or electronic delivery; or, if we commence an initial public offering, by posting on our website.

How will you report an estimated per share value of your shares?

Until we commence an initial public offering, we intend to use the gross offering price of shares in this offering (ignoring purchase price discounts for certain categories of purchasers), or $10.00 per share, as the estimated per share value of our shares. If we commence an initial public offering, we expect to calculate and disclose an estimated NAV per share in order to help us establish the public offering price. Once we announce an estimated NAV per share we generally expect to update the estimated NAV per share at least once per calendar year. If we do not commence an initial public offering we are not required to report an estimated NAV per share.

Until we report an estimated NAV, the initial reported values will likely differ from the price that a stockholder would receive in the near term upon a resale of his or her shares or upon a liquidation of our company because (i) there is no public trading market for the shares at this time; (ii) when based solely on the offering price, the primary offering price includes the payment of underwriting compensation and other directed selling efforts, which payments and efforts are likely to produce a higher sale price than could otherwise be obtained; (iii) the estimated value will not reflect, and will not be derived from, the fair market value of our assets, nor will it represent the amount of net proceeds that would result from an immediate liquidation of our assets; (iv) the estimated value will not take into account how market fluctuations affect the value of our investments; and (v) the estimated value will not take into account how developments related to individual assets may increase or decrease the value of our portfolio.

When do you expect to announce an estimated NAV per share?

If we commence an initial public offering, we expect to calculate and disclose an estimated NAV per share in order to help us establish the public offering price. We can provided no assurances, however, that we will successfully commence an initial public offering. If we do not commence an initial public offering we are not required to report an estimated NAV per share.

When will I get my detailed tax information?

Our stockholders' Form 1099-DIV tax information, if required, will be mailed by January 31 of each year.

Who can help answer my questions about this offering?

If you have more questions about this offering, or if you would like additional copies of this memorandum, you should contact your financial advisor or contact:

EquiAlt Secured Income Portfolio REIT, Inc.
720 E. Henderson Avenue
Tampa, Florida 33602
Telephone: (855) EquiAlt
www.equialtreit.com

RISK FACTORS

Investing in our common stock involves a high degree of risk. Potential purchasers of our shares should carefully consider the following risk factors, and all other information contained in this memorandum before purchasing our common stock. If any of the following risks were to occur, our business, financial condition or results of operations could be materially and adversely affected. In these circumstances, the value of our common stock may decline, and our stockholders could lose some or all of their investment.

Risks Related to an Investment in Our Common Stock

The shares offered hereby are subject to restrictions on transferability and re-sale and no public trading market for our shares currently exists; therefore, it will be difficult for our stockholders to sell their shares and, if our stockholders are able to sell their shares, they will likely sell them at a loss.

There is no public market for our shares and we have no plans at this time to list our shares on a national securities exchange. In addition, each investor in this offering will be required to represent that such investor is acquiring the shares for investment and not with a view to distribution or re-sale, that such investor understands the shares are not freely transferable and, in any event, that such investor must bear the economic risk of investment in us for an indefinite period of time because the shares have not been registered under the Securities Act or certain applicable state securities laws, and that the shares cannot be sold unless they are subsequently registered or an exemption from such registration is available. There will be no market for the shares and an investor cannot expect to be able to liquidate his or her investment in case of an emergency. In addition, our charter prohibits the ownership of more than 9.8% of our stock by any person, unless exempted by our board of directors, which may inhibit large investors from purchasing your shares. Further, upon commencement of an initial public offering, our charter would require that the buyer of an investors' shares meet certain suitability and minimum purchase standards. In its sole discretion, our board of directors could amend, suspend or terminate our share redemption program upon 10 business days' notice to our stockholders. Further, the share redemption program includes numerous restrictions that will severely limit your ability to sell your shares. We describe these restrictions in more detail under "Description of Shares—Share Redemption Program." Therefore, it will be difficult for you to sell your shares promptly or at all. If you are able to sell your shares, you would likely have to sell them at a loss. It is also likely that your shares would not be accepted as the primary collateral for a loan. Because of the illiquid nature of our shares, you should purchase our shares only as a long-term investment and be prepared to hold them for an indefinite period of time.

Our advisor and its affiliates can influence when we raise the $2,000,000 of proceeds from the sale of common stock, whether in this offering or in a separate private transaction, necessary to sell shares in this offering and have access to any investor funds held in escrow.

Purchases of common stock by persons who are affiliated with us or our advisor and who have a financial interest in this offering will count toward satisfaction of the $2,000,000 gross offering proceed threshold necessary to sell shares in this offering. As a result, our advisor and its affiliates can influence when we reach the $2,000,000 threshold and have access to investors' funds to make investments as described in this memorandum. Thus, if our advisor or its affiliates make an investment in us sufficient to reach $2,000,000 in gross proceeds, we may immediately use the funds raised from third-party investors in this offering to make investments. There is no assurance, however, that we will be successful in raising additional funds in this offering. If we are unsuccessful in raising additional funds, we may be unable to diversify our portfolio and our operating expenses as a percentage of our gross offering proceeds will be higher.

The sale of $2,000,000 of shares, whether in this offering or in a separate private transaction, necessary for us to sell shares in this offering, while necessary to our business operations, is not designed as a protection to investors and may not indicate that their investment decision is shared by other unaffiliated investors.

Because there may be substantial purchases by our affiliates, including by our sponsor and its affiliates, all of whom would receive fees or other compensation or gain dependent on the success of this offering, no individual investor should place any reliance on the sale of the specified minimum proceeds as an indication of the merits of this offering. Each investor must make his own decision as to the merits of this offering.

If we are unable to raise substantial funds during our offering stage, we will be limited in the number and type of investments we make and the value of our stockholders' investment in us will fluctuate with the performance of the specific assets we acquire.

Our common stock is being offered on a "best efforts" basis, meaning that the participating broker-dealers are only required to use their best efforts to sell our shares and will have no firm commitment or obligation to purchase any of our shares. As a result, there is no assurance that we will raise substantial proceeds during our offering stage and the amount of proceeds we raise during our offering stage may be substantially less than the amount we would need to achieve a fully diversified portfolio of investments. If we are unable to raise substantial funds, we will make fewer investments resulting in less diversification in terms of the number, size and geographic location of investments that we make. In that case, the likelihood that any single property's performance would adversely

affect our profitability will increase. If most of our properties are located in a single geographic area, our operating results and ability to make distributions are likely to be impacted by economic changes affecting the real estate market in that area. Our stockholders' investment in our shares will be subject to greater risk to the extent that we lack a diversified portfolio of investments. Further, we will have certain fixed operating expenses regardless of whether we are able to raise substantial funds during our offering stage. Our inability to raise substantial funds would increase our fixed operating expenses as a percentage of gross income, reducing our net income and cash flow and limiting our ability to pay distributions to our stockholders.

Purchasers in this offering will grant an irrevocable authorization for our advisor, EquiAlt Capital Advisors, to be their proxy at a meeting of our stockholders with permission to vote their shares on certain matters, including certain amendments to our charter.

Purchasers in this offering will grant an irrevocable authorization for our advisor, EquiAlt Capital Advisors, to be their proxy at a meeting of our stockholders with permission to vote their shares on any proposal put to a stockholder vote that our board of directors believes is necessary to comply with any state or federal rule, law or regulation or to comply with any request made by a state or federal administrative body in connection with the registration of an initial public offering of shares of our common stock. Such proposals may include, among other things, amendments to our charter. This irrevocable proxy authorization will continue until our shares of common stock are initially registered in all jurisdictions in which we have applied (and not withdrawn) to register an initial public offering. Stockholders may not agree with the votes cast by EquiAlt Capital Advisors pursuant to this irrevocable proxy authorization.

There is no assurance that aspects of our company and an investment in our shares that are in effect now will remain as described in this memorandum, and there is no assurance when or whether we will conduct an initial public offering at all.

In this memorandum, we describe our investment objectives, borrowing policy, distribution policy, our charter and other governing documents, compensation to our advisor and its affiliates, and other aspects of our company and an investment in our shares. We also describe how we expect these will change at the time of an initial public offering. However, except for certain charter amendments, we may change any of these aspects of our company and an investment in our shares without stockholder approval, whether for business, regulatory or other reasons. Accordingly, there is no assurance that such aspects of our company and an investment in our shares that are in effect now will remain as described in this memorandum. In addition, there is no assurance when or whether we will successfully commence an initial public offering at all.

If we conduct a public offering or register as a reporting company under the Exchange Act, our stockholders' return on their investment may be negatively impacted.

We will be required to register as a reporting company under the Exchange Act if we have total assets exceeding $10,000,000 in value and a class of equity securities held of record by (1) 2,000 or more persons or (2) 500 or more persons who are not accredited investors. In addition, we may voluntarily register as a reporting company if our board of directors determines such registration would be in our best interests. Upon registering as a reporting company or commencing an initial public offering, we would have to comply with a variety of substantive requirements under the Exchange Act that impose, among other things, requirements for:

- preparation and filing of current reports on Form 8-K;
- preparation and filing of quarterly reports on Form 10-Q;
- preparation and filing of annual reports on Form 10-K; and
- compliance with the corporate governance requirements of the Sarbanes-Oxley Act of 2002.

Compliance with public reporting company requirements will increase our general and administrative expenses with no corresponding increase in income which could adversely affect the return on your investment. In addition, if we do register our shares under the Exchange Act or commence an initial public offering, any failure by us to comply with the Exchange Act, the Sarbanes-Oxley Act and their related rules and regulations, including but not limited to the additional reports discussed above, would create new legal grounds for administrative enforcement and civil and criminal proceedings against us. Any such actions could adversely affect our operations and negatively impact the return on your investment.

We will face significant competition for real estate investment opportunities, which may limit our ability to acquire suitable investments. If we are unable to find suitable investments, we may not be able to achieve our investment objectives or pay distributions.

Our ability to achieve our investment objectives and to pay distributions will depend upon the performance of our advisor in the acquisition or origination of our investments, including the determination of any financing arrangements. We will face competition from various entities for real estate investment opportunities, including other REITs, pension funds, banks and insurance companies, investment funds and companies, partnerships and developers. Many of these entities have substantially greater financial resources

than we do and may be able to accept more risk than we can prudently manage, including risks with respect to the creditworthiness of a tenant or the geographic location of their investments. Competition from these entities may reduce the number of suitable investment opportunities offered to us or increase the bargaining power of property owners seeking to sell. In addition, the number of entities and the amount of funds competing for suitable investments may increase. If we acquire investments at higher prices and/or by using less-than-ideal capital structures, our returns will be lower and the value of our assets may not appreciate or may decrease significantly below the amount we paid for such assets.

We also depend upon the performance of our property manager in the selection of tenants and negotiation of leasing arrangements. The highly competitive U.S. residential and commercial real estate industries have created increased pressure on real estate investors and their property managers to find new tenants and keep existing tenants. In order to do so, we may have to offer inducements, such as free rent and tenant improvements, to compete for attractive tenants. We are also subject to competition in seeking to acquire real estate-related investments. The more shares we sell during our offering stage, the greater our challenge will be to invest the net offering proceeds on attractive terms. Our investors must rely entirely on the management abilities of our advisor, the property manager and the oversight of our board of directors. We can give no assurance that our advisor will be successful in obtaining suitable investments on financially attractive terms or that, if our advisor makes investments on our behalf, our objectives will be achieved. If we, through our advisor, are unable to find suitable investments promptly, we will hold the proceeds from this offering in an interest-bearing account or invest the proceeds in short-term assets. If we would continue to be unsuccessful in locating suitable investments, we may ultimately decide to liquidate. In the event we are unable to timely locate suitable investments, we may be unable or limited in our ability to pay distributions, we may not be able to meet our investment objectives and our stockholders may experience a lower return on their investment.

Continued disruptions in the financial markets and uncertain economic conditions could adversely affect market rental rates, real estate values and our ability to make distributions to our stockholders.

Disruptions in the financial markets and uncertain economic conditions could adversely affect the values of any investments we make. The United States economy experienced a significant downturn beginning in 2008, from which it is still recovering. While there has been a partial recovery in the real estate sector, it is still unclear how stable the real estate markets currently are or will be once the government pulls back from its unprecedented participation in the bond market to keep interest rates low. As a result, there can be no assurance that our assets will achieve anticipated cash flow levels. Turmoil in the capital markets has constrained equity and debt capital available for investment in single-family residential, multifamily and commercial properties, resulting in fewer buyers seeking to acquire such properties and possible increases in capitalization rates and lower property values. Further, recent world events evolving out of increased terrorist activities and the political and military responses of the targeted countries have created an air of uncertainty concerning security and the stability of world and United States economies. Historically, successful terrorist attacks have resulted in decreased travel and tourism to the affected areas, increased security measures and disturbances in financial markets. It is impossible to determine the likelihood of any future terrorist attacks on United States targets, the nature of any United States response to such attacks or the social and economic results of such events. Furthermore, uncertain economic conditions could negatively impact commercial real estate fundamentals and result in lower occupancy, lower rental rates and declining values in our future real estate portfolio and in the collateral securing any loan investments we may make. These could have the following negative effects, any of which could impair our ability to make distributions to you:

- the values of any investments in single-family residential, multifamily and commercial properties could decrease below the amounts we pay for such investments;
- the value of collateral securing any loan investments could decrease below the outstanding principal amounts of such loans;
- revenues from the properties we acquire could decrease due to fewer tenants and/or lower rental rates, making it more difficult for us to make distributions; and/or
- revenues generated by any properties we acquire and other assets underlying any loan investments we make could decrease, making it more difficult for the borrowers to meet their payment obligations to us, which could in turn make it more difficult for us to pay distributions.

All of these factors could reduce our stockholders' return and decrease the value of an investment in us.

Our stockholders will not have the opportunity to evaluate all of our investments before we make them. We may make investments with which our stockholders do not agree.

As of the date of this memorandum, we did not own any real estate investments. Although we intend to purchase a significant number of single-family residential and other properties from an affiliate of our sponsor, which are identified in this memorandum, we also intend to make additional investments that have not been identified. As a result, we are not able to provide our stockholders with detailed information to assist them in evaluating the merits of the assets we have not identified. We will seek to invest substantially all of the net proceeds from our offering stage, after the payment of fees and expenses, in real estate investments. Our board of directors and our advisor have broad discretion when identifying, evaluating and making such investments.

With respect to the investments we have not identified, our stockholders will have no opportunity to evaluate the transaction terms or other financial or operational data before we invest in such assets. Furthermore, our board of directors will have broad discretion in implementing policies regarding tenant or mortgagor creditworthiness and our stockholders will likewise have no opportunity to evaluate potential tenants, managers or borrowers. As a result, our stockholders must rely on our board of directors and our advisor to identify and evaluate our investment opportunities, and they may not be able to achieve our business objectives, may make unwise decisions or may make investments with which our stockholders do not agree.

If we fail to diversify our investment portfolio, downturns relating to certain geographic regions, types of assets, industries or business sectors may have a more significant adverse impact on our assets and our ability to pay distributions than if we had a diversified investment portfolio.

While we intend to diversify our portfolio of investments in the manner described in this memorandum, we are not required to observe specific diversification criteria. In fact, we may acquire from an affiliate of our sponsor a significant number of single-family residential properties located in Florida. Therefore, our investments may at times be concentrated in certain asset types that are subject to higher risk of foreclosure or are located in a limited number of geographic locations, or secured by assets concentrated in a limited number of geographic locations. To the extent that our portfolio is concentrated in limited geographic regions, types of assets, industries or business sectors, downturns relating generally to such region, type of asset, industry or business sector may result in defaults on a number of our investments within a short time period, which may reduce our net income and the value of our common stock and accordingly limit our ability to pay distributions to our stockholders.

We have no operating history and we may not be able to operate our business successfully or generate sufficient revenue to make or sustain distributions to our stockholders.

We were incorporated in the State of Maryland on June 27, 2017, and have no operating history. As of the date of this memorandum, we have not made any investments and our total assets consist of $500,001 of cash. We have identified substantial real estate investments that it is reasonably probable we will acquire with the proceeds from this offering, which are identified in this offering memorandum. We cannot assure our stockholders that we will be able to operate our business successfully or implement our operating policies and strategies described in this memorandum. We can provide no assurance that our performance will replicate the past performance of other EquiAlt-sponsored programs. Our investment returns could be substantially lower than the returns achieved by other EquiAlt-sponsored programs. The results of our operations depend on several factors, including the availability of opportunities for the acquisition of target assets, the level and volatility of rental rates, and conditions in the financial markets and economic conditions.

Because we depend upon our advisor and its affiliates to conduct our operations, adverse changes in the financial health of our advisor or its affiliates could cause our operations to suffer.

We depend on EquiAlt Capital Advisors to manage our operations and our portfolio of assets. Our advisor depends upon the fees and other compensation that it will receive from us in connection with the purchase, management and sale of assets to conduct its operations. Any adverse changes to our relationship with, or the financial condition of, our advisor and its affiliates, could hinder their ability to successfully manage our operations and our portfolio of investments. Our advisor is a newly formed entity with no operating history.

We may not be successful in conducting this offering, which would adversely impact our ability to implement our investment strategy.

The success of this offering, and our ability to implement our business strategy, depends in part upon our ability to build and maintain a network of broker-dealers to sell our shares to their clients. Some or all of the broker-dealers in this network have a choice of numerous competing real estate investment trust offerings, many with similar investment objectives, to recommend to their clients, which may make selling our shares to their clients more difficult. If we are unsuccessful in implementing our investment strategy, our stockholders could lose all or a part of their investment.

Investors in this offering will likely experience immediate dilution of their investment in us because of the significant organization and offering expenses incurred prior to the commencement of this offering.

Organization and offering expenses in this offering are not subject to a cap, and in connection with this offering, our advisor and its affiliates had incurred organization and offering costs on our behalf in connection with this offering which we will be obligated to reimburse. To date, we have not made any investments that would offset the dilutive effect of the incurrence of significant organization and offering expenses in this offering; therefore, the value per share for investors purchasing our stock in this offering will initially be below the offering price.

The returns for investors in this offering will be reduced to the extent we are obligated to reimburse our advisor for the organization and offering expenses our advisor has incurred on our behalf in connection with our proposed initial public offering.

We plan to file a registration statement with the SEC to register an initial public offering. In connection with our proposed initial public offering, our advisor will incur substantial fees in organization and offering expenses on our behalf. If we commence the proposed initial public offering, to the extent organizational and offering expenses incurred in connection with such offering exceed an amount equal to 15% of the aggregate gross proceeds from such initial public offering, we will not reimburse our advisor for the excess amount. However, if our advisor incurs organizational and offering expenses on our behalf in connection with the proposed initial public offering, but our board of directors subsequently determines not to proceed with the initial public offering, we will reimburse our advisor for all organizational and offering expenses incurred on our behalf. This amount may be substantial. Since we are obligated to reimburse our advisor for these expenses, the cash we have available for investment will be reduced and the returns investors in this offering receive will be reduced.

The return per share for investors in our offering will be diluted if we make stock distributions prior to their investment in us.

Our investment objectives include investing in assets with potential for long term appreciation; however, they may have reduced operating cash flows initially. As a result, we may make stock distributions in lieu of cash distributions, especially in the early stages of our operations before our investments have stabilized and started generating stable cash flows from operations. While our objective is to acquire assets that appreciate in value, there can be no assurance that assets we acquire will appreciate in value. Therefore, investors who purchase our shares early in this offering, as compared with later investors, will receive more shares for the same cash investment as a result of any stock distributions not received by later investors. Because they would own more shares, upon a sale or liquidation of the company, these early investors will receive more sales proceeds or liquidating distributions relative to their gross investment amount compared to later investors. Furthermore, unless our assets appreciate in an amount sufficient to offset the dilutive effect of any prior stock distributions, the return on invested capital for investors purchasing our stock after payment of a stock distribution will be below the return on invested capital of investors who received the stock distribution.

If we are incorrect in our assessment of asset appreciation that has been used to justify a cash or stock distribution, the return for later investors purchasing our stock may be lower than the return for earlier investors.

Under our distribution policy, to the extent that we believe assets in our portfolio have appreciated in value after acquisition, we may determine to make a stock distribution or use the proceeds from real estate financings to fund cash distributions to our stockholders. Therefore, investors who purchase our shares early in this offering, as compared with later investors, may receive more distributions for the same cash investment as a result of any stock distributions that are made based on our assessment of asset appreciation. Furthermore, if we are incorrect in our assessment of asset appreciation that is used to justify a cash or stock distribution, the return on invested capital for later investors purchasing our stock may be further reduced relative to the return on invested capital for earlier investors.

If we pay distributions from sources other than our cash flow from operations, we will have less funds available for investment in assets, the overall return to our stockholders may be reduced and subsequent investors may experience dilution.

We expect to have little, if any, cash flow from operations available for distribution until we make substantial investments. During our offering stage, when we may raise capital more quickly than we acquire income-producing assets, and for some period after our offering stage, we may not be able to pay distributions solely from our cash flow from operations, in which case distributions may be paid in whole or in part from offering proceeds. Further, because we may receive income at various times during our fiscal year and because we may need cash flow from operations during a particular period to fund expenses, we expect that from time to time during our operational stage, we will declare distributions in anticipation of cash flow that we expect to receive during a later period and we will pay these distributions in advance of our actual receipt of these funds. We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). We may also fund such distributions from the sale of assets or from the maturity, payoff or settlement of debt investments. If we fund distributions from the sale of assets or the maturity, payoff or settlement of debt investments, this will affect our ability to generate cash flow from operations in future periods. To the extent that we pay distributions from sources other than our cash flow from operations, we will have fewer funds available with

which to make real estate investments, the overall return to our stockholders may be reduced and subsequent investors will experience dilution. In addition, to the extent distributions exceed cash flow from operations, a stockholder's basis in our stock will be reduced and, to the extent distributions exceed a stockholder's basis, the stockholder may recognize capital gain. There is no limit on the amount of distributions we may fund from sources other than from cash flow from operations.

The loss of or the inability to retain or obtain key real estate professionals at our advisor could delay or hinder implementation of our investment strategies, which could limit our ability to make distributions and decrease the value of an investment in our shares.

Our success depends to a significant degree upon the contributions of Messrs. Davison and Rybicki, each of whom would be difficult to replace. Neither we nor our affiliates have employment agreements with these individuals and they may not remain associated with us, our advisor or its affiliates. If any of these persons were to cease their association with us, our advisor or its affiliates, we may be unable to find suitable replacements and our operating results could suffer as a result. We do not intend to maintain key person life insurance on any person. We believe that our future success depends, in large part, upon our advisor's and its affiliates' ability to attract and retain highly skilled managerial, operational and marketing professionals. Competition for such professionals is intense, and our advisor and its affiliates may be unsuccessful in attracting and retaining such skilled professionals. Further, our sponsor has established and intends to establish strategic relationships with firms that have special expertise in certain services or detailed knowledge regarding real properties in certain geographic regions. Maintaining such relationships will be important for us to effectively compete with other investors for properties and tenants in such regions. We may be unsuccessful in growing and retaining such relationships. If we lose or are unable to obtain the services of highly skilled professionals or do not establish or maintain appropriate strategic relationships, our ability to implement our investment strategies could be delayed or hindered.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Maryland law provides that a director or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, until we commence an initial public offering, our charter eliminates our directors' and officers' liability to us and our stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment and which is material to the cause of action. After we commence an initial public offering, our charter provides that none of our independent directors shall be liable to us or our stockholders for monetary damages and that we will generally indemnify them for losses unless they are grossly negligent or engage in willful misconduct.

Further, until we commence an initial public offering, our charter requires us to indemnify our directors and officers to the maximum extent permitted by Maryland law for liability actually incurred in connection with any proceeding to which they may be made, or threatened to be made, a party, except to the extent that the act or omission of the director or officer was material to the matter giving rise to the proceeding and was either committed in bad faith or was the result of active and deliberate dishonesty, the director or officer actually received an improper personal benefit in money, property or services, or, in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist under common law. In addition, we may be obligated to fund the defense costs incurred by our directors and officers and upon commenced of an initial public offering, we may be obligated to fund the defense costs incurred by our independent directors (as well as by our other directors, officers, employees (if we ever have employees) and agents) in some cases, which would decrease the cash otherwise available for distribution to you.

We may change our targeted investments without stockholder consent.

We intend to allocate approximately 75% to 100% of our portfolio to investments in single-family residential properties. If we make investments in other public companies, we do not expect our non-controlling equity investments in other public companies to exceed 3% of the proceeds raised during our offering stage, assuming we raise substantial proceeds during our offering stage, or to represent a substantial portion of our assets at any one time.

Though this is our current target portfolio, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities, and we may change our targeted investments and investment guidelines at any time without the consent of our stockholders, which could result in our making investments that are different from, and possibly riskier than, the investments described in this memorandum. A change in our targeted investments or investment guidelines may increase our exposure to interest rate risk, default risk and real estate market fluctuations, all of which could adversely affect the value of our common stock and our ability to make distributions to our stockholders. We will not forego a good investment because it does not precisely fit our expected portfolio composition. We believe that we are most likely to meet our investment objectives through the careful selection and

underwriting of assets. When making an acquisition, we will emphasize the performance and risk characteristics of that investment, how that investment will fit with our portfolio-level performance objectives, the other assets in our portfolio and how the returns and risks of that investment compare to the returns and risks of available investment alternatives. Thus, to the extent that our advisor presents us with what we believe to be good investment opportunities that allow us to meet the REIT requirements under the Internal Revenue Code, our portfolio composition may vary from what we initially expect. However, we will attempt to construct a portfolio that produces stable and attractive returns by spreading risk across different real estate investments.

Risks Related to Conflicts of Interest

Until we commence an initial public offering, if ever, we do not expect to have any directors independent of EquiAlt Capital Advisors and its affiliates.

Our board of directors currently consists of two directors, none of whom are independent of our advisor. We expect to name three additional independent directors to our board of directors prior to commencing an initial public offering; however, we can provide no assurances as to when or whether we will conduct such an offering. Therefore, we may never name any independent directors to our board of directors and your investment will be subject to an increased risk of loss due to the conflicts of interest discussed herein.

We intend to purchase a significant number of properties from an affiliate of our sponsor. As a result, the terms of the sale will not be determined by arm's length negotiations.

We intend to purchase a significant number of properties from an affiliate of our sponsor, largely single-family residential properties and multifamily properties. As a result, the terms of the sale of the properties to us, including the purchase price, will not be determined by arm's-length negotiations. To the extent these properties are acquired by us, the price will be determined by an independent third-party appraisal company. Our sponsor may have interests unrelated to our company in having these transactions take place, and these transactions may cause us to miss out on more favorable acquisition opportunities from unrelated third parties.

EquiAlt Capital Advisors and its affiliates, including all of our executive officers and our directors and other key real estate professionals, will face conflicts of interest caused by their compensation arrangements with us and with other EquiAlt-sponsored programs, which could result in actions that are not in the long-term best interests of our stockholders.

All of our executive officers and our directors and other key real estate professionals are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor, our property manager and/or other EquiAlt-affiliated entities. EquiAlt Capital Advisors and its affiliates will receive substantial fees from us. These fees could influence our advisor's advice to us as well as the judgment of its affiliates. Among other matters, these compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of our agreements with EquiAlt Capital Advisors and its affiliates, including the advisory agreement and the property management agreement;
- offerings of equity by us, which will likely entitle EquiAlt Capital Advisors to increased acquisition and origination fees and asset management fees;
- sales of real estate investments, which will entitle EquiAlt Capital Advisors to disposition fees and possible subordinated incentive fees;
- acquisitions of real estate investments, which will entitle EquiAlt Property Management to property management fees and oversight fees and will entitle EquiAlt Capital Advisors to acquisition or origination fees based on the cost of the investment and asset management fees based on the cost of the investment, and not based on the quality of the investment or the quality of the services rendered to us, which may influence our advisor to recommend riskier transactions to us and/or transactions that are not in our best interest and, in the case of acquisitions of investments from other EquiAlt-sponsored programs, which might entitle affiliates of EquiAlt Capital Advisors to disposition fees and possible subordinated incentive fees in connection with its services for the seller;
- whether and when we seek to list our shares of common stock on a national securities exchange, which listing (i) may make it more likely for us to become self-managed or internalize our management or (ii) could entitle EquiAlt Capital Advisors to a subordinated incentive fee, and which could also adversely affect the sales efforts for other EquiAlt-sponsored programs, depending on the price at which our shares trade; and

- whether and when we seek to sell the company or its assets, which sale could entitle EquiAlt Capital Advisors to disposition fees or a subordinated incentive fee and terminate the asset management fee, property management fee and oversight fee.

Our advisor and its affiliates will face conflicts of interest relating to the acquisition and origination of assets and leasing of properties due to their relationship with other EquiAlt-sponsored programs, which could result in decisions that are not in our best interest or the best interests of our stockholders.

We rely on key real estate professionals at our advisor, including Messrs. Davison and Rybicki, to identify suitable investment opportunities for us. EquiAlt Capital Advisors may, in the future, advise other EquiAlt-affiliated funds. Messrs. Davison and Rybicki at EquiAlt Capital Advisors are also the key real estate professionals at EquiAlt Property Management. Many investment opportunities that are suitable for us may also be suitable for other EquiAlt-sponsored programs. When these real estate professionals direct an investment opportunity to any EquiAlt-sponsored program, they, in their sole discretion, will offer the opportunity to the program for which the investment opportunity is most suitable based on the investment objectives, portfolio and criteria of each program.

For so long as we are externally advised, our charter provides that it shall not be a proper purpose of the corporation for us to make any significant investment unless our advisor has recommended the investment to us. Thus, the real estate professionals of EquiAlt Capital Advisors could direct attractive investment opportunities to other EquiAlt-sponsored programs. Such events could result in us investing in properties that provide less attractive returns, which would reduce the level of distributions we may be able to pay our stockholders.

We and other EquiAlt-sponsored programs also rely on these real estate professionals to supervise the property management and leasing of properties. If the EquiAlt team of real estate professionals directs creditworthy prospective tenants to properties owned by another EquiAlt-sponsored program when it could direct such tenants to our properties, our tenant base may have more inherent risk and our properties' occupancy may be lower than might otherwise be the case.

Further, existing and future EquiAlt-sponsored programs and Messrs. Davison and Rybicki generally are not and will not be prohibited from engaging, directly or indirectly, in any business or from possessing interests in any other business venture or ventures, including businesses and ventures involved in the acquisition, origination, development, ownership, leasing or sale of real estate-related investments.

Our advisor and its affiliates will face conflicts of interest relating to joint ventures that we may form with affiliates of our advisor, which conflicts could result in a disproportionate benefit to other venture partners at our expense.

We may enter into joint venture agreements with other EquiAlt-sponsored programs or affiliated entities for the acquisition, development or improvement of properties or other investments. EquiAlt Capital Advisors, our advisor, and its affiliates have some of the same executive officers, affiliated directors and other key real estate and debt finance professionals; and these persons will face conflicts of interest in structuring the terms of the relationship between our interests and the interests of the EquiAlt-affiliated co-venturer and in managing the joint venture. Any joint venture agreement or transaction between us and a EquiAlt-affiliated co-venturer will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers. The EquiAlt-affiliated co-venturer may have economic or business interests or goals that are or may become inconsistent with our business interests or goals. These co-venturers may thus benefit to our and your detriment.

Our officers, our advisor and the real estate, debt finance, management and accounting professionals assembled by our advisor will face competing demands on their time and this may cause our operations and our stockholders' investment to suffer.

We rely on our officers, our advisor and the real estate, debt finance, management and accounting professionals that our advisor retains, including Messrs. Davison and Rybicki, to provide services to us for the day-to-day operation of our business. As a result of their interests in other EquiAlt-sponsored programs, their obligations to the advisor and the company, and the fact that they engage in and will continue to engage in other business activities on behalf of themselves and others, they may face conflicts of interest in allocating their time among such endeavors. In addition, EquiAlt Capital Advisors and its affiliates share many of the same key real estate, management and accounting professionals. During times of intense activity in other programs and ventures, these individuals may devote less time and fewer resources to our business than are necessary or appropriate to manage our business. Furthermore, some or all of these individuals may become employees of another EquiAlt-sponsored program in an internalization transaction or, if we internalize our advisor, may not become our employees as a result of their relationship with other EquiAlt-sponsored programs. If these events occur, the returns on our investments, and the value of our stockholders' investment, may decline.

All of our executive officers, our directors and the key real estate professionals assembled by our advisor face conflicts of interest related to their positions and/or interests in EquiAlt Capital Advisors and its affiliates, including our property manager, which could hinder our ability to implement our business strategy and to generate returns to our stockholders.

All of our executive officers, our directors and the key real estate professionals assembled by our advisor are also executive officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor, our property manager and/or other EquiAlt-affiliated entities. As a result, they owe fiduciary duties to each of these entities, their members and their limited partners, which fiduciary duties may from time to time conflict with the duties that they owe to us and our stockholders. Their loyalties to these other entities and investors could result in action or inaction that is detrimental to our business, which could harm the implementation of our business strategy and our investment and leasing opportunities. Further, Messrs. Davison and Rybicki are not and will not be prohibited from engaging, directly or indirectly, in any business or from possessing interests in any other business venture or ventures, including businesses and ventures involved in the acquisition, development, ownership, leasing or sale of real estate investments.

Risks Related to Our Corporate Structure

Our charter limits the number of shares a person may own, which may discourage a takeover that could otherwise result in a premium price to our stockholders.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. To help us comply with the REIT ownership requirements of the Internal Revenue Code, our charter prohibits a person from directly or constructively owning more than 9.8% of our outstanding shares, unless exempted by our board of directors. This restriction may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock.

Our charter permits our board of directors to issue stock with terms that may subordinate the rights of our common stockholders or discourage a third party from acquiring us in a manner that could result in a premium price to our stockholders.

Our board of directors may classify or reclassify any unissued common stock or preferred stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms or conditions of redemption of any such stock. Thus, our board of directors could authorize the issuance of preferred stock with priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. Such preferred stock could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price to holders of our common stock.

Our stockholders' investment return may be reduced if we are required to register as an investment company under the Investment Company Act; if we or our subsidiaries become an unregistered investment company, we could not continue our business.

Neither we nor any of our subsidiaries intend to register as investment companies under the Investment Company Act. If we or our subsidiaries were obligated to register as investment companies, we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

Under the relevant provisions of Section 3(a)(1) of the Investment Company Act, an investment company is any issuer that:

- is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities (the "primarily engaged test"); or
- is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of such issuer's

total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis (the "40% test"). "Investment securities" excludes U.S. government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

We believe that neither we nor our Operating Partnership will be required to register as an investment company based on the following analysis. With respect to the 40% test, most of the entities through which we and our Operating Partnership will own our assets will be majority-owned subsidiaries that will not themselves be investment companies and will not be relying on the exceptions from the definition of investment company under Section 3(c)(1) or Section 3(c)(7).

With respect to the primarily engaged test, we and our Operating Partnership will be holding companies and do not intend to invest or trade in securities ourselves. Rather, through the majority-owned subsidiaries of our Operating Partnership, we and our Operating Partnership will be primarily engaged in the non-investment company businesses of these subsidiaries, namely the business of purchasing or otherwise acquiring real estate and real estate-related assets.

We believe that most of the subsidiaries of our Operating Partnership will be able to rely on Section 3(c)(5)(C) of the Investment Company Act for an exception from the definition of an investment company. (Any other subsidiaries of our Operating Partnership should be able to rely on the exceptions for private investment companies pursuant to Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act.) As reflected in no-action letters, the SEC staff's position on Section 3(c)(5)(C) generally requires that an issuer maintain at least 55% of its assets in "mortgages and other liens on and interests in real estate," or qualifying assets; at least 80% of its assets in qualifying assets plus real estate-related assets; and no more than 20% of the value of its assets in other than qualifying assets and real estate-related assets, which we refer to as miscellaneous assets. To constitute a qualifying asset under this 55% requirement, a real estate interest must meet various criteria based on no-action letters. We expect that each of the subsidiaries of our Operating Partnership relying on Section 3(c)(5)(C) will invest at least 55% of its assets in qualifying assets, and approximately an additional 25% of its assets in other types of real estate-related assets. We expect to rely on guidance published by the SEC staff or on our analyses of guidance published with respect to types of assets to determine which assets are qualifying real estate assets and real estate-related assets.

To maintain compliance with the Investment Company Act, our subsidiaries may be unable to sell assets we would otherwise want them to sell and may need to sell assets we would otherwise wish them to retain. In addition, our subsidiaries may have to acquire additional assets that they might not otherwise have acquired or may have to forego opportunities to make investments that we would otherwise want them to make and would be important to our investment strategy. Moreover, the SEC or its staff may issue interpretations with respect to various types of assets that are contrary to our views and current SEC staff interpretations are subject to change, which increases the risk of non-compliance and the risk that we may be forced to make adverse changes to our portfolio. In this regard, we note that in 2011 the SEC issued a concept release indicating that the SEC and its staff were reviewing interpretive issues relating to Section 3(c)(5)(C) and soliciting views on the application of Section 3(c)(5)(C) to companies engaged in the business of acquiring mortgages and mortgage-related instruments. If we were required to register as an investment company but failed to do so, we would be prohibited from engaging in our business and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court required enforcement and a court could appoint a receiver to take control of us and liquidate our business. For more information related to compliance with the Investment Company Act, see "Investment Objectives and Criteria—Investment Limitations under the Investment Company Act of 1940."

Rapid changes in the values of our assets may make it more difficult for us to maintain our qualification as a REIT or our exception from the definition of an investment company under the Investment Company Act.

If the market value or income potential of our qualifying real estate assets changes as compared to the market value or income potential of our non-qualifying assets, or if the market value or income potential of our assets that are considered "real estate-related assets" under the Investment Company Act or REIT qualification tests changes as compared to the market value or income potential of our assets that are not considered "real estate-related assets" under the Investment Company Act or REIT qualification tests, whether as a result of increased interest rates, prepayment rates or other factors, we may need to modify our investment portfolio in order to maintain our REIT qualification or exception from the definition of an investment company. If the decline in asset values or income occurs quickly, this may be especially difficult, if not impossible, to accomplish. This difficulty may be exacerbated by the illiquid nature of many of the assets that we may own. We may have to make investment decisions that we otherwise would not make absent REIT and Investment Company Act considerations.

Our stockholders will have limited control over changes in our policies and operations, which increases the uncertainty and risks our stockholders face.

Our board of directors determines our major policies, including our policies regarding financing, growth, debt capitalization, REIT qualification and distributions. Our board of directors may amend or revise these and other policies without a vote of the

stockholders. Under Maryland General Corporation Law and our charter, our stockholders have a right to vote only on limited matters. Our board's broad discretion in setting policies and our stockholders' inability to exert control over those policies increases the uncertainty and risks our stockholders face.

Our stockholders may not be able to sell their shares under our share redemption program and, if our stockholders are able to sell their shares under the program, they may not be able to recover the amount of their investment in our shares.

Our share redemption program includes numerous restrictions that severely limit our stockholders' ability to sell their shares should they require liquidity and will limit our stockholders' ability to recover the value they invested in our common stock. Our stockholders must hold their shares for at least one year in order to participate in our share redemption program, except for Special Redemptions. We limit the number of shares redeemed pursuant to our share redemption program as follows: (i) during any calendar year, we may redeem no more than 5% of the weighted average number of shares outstanding during the prior calendar year and (ii) during each calendar year, redemptions will be limited to an amount equal to 1% of our cash flows from operating activities in the prior calendar year; however, we may increase or decrease the funding available for the redemption of shares upon 10 business days' notice to our stockholders. Further, we have no obligation to redeem shares if the redemption would violate the restrictions on distributions under Maryland law, which prohibits distributions that would cause a corporation to fail to meet statutory tests of solvency. These limits may prevent us from accommodating all redemption requests made in any year.

If and when we do have funds available for redemption, with respect to Ordinary Redemptions, for those shares held by the redeeming stockholder for at least one year, we expect to initially redeem shares submitted for redemption at 95.0% of the price paid to acquire the shares from us. For purposes of the foregoing, the price paid to acquire shares received as a stock distribution will be deemed to be the purchase price for shares in our primary offering. Once we establish an estimated NAV per share of our common stock, for those shares held by the redeeming stockholder for at least one year, we will redeem all shares submitted in connection with an Ordinary Redemption at 95.0% of our estimated NAV per share as of the applicable redemption date.

For purposes of determining whether a redeeming stockholder has held the share submitted for redemption for at least one year, the time period begins as of the date the stockholder acquired the share; provided, that shares purchased by the redeeming stockholder pursuant to a distribution reinvestment plan or received as a stock distribution will be deemed to have been acquired on the same date as the initial share to which the distribution reinvestment plan shares or stock distribution shares relate. The date of the share's original issuance by us is not determinative.

Our board may amend, suspend or terminate our share redemption program upon 10 business days' notice to our stockholders. See "Description of Shares – Share Redemption Program" for more information about the program.

The offering price of our shares of common stock to be sold in the primary offering was not established on an independent basis and bears no relationship to the net value of our assets. The offering price is likely to be higher than the amount our stockholders would receive per share if we were to liquidate because of the upfront fees that we pay in connection with the issuance of our shares. Until we commence an initial public offering, we intend to use the gross offering price of shares in this offering as the estimated per share value of our shares. If we commence an initial public offering, we expect to calculate and disclose an estimated NAV per share in order to help us establish the public offering price. If we do not commence an initial public offering we are not required to report an estimated NAV per share.

We set the offering price of our shares arbitrarily. The primary offering price of our shares bears no relationship to our book or asset values or to any other established criteria for valuing shares. Because the offering price is not based upon any independent valuation, the offering price is likely to be higher than the proceeds that our stockholders would receive upon liquidation or a resale of their shares if they were to be listed on an exchange or actively traded by broker-dealers, especially in light of the upfront fees that we pay in connection with the issuance of our shares.

Until we commence an initial public offering, we intend to use the gross offering price of shares in this offering (ignoring purchase price discounts for certain categories of purchasers), or $10.00 per share, as the estimated per share value of our shares. If we commence an initial public offering, we expect to calculate and disclose an estimated NAV per share in order to help us establish the public offering price. Once we announce an estimated NAV per share we generally expect to update the estimated NAV per share at least once per calendar year. If we do not commence an initial public offering we are not required to report an estimated NAV per share

Until we report an estimated NAV, the initial reported values will likely differ from the price that a stockholder would receive in the near term upon a resale of his or her shares or upon a liquidation of our company because (i) there is no public trading market for the shares at this time; (ii) when based solely on the offering price, the primary offering price includes the payment of underwriting compensation and other directed selling efforts, which payments and efforts are likely to produce a higher sale price than could otherwise be obtained; (iii) the estimated value will not reflect, and will not be derived from, the fair market value of our assets,

nor will it represent the amount of net proceeds that would result from an immediate liquidation of our assets; (iv) the estimated value will not take into account how market fluctuations affect the value of our investments; and (v) the estimated value will not take into account how developments related to individual assets may increase or decrease the value of our portfolio.

Even when determining the estimated value of our shares by estimating an NAV per share, we will estimate the value of our shares based upon a number of assumptions that may not be accurate or complete. Accordingly, these estimates may not be an accurate reflection of the fair market value of our investments and will not likely represent the amount of net proceeds that would result from an immediate sale of our assets.

The actual value of shares that we repurchase under our share redemption program may be substantially less than what we pay.

Under our share redemption program, shares currently may be repurchased at varying prices depending on (i) the purchase price paid for the shares, (ii) whether the redemptions qualify as Special Redemptions, and (iii) whether we have reported an estimated NAV per share. The current maximum price that may be paid under the program is $10.00 per share, which is the offering price for our shares of common stock in the primary offering (ignoring purchase price discounts for certain categories of purchasers). Although this value will initially represent the most recent price at which investors will be willing to purchase shares in this primary offering, this value is likely to differ from the price at which a stockholder could resell his or her shares for the reasons discussed in the risk factor above. Thus, if we repurchase shares of our common stock based on the purchase price paid to acquire a share, the actual value of the respective shares that we repurchase is likely to be less and the repurchase is likely to be dilutive to our remaining stockholders. This is particularly the case if we issue stock distributions because shares received as a stock distribution will be deemed to have a purchase price equal to the primary offering price in effect as of the date the stock distribution was issued even though we received no consideration for the shares. Even at lower repurchase prices, the actual value of the shares may be substantially less than what we pay and the repurchase may be dilutive to our remaining stockholders.

Because there is no independent dealer manager for this offering, our stockholders will not have the benefit of an independent due diligence review of us, which is customarily performed in underwritten offerings.

Because there is no independent dealer manager for the offering, stockholders will not receive the safeguards which might be provided by a "due diligence" investigation by an unaffiliated underwriter or dealer manager with respect to statements made in this memorandum. The absence of an independent due diligence review increases the risks and uncertainty our stockholders face.

Our investors' interest in us will be diluted if we issue additional shares, which could reduce the overall value of their investment.

Our common stockholders do not have preemptive rights to any shares we issue in the future. Our charter authorizes us to issue 1,010,000,000 shares of capital stock, of which 1,000,000,000 shares are designated as common stock with 500,000,000 shares being designated as Class A common stock and 10,000,000 shares are designated as preferred stock. Our board of directors may increase the number of authorized shares of capital stock without stockholder approval. After our investors purchase shares in this offering, our board may elect to (i) sell additional shares in this or in future offerings; (ii) issue shares to our advisor, or its successors or assigns, in payment of an outstanding fee obligation; (iii) issue shares of our common stock to sellers of properties or assets we acquire in connection with an exchange of limited partnership interests of our Operating Partnership; or (iv) otherwise issue additional shares of our capital stock. To the extent we issue additional equity interests after our investors purchase shares, whether in this or future primary offerings or otherwise, our investors' percentage ownership interest in us would be diluted. In addition, depending upon the terms and pricing of any additional issuances of shares, the use of the proceeds and the value of our real estate investments, our investors may also experience dilution in the book value and fair value of their shares and in the earnings and distributions per share.

Payment of fees to EquiAlt Capital Advisors and its affiliates will reduce cash available for investment and distribution to stockholders and increases the risk that our stockholders will not be able to recover the amount of their investment in our shares.

EquiAlt Capital Advisors and its affiliates will perform services for us in connection with the selection and acquisition or origination of our real estate investments, the management and leasing of our real estate properties, the administration of our real estate-related investments and the disposition of our real estate investments. We will pay them substantial fees for these services, which will result in immediate dilution of the value of our stockholders' investment and will reduce the amount of cash available for investment or distribution to stockholders. Compensation to be paid to our advisor may be increased subject to any limitations in our charter, which would further dilute our stockholders' investment and reduce the amount of cash available for investment or distribution to stockholders. We estimate that we will use between 62.50% to 90.50% of the gross proceeds in the primary offering to acquire real estate and real estate-related investments, to maintain a working capital reserve, to pay acquisition and origination expenses and, upon the acquisition or origination of real estate investments, to pay a fee to our advisor for its services in connection with the selection and acquisition or origination of such real estate investments. We will use the remainder of the gross proceeds from the primary offering to pay Selling Commissions and Expenses and organization and other offering expenses.

We may also pay significant fees during our listing/liquidation stage. Therefore, these fees increase the risk that the amount available for distribution to common stockholders upon a liquidation of our portfolio would be less than the purchase price of the shares in this offering. These substantial fees and other payments also increase the risk that our stockholders will not be able to resell their shares at a profit, even if our shares are listed on a national securities exchange. For a discussion of our fee arrangement with EquiAlt Capital Advisors and its affiliates, see "Management Compensation."

If we are unable to obtain funding for future capital needs, cash distributions to our stockholders and the value of our investments could decline.

When tenants do not renew their leases or otherwise vacate their space, we will often need to expend substantial funds for improvements to the vacated space in order to attract replacement tenants. Even when tenants do renew their leases we may agree to make improvements to their space as part of our negotiations. If we need additional capital in the future to improve or maintain our properties or for any other reason, we may have to obtain funding from sources other than our cash flow from operations, such as borrowings or future equity offerings. These sources of funding may not be available on attractive terms or at all. If we cannot procure additional funding for capital improvements, our investments may generate lower cash flows or decline in value, or both, which would limit our ability to make distributions to our stockholders and could reduce the value of our stockholders' investment.

Our stockholders may be more likely to sustain a loss on their investment because our sponsor does not have as strong an economic incentive to avoid losses as do sponsors who have made significant equity investments in their companies.

Our sponsor has invested only $500,001 in us through the purchase of 55,248 shares of our common stock at an average purchase price of $9.05 per share. Therefore, our sponsor will have little exposure to loss in the value of our shares. With this limited exposure, our investors may be at a greater risk of loss because our sponsor does not have as much to lose from a decrease in the value of our shares as do those sponsors who make more significant equity investments in their companies.

Although we will not currently be afforded the protection of the Maryland General Corporation Law relating to deterring or defending hostile takeovers, our board of directors could opt into these provisions of Maryland law in the future, which may discourage others from trying to acquire control of us and may prevent our stockholders from receiving a premium price for their stock in connection with a business combination.

Under Maryland law, "business combinations" between a Maryland corporation and certain interested stockholders or affiliates of interested stockholders are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. Also under Maryland law, control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquirer, an officer of the corporation or an employee of the corporation who is also a director of the corporation are excluded from the vote on whether to accord voting rights to the control shares. Should our board of directors opt into these provisions of Maryland law, it may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. Similarly, if available to us, provisions of Title 3, Subtitle 8 of the Maryland General Corporation Law could provide similar anti-takeover protection. For more information about the business combination, control share acquisition and Subtitle 8 provisions of Maryland law, see "Description of Shares—Business Combinations," "Description of Shares—Control Share Acquisitions" and "Description of Shares—Subtitle 8."

Our charter includes an anti-takeover provision that may discourage a stockholder from launching a tender offer for our shares.

Our charter provides that any tender offer made by a stockholder, including any "mini-tender" offer, must comply with most provisions of Regulation 14D of the Exchange Act. The offering stockholder must provide our company notice of such tender offer at least 10 business days before initiating the tender offer. If the offering stockholder does not comply with these requirements, all tendering stockholders will have the ability to rescind the tender of their shares. In addition, the noncomplying stockholder shall be responsible for all of our company's expenses in connection with that stockholder's noncompliance. This provision of our charter may discourage a stockholder from initiating a tender offer for our shares and prevent you from receiving a premium price for your shares in such a transaction.

General Risks Related to Investments in Real Estate

Economic, market and regulatory changes that impact the real estate market generally may decrease the value of our real estate properties and weaken our operating results.

The performance of the real estate properties we acquire will be subject to the risks typically associated with real estate, any of which could decrease the value of our real estate properties and could weaken our operating results, including:

- downturns in national, regional and local economic conditions;
- competition from other single-family residential properties, multifamily properties and office and industrial buildings;
- adverse local conditions, such as oversupply or reduction in demand for single-family residential properties, multifamily apartment units and office and industrial buildings and changes in real estate zoning laws that may reduce the desirability of real estate in an area;
- vacancies, changes in market rental rates and the need to periodically repair, renovate and re-let space;
- changes in interest rates and the availability of permanent mortgage financing, which may render the sale of a property or loan difficult or unattractive;
- changes in tax (including real and personal property tax), real estate, environmental and zoning laws;
- natural disasters such as hurricanes, earthquakes and floods;
- acts of war or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001;
- the potential for uninsured or underinsured property losses;
- periods of high interest rates and tight money supply;
- failure of tenants to pay rent when due or otherwise perform their lease obligations;
- increases in HOA fees and insurance costs; and
- the short-term nature of most residential leases and the costs and potential delays in re-leasing.

Any of the above factors, or a combination thereof, could result in a decrease in our cash flow from operations and a decrease in the value of our real estate properties, which would have an adverse effect on our operations, on our ability to pay distributions to our stockholders and on the value of our stockholders' investment.

We may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results.

Our future operating results may depend on our ability to effectively manage our growth which is dependent, in part, on our ability to:

- stabilize and manage an increasing number of properties and tenant relationships across a geographically dispersed portfolio while maintaining a high level of tenant satisfaction, and building and enhancing our brand;
- attract, integrate and retain new management and operations personnel; and
- continue to improve our operational and financial controls and reporting procedures and systems.

We can provide no assurance that we will be able to manage our properties or grow our business efficiently or effectively, or without incurring significant additional expenses. Any failure to do so may have an adverse effect on our business and operating results.

A significant portion of our costs and expenses are fixed and we may not be able to adapt our cost structure to offset declines in our revenue.

Many of the expenses associated with our business, such as real estate taxes, HOA fees, personal and property taxes, insurance, utilities, acquisition, renovation and maintenance costs, and other general corporate expenses are relatively inflexible and will not necessarily decrease with a reduction in revenue from our business. Some components of our fixed assets will depreciate more rapidly and require ongoing capital expenditures. Our expenses and ongoing capital expenditures are also affected by inflationary increases and certain of our cost increases may exceed the rate of inflation in any given period or market. By contrast, rental income is

affected by many factors beyond our control, such as the availability of alternative rental housing and economic conditions in our markets. In addition, state and local regulations may require us to maintain properties that we own, even if the cost of maintenance is greater than the value of the property or any potential benefit from renting the property, or pass regulations that limit our ability to increase rental rates. As a result, we may not be able to fully offset rising costs and capital spending by increasing rental rates, which could have a material adverse effect on our results of operations and cash available for distribution.

Increasing property taxes, HOA fees and insurance costs may negatively affect our financial results.

It is anticipated that the cost of property taxes and insuring our properties will be a significant component of our expenses. Our properties will be subject to real and personal property taxes that may increase as tax rates change and as the real properties are assessed or reassessed by taxing authorities. As the owner of our properties, we are ultimately responsible for payment of the taxes to the applicable government authorities. If real property taxes increase, our expenses will increase. If we fail to pay any such taxes, the applicable taxing authority may place a lien on the real property and the real property may be subject to a tax sale.

In addition, our properties may be located within HOAs, making such properties subject to HOA rules and regulations. HOAs have the power to increase monthly charges and make assessments for capital improvements and common area repairs and maintenance. Property taxes, HOA fees, and insurance premiums are subject to significant increases, which can be outside of our control. If the costs associated with property taxes, HOA fees and assessments or insurance rise significantly and we are unable to increase rental rates due to rent control laws or other regulations to offset such increases, our results of operations would be negatively affected.

We may not be able to effectively control the timing and costs relating to the renovation and maintenance of our properties, which may adversely affect our operating results and ability to make distributions to our stockholders.

Nearly all of our properties will require some level of renovation either immediately upon their acquisition or in the future following expiration of a lease or otherwise. We may acquire properties that we plan to extensively renovate. We may also acquire properties that we expect to be in good condition only to discover unforeseen defects and problems that require extensive renovation and capital expenditures. To the extent properties are leased to existing tenants, renovations may be postponed until the tenant vacates the premises, and we will pay the costs of renovating. In addition, from time to time, we may perform ongoing maintenance or make ongoing capital improvements and replacements and perform significant renovations and repairs that tenant deposits and insurance may not cover. If our portfolio consists of geographically dispersed properties, our ability to adequately monitor or manage any such renovations or maintenance may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated.

Our properties will have infrastructure and appliances of varying ages and conditions. Consequently, we will routinely retain independent contractors and trade professionals to perform physical repair work and will be exposed to all of the risks inherent in property renovation and maintenance, including potential cost overruns, increases in labor and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits, certificates of occupancy and poor workmanship. If our assumptions regarding the costs or timing of renovation and maintenance across our properties prove to be materially inaccurate, our operating results and ability to make distributions to our stockholders may be adversely affected.

We face significant competition in the leasing market for quality tenants, which may limit our ability to lease our properties on favorable terms.

We will depend on rental income from single-family residential and multifamily property tenants for a significant portion, if not all, of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified tenants for our properties. We face competition for tenants from other lessors of single-family residential properties, apartment buildings and condominium units. Competing properties may be newer, better located and more attractive to tenants. Potential competitors may have lower rates of occupancy than we do or may have superior access to capital and other resources, which may result in competing owners more easily locating tenants and leasing available housing at lower rental rates than we might offer at our homes. Many of these competitors may successfully attract tenants with better incentives and amenities, which could adversely affect our ability to obtain quality tenants and lease our properties on favorable terms. Additionally, some competing housing options may qualify for government subsidies that may make such options more accessible and therefore more attractive than our properties. This competition may affect our ability to attract and retain tenants and may reduce the rental rates we are able to charge.

In addition, increases in unemployment levels and other adverse changes in economic conditions in our markets may adversely affect the creditworthiness of potential tenants, which may decrease the overall number of qualified tenants for our properties within such markets. We could also be adversely affected by overbuilding or high vacancy rates of homes in our markets, which could result in an excess supply of homes and reduce occupancy and rental rates. Development of apartment buildings and condominium units in any of our target markets would increase the supply of housing and exacerbate competition for tenants.

In addition, improving economic conditions, along with the availability of low residential mortgage interest rates and government sponsored programs to promote home ownership, have made home ownership more accessible for potential renters who have strong credit. These factors may encourage potential renters to purchase residences rather than lease them, thereby causing a decline in the number and quality of potential tenants available to us.

No assurance can be given that we will be able to attract and retain suitable tenants. If we are unable to lease our single-family residential properties to suitable tenants, we would be adversely affected and the value of our common stock could decline.

We intend to acquire properties from time to time consistent with our investment strategy even if the rental and housing markets are not as favorable as they have been in the recent past, which could adversely impact anticipated yields.

We intend to acquire properties from time to time consistent with our investment strategy, even if the rental and housing markets are not as favorable as they have been in the recent past. The following factors, among others, may cause acquisitions to be more expensive:

- improvements in the overall economy and employment levels;
- greater availability of consumer credit;
- improvements in the pricing and terms of mortgages;
- the emergence of increased competition for single-family residential properties from private investors and entities with similar investment objectives to ours; and
- tax or other government incentives that encourage homeownership.

We plan to acquire properties as long as we believe such properties offer an attractive total return opportunity. Accordingly, future acquisitions may have lower yield characteristics than present opportunities and, if such future acquisitions are funded through equity issuances, the yield and distributable cash per share will be reduced, and the value of our common stock may decline.

Competition in identifying and acquiring our properties could adversely affect our ability to implement our business and growth strategies, which could materially and adversely affect us.

In acquiring our properties, we compete with a variety of institutional investors, including other REITs, specialty finance companies, public and private funds, savings and loan associations, banks, mortgage bankers, insurance companies, institutional investors, investment banking firms, financial institutions, governmental bodies and other entities. We also compete with individual private home buyers and small scale investors. Certain of our competitors may be larger in certain of our target markets and may have greater financial or other resources than we do. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us. In addition, any potential competitor may have higher risk tolerances or different risk assessments and may not be subject to the operating constraints associated with qualification for taxation as a REIT, which could allow them to consider a wider variety of investments. Competition may result in fewer investments, higher prices, a broadly dispersed portfolio of properties that does not lend itself to efficiencies of concentration, acceptance of greater risk, lower yields and a narrower spread of yields over our financing costs. In addition, competition for desirable investments could delay the investment of our capital, which could adversely affect our results of operations and cash flows. As a result, there can be no assurance that we will be able to identify and finance investments that are consistent with our investment objectives or to achieve positive investment results, and our failure to accomplish any of the foregoing could have a material adverse effect on us and cause the value of our common stock to decline.

Compliance with governmental laws, regulations and covenants that are applicable to our properties or that may be passed in the future, including permit, license and zoning requirements, may adversely affect our ability to make future acquisitions or renovations, result in significant costs or delays, and adversely affect our growth strategy.

Rental homes are subject to various covenants and local laws and regulatory requirements, including permitting, licensing and zoning requirements. Local regulations, including municipal or local ordinances, restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to acquiring any of our properties or when undertaking renovations of any of our properties. Among other things, these restrictions may relate to fire and safety, seismic, asbestos-cleanup or hazardous material abatement requirements. Additionally, such local regulations may cause us to incur additional costs to renovate or maintain our properties in accordance with the particular rules and regulations. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. Our business and growth strategies may

be materially and adversely affected by our ability to obtain permits, licenses and approvals. Our failure to obtain such permits, licenses and approvals could have a material adverse effect on us and cause the value of our common stock to decline.

Tenant relief laws, including laws regulating evictions, rent control laws and other regulations that limit our ability to increase rental rates may negatively impact our rental income and profitability.

We may be involved from time to time in evicting tenants who are not paying their rent or who are otherwise in material violation of the terms of their lease. Eviction activities impose legal and managerial expenses that raise costs and expose us to potential negative publicity. The eviction process is typically subject to legal barriers, mandatory "cure" policies, our internal policies and procedures and other sources of expense and delay, each of which may delay our ability to gain possession and stabilize the property. Additionally, state and local landlord-tenant laws may impose legal duties to assist tenants in relocating to new housing, or restrict the landlord's ability to remove the tenant on a timely basis or to recover certain costs or charge tenants for damage tenants cause to the landlord's premises. Because such laws vary by state and locality, we must be familiar with and take all appropriate steps to comply with all applicable landlord-tenant laws, and need to incur supervisory and legal expenses to ensure such compliance. To the extent that we do not comply with state or local laws, we may be subjected to civil litigation filed by individuals, in class actions or actions by state or local law enforcement and our reputation and financial results may suffer. We may be required to pay our adversaries' litigation fees and expenses if judgment is entered against us in such litigation or if we settle such litigation.

Furthermore, state and local governmental agencies may introduce rent control laws or other regulations that limit our ability to increase rental rates, which may affect our rental income. Especially in times of recession and economic slowdown, rent control initiatives can acquire significant political support. If rent controls unexpectedly became applicable to certain of our properties, our revenue from and the value of such properties could be adversely affected.

We may become a target of legal demands, litigation (including class actions) and negative publicity by tenant and consumer rights organizations, which could directly limit and constrain our operations and may result in significant litigation expenses and reputational harm.

Numerous tenant rights and consumer rights organizations exist throughout the country and operate in our target markets, and we may attract attention from some of these organizations and become a target of legal demands, litigation and negative publicity. While we intend to conduct our business lawfully and in compliance with applicable landlord-tenant and consumer laws, such organizations might work in conjunction with trial and pro bono lawyers in one or multiple states to attempt to bring claims against us on a class action basis for damages or injunctive relief and to seek to publicize our activities in a negative light. We cannot anticipate what form such legal actions might take, or what remedies they may seek.

Additionally, such organizations may lobby local county and municipal attorneys or state attorneys general to pursue enforcement or litigation against us, may lobby state and local legislatures to pass new laws and regulations to constrain or limit our business operations, adversely impact our business or may generate negative publicity for our business and harm our reputation. If they are successful in any such endeavors, they could directly limit and constrain our operations and may impose on us significant litigation expenses, including settlements to avoid continued litigation or judgments for damages or injunctions.

Our evaluation of properties involves a number of assumptions that may prove inaccurate, which could result in us paying too much for properties we acquire and/or overvaluing our properties or our properties failing to perform as we expect.

We are authorized to follow a broad investment policy established by our board of directors and subject to implementation by our management and our advisor. Our board of directors periodically reviews and updates the investment policy and also reviews our portfolio of real estate and real estate-related assets. Our success depends on our ability to acquire properties that can be quickly renovated, repaired, upgraded and rented with minimal expense and maintained in quality condition. In determining whether a particular property meets our investment criteria, we make a number of assumptions, including, among other things, assumptions related to estimated time of possession and estimated renovation costs and time frames, annual operating costs, market rental rates and potential rent amounts, time from purchase to leasing and tenant default rates. These assumptions may prove inaccurate, particularly since the properties that we acquire may vary materially in terms of renovation, quality and type of construction, geographic location and hazards. As a result, we may pay too much for properties we acquire and/or overvalue our properties, or our properties may fail to perform as anticipated. Adjustments to the assumptions we make in evaluating potential purchases may result in fewer properties qualifying under our investment criteria, including assumptions related to our ability to lease properties we have purchased.

We have in the past and may from time to time in the future acquire some of our properties through the auction process, which could subject us to significant risks that could adversely affect us.

We may from time to time in the future acquire some of our properties through the auction process, including auctions of homes that have been foreclosed upon by third party lenders. Such auctions may occur simultaneously in a number of markets,

including monthly auctions on the same day of the month in certain markets. As a result, we may only be able to visually inspect properties from the street and will purchase these properties without a contingency period and in "as is" condition with the risk that unknown defects in the property may exist. Upon acquiring a new property, we may have to evict tenants who are in unlawful possession before we can secure possession and control of such property. The holdover occupants may be the former owners or tenants of a property, or they may be squatters or others who are illegally in possession. Securing control and possession from these occupants can be both costly and time-consuming or generate negative publicity for our business and harm our reputation.

Allegations of deficiencies in auction practices could result in claims challenging the validity of some auctions, potentially placing our claim of ownership to the properties at risk. Since we do not obtain title insurance policies for properties we acquire through the auction process until we place the property into a securitization facility in connection with a mortgage loan financing, such instances or such proceedings may result in a complete loss without compensation.

Title defects could lead to material losses on our investments in our properties.

Our title to a property may be challenged for a variety of reasons, and in such instances title insurance may not prove adequate. For example, while we do not lend to homeowners and accordingly do not foreclose on a home, our title to properties we acquire at foreclosure auctions may be subject to challenge based on allegations of defects in the foreclosure process undertaken by other parties. In addition, we may from time to time acquire a number of our properties on an "as is" basis, at auctions or otherwise. When acquiring properties on an "as is" basis, title commitments are often not available prior to purchase and title reports or title information may not reflect all senior liens, which may increase the possibility of acquiring single-family residential properties outside predetermined acquisition and price parameters, purchasing residences with title defects and deed restrictions, HOA restrictions on leasing, or purchasing the wrong residence without the benefit of title insurance prior to closing. Although we use various policies, procedures, and practices to assess the state of title prior to purchase and obtain title insurance once an acquired property is placed into a securitization facility in connection with a mortgage loan financing, there can be no assurance that these policies and procedures will be effective, which could lead to a material if not complete loss on our investment in such properties.

For properties we acquire at auction, we similarly do not obtain title insurance prior to purchase, and we are not able to perform the type of title review that is customary in acquisitions of real property. As a result, our knowledge of potential title issues will be limited, and no title insurance protection will be in place. This lack of title knowledge and insurance protection may result in third parties having claims against our title to such properties that may materially and adversely affect the values of the properties or call into question the validity of our title to such properties. Without title insurance, we are fully exposed to, and would have to defend ourselves against, such claims. Further, if any such claims are superior to our title to the property we acquired, we risk loss of the property purchased.

Increased scrutiny of title matters could lead to legal challenges with respect to the validity of the sale. In the absence of title insurance, the sale may be rescinded and we may be unable to recover our purchase price, resulting in a complete loss. Title insurance obtained subsequent to purchase offers little protection against discoverable defects because they are typically excluded from such policies. In addition, any title insurance on a property, even if acquired, may not cover all defects or the significant legal costs associated with obtaining clear title.

Any of these risks could adversely affect our operating results, cash flows, and ability to make distributions to our stockholders.

We are subject to certain risks associated with bulk portfolio acquisitions and dispositions.

We may acquire and dispose of properties in bulk. When we purchase properties in this manner, we often do not have the opportunity to conduct interior inspections or conduct more than cursory exterior inspections on a portion of the properties. Such inspection processes may fail to reveal major defects associated with such properties, which may cause the amount of time and cost required to renovate and/or maintain such properties to substantially exceed our estimates. Moreover, to the extent the management and leasing of such properties has not been consistent with our property management and leasing standards, we may be subject to a variety of risks, including risks relating to the condition of the properties, the credit quality and employment stability of the tenants and compliance with applicable laws, among others. In addition, financial and other information provided to us regarding such portfolios during our due diligence may be inaccurate and we may not discover such inaccuracies until it is too late to seek remedies against such sellers. To the extent we pursue such remedies, we may not be able to successfully prevail against the seller in an action seeking damages for such inaccuracies. If we conclude that certain individual properties purchased in bulk portfolio sales do not fit our target investment criteria, we may decide to sell, rather than renovate and rent, such properties, which could take an extended period of time and may not result in a sale at an attractive price.

From time to time we may engage in bulk portfolio dispositions of properties consistent with our business and investment strategy. With respect to any such disposition, the purchaser may default on payment or otherwise breach the terms of the relevant

purchase agreement, and it may be difficult for us to pursue remedies against such purchaser or retain or resume possession of the relevant properties. To the extent we pursue such remedies, we may not be able to successfully prevail against the purchaser.

Vacant properties could be difficult to lease, which could adversely affect our revenues.

The properties we acquire may often be vacant at the time of closing and we may not be successful in locating tenants to lease the individual properties that we acquire as quickly as we had expected or at all. Even if we are able to place tenants as quickly as we had expected, we may incur vacancies in the future and may not be able to re-lease those properties without longer-than-assumed delays, which may result in increased renovation and maintenance costs. In addition, the value of a vacant property could be substantially impaired. As a result, if vacancies continue for a longer period of time than we expect or indefinitely, we may suffer reduced revenues, which may have a material adverse effect on us.

We rely on information supplied by prospective tenants in managing our business.

We will make leasing decisions based on our review of rental applications completed by the prospective tenant. While we may seek to confirm or build on information provided in such rental applications through our own due diligence, including by conducting background checks, we rely on the information supplied to us by prospective tenants to make leasing decisions, and we cannot be certain that this information is accurate. These applications are submitted to us at the time we evaluate a prospective tenant and we do not require tenants to provide us with updated information during the terms of their leases, notwithstanding the fact that this information can, and frequently does, change over time. For example, increases in unemployment levels or adverse economic conditions in certain of our markets may adversely affect the creditworthiness of our tenants in such markets. Even though this information is not updated, we will use it to evaluate the characteristics of our portfolio over time. If tenant-supplied information is inaccurate or our tenants' creditworthiness declines over time, we may make poor or imperfect leasing decisions and our portfolio may contain more risk than we believe.

We depend on our tenants and their willingness to meet their lease obligations and renew their leases for substantially all of our revenues. Poor tenant selection and defaults and nonrenewals by our tenants may adversely affect our reputation, financial performance and ability to make distributions to our stockholders.

We will depend on rental income from tenants for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified tenants for our properties. Our reputation, financial performance and ability to make distributions to our stockholders would be adversely affected if a significant number of our tenants fail to meet their lease obligations or fail to renew their leases. For example, tenants may default on rent payments, make unreasonable and repeated demands for service or improvements, make unsupported or unjustified complaints to regulatory or political authorities, use our properties for illegal purposes, damage or make unauthorized structural changes to our properties that are not covered by security deposits, refuse to leave the property upon termination of the lease, engage in domestic violence or similar disturbances, disturb nearby residents with noise, trash, odors or eyesores, fail to comply with HOA regulations, sublet to less desirable individuals in violation of our lease or permit unauthorized persons to live with them. Damage to our properties may delay re-leasing after eviction, necessitate expensive repairs or impair the rental income or value of the property resulting in a lower than expected rate of return. Increases in unemployment levels and other adverse changes in economic conditions in our markets could result in substantial tenant defaults. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord at that property and will incur costs in protecting our investment and re-leasing the property.

Properties that have significant vacancies could be difficult to sell, which could diminish the return on these properties and adversely affect our ability to pay distributions to our stockholders.

A property may incur vacancies either by the expiration and non-renewal of tenant leases or the continued default of tenants under their leases. If vacancies continue for a long period of time, we may suffer reduced revenues resulting in less cash available for distribution to our stockholders. In addition, the resale value of the property could be diminished because the market value of the single-family residential properties, which we intend to target depends principally upon the value of the cash flow generated by the leases associated with that property. Such a reduction in the resale value of a property could also reduce the value of our stockholders' investment.

We may enter into long-term leases with tenants in certain properties, which may not result in fair market rental rates over time.

We may enter into long-term leases with tenants of certain of our properties, or include renewal options that specify a maximum rate increase. These leases would provide for rent to increase over time; however, if we do not accurately judge the potential for increases in market rental rates, we may set the terms of these long-term leases at levels such that, even after contractual rent increases, the rent under our long-term leases is less than then-current market rates. Further, we may have no ability to terminate

those leases or to adjust the rent to then-prevailing market rates. As a result, our cash available for distribution could be lower than if we did not enter into long-term leases.

Certain property types that we may acquire may not have efficient alternative uses and we may have difficulty leasing them to new tenants and/or have to make significant capital expenditures to them to do so.

Although we will focus on the single-family residential market, certain property types, particularly industrial properties, can be difficult to lease to new tenants, should the current tenant terminate or choose not to renew its lease. These properties generally have received significant tenant-specific improvements and only very specific tenants may be able to use such improvements, making the properties very difficult to re-lease in their current condition. Additionally, an interested tenant may demand that, as a condition of executing a lease for the property, we finance and construct significant improvements so that the tenant could use the property. This expense may decrease cash available for distribution, as we likely would have to (i) pay for the improvements up-front or (ii) finance the improvements at potentially unattractive terms.

Any retail tenants we may have will face competition from numerous retail channels, and retail tenants may be disproportionately affected by current economic conditions. These events could reduce our profitability at any retail properties we acquire and affect our ability to pay distributions.

To the extent we acquire any commercial properties, retailers will face continued competition from discount or value retailers, factory outlet centers, wholesale clubs, mail order catalogues and operators, television shopping networks and shopping via the Internet. The retail industry is facing reductions in sales revenues and increased bankruptcies throughout the United States. Such conditions could adversely affect any retail tenants we may have and, consequently, our funds available for distribution.

To the extent we acquire retail properties, our revenue will be significantly impacted by the success and economic viability of our retail anchor tenants. Our reliance on a single tenant or significant tenants in certain buildings may decrease our ability to lease vacated space and adversely affect the returns on our stockholders' investment.

In the retail sector, a tenant occupying all or a large portion of the gross leasable area of a retail center, commonly referred to as an anchor tenant, may become insolvent, may suffer a downturn in business and default on or terminate its lease, or may decide not to renew its lease. Any of these events would result in a reduction or cessation in rental payments to us from that tenant and would adversely affect our financial condition. A lease termination by an anchor tenant could result in lease terminations or reductions in rent by other tenants whose leases may permit cancellation or rent reduction if an anchor tenant's lease is terminated. In such event, we may be unable to re-lease the vacated space. Similarly, the leases of some anchor tenants may permit those anchor tenants to transfer their leases to other retailers. The transfer to a new anchor tenant could cause customer traffic in the retail center to decrease and thereby reduce the income generated by that retail center. A lease transfer to a new anchor tenant could also allow other tenants, under the terms of their respective leases, to make reduced rental payments or to terminate their leases. In the event that we are unable to re-lease the vacated space to a new anchor tenant, we may incur additional expenses in order to renovate and subdivide the space to be able to re-lease the space to more than one tenant.

We depend on tenants for our revenue generated by our real estate properties and, accordingly, our revenue generated by our real estate properties and our ability to make distributions to our stockholders are partially dependent upon the success and economic viability of our tenants and our ability to retain and attract tenants. Non-renewals, terminations or lease defaults could reduce our net income and limit our ability to make distributions to our stockholders.

The success of our real estate properties materially depends upon the financial stability of the tenants leasing the properties we own. The inability of a significant number of tenants to meet their rental obligations could significantly lower our net income. A non-renewal after the expiration of a lease term, termination or default by a tenant on its lease payments to us would cause us to lose the revenue associated with such lease. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord of a property and may incur substantial costs in protecting our investment and re-leasing the property. Tenants may have the right to terminate their leases upon the occurrence of certain customary events of default and, in other circumstances, may not renew their leases or, because of market conditions, may only be able to renew their leases on terms that are less favorable to us than the terms of their initial leases. If a tenant does not renew, terminates or defaults on a lease, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. Because the market value of a particular property generally depends upon the value of the cash flow generated by the leases associated with such property, we may incur a loss upon the sale of a property with significant vacant space. These events could cause us to reduce distributions to stockholders.

The bankruptcy or insolvency of our tenants or delays by our tenants in making rental payments could seriously harm our operating results and financial condition.

Any bankruptcy filings by or relating to any of our tenants could bar us from collecting pre-bankruptcy debts from that tenant, unless we receive an order permitting us to do so from the bankruptcy court. A tenant bankruptcy could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude full collection of these sums. If a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold against a bankrupt entity may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. We may recover substantially less than the full value of any unsecured claims, which would harm our financial condition.

Our inability to sell a property at the time and on the terms we want could limit our ability to pay distributions to our stockholders.

Many factors that are beyond our control affect the real estate market and could affect our ability to sell properties for the price, on the terms or within the time frame that we desire. These factors include general economic conditions, the availability of financing, interest rates and other factors, including supply and demand. Because real estate investments are relatively illiquid, we have a limited ability to vary our portfolio in response to changes in economic or other conditions. Further, before we can sell a property on the terms we want, it may be necessary to expend funds to correct defects or to make improvements. However, we can give no assurance that we will have the funds available to correct such defects or to make such improvements. We may be unable to sell our properties at a profit. Our inability to sell properties at the time and on the terms we want could reduce our cash flow, limit our ability to make distributions to our stockholders and reduce the value of our stockholders' investment.

If we sell a property by providing financing to the purchaser, we will bear the risk of default by the purchaser, which could delay or reduce cash available for distribution to our stockholders.

If we decide to sell any of our properties, we intend to use our best efforts to sell them for cash; however, in some instances, we may sell our properties by providing financing to purchasers. When we provide financing to a purchaser, we will bear the risk that the purchaser may default, which could reduce our cash distributions to our stockholders. Even in the absence of a purchaser default, the distribution of the proceeds of the sale to our stockholders, or the reinvestment of the proceeds in other assets, will be delayed until the promissory note or other property we may accept upon a sale is actually paid, sold, refinanced or otherwise disposed.

Actions of our potential future joint venture partners could reduce the returns on joint venture investments and decrease our stockholders' overall return.

We may enter into joint ventures with third parties or our affiliates to acquire assets. We may also purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements. Such investments may involve risks not otherwise present with other methods of investment, including, for example, the following risks:

- that our co-venturer, co-tenant or partner in an investment could become insolvent or bankrupt;
- that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals that are or that become inconsistent with our business interests or goals;
- that such co-venturer, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives; or
- that disputes between us and our co-venturer, co-tenant or partner may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our operations.

Any of the above might subject a property to liabilities in excess of those contemplated and thus reduce our returns on that investment and the value of our stockholders' investment in us. In addition, see the risks discussed under the heading "Our advisor and its affiliates will face conflicts of interest relating to joint ventures that we may form with affiliates of our advisor, which conflicts could result in a disproportionate benefit to other venture partners at our expense" with respect to joint ventures with affiliates.

Costs imposed pursuant to laws and governmental regulations may reduce our net income and our cash available for distribution to our stockholders.

Real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to protection of the environment and human health. We could be subject to liability in the form of fines, penalties or damages for noncompliance with these laws and regulations. These laws and regulations generally govern wastewater discharges, air emissions,

the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, the remediation of contamination associated with the release or disposal of solid and hazardous materials, the presence of toxic building materials and other health and safety-related concerns.

Some of these laws and regulations may impose joint and several liability on the tenants, owners or operators of real property for the costs to investigate or remediate contaminated properties, regardless of fault, whether the contamination occurred prior to purchase, or whether the acts causing the contamination were legal. Activities of our tenants, the condition of properties at the time we buy them, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties.

The presence of hazardous substances, or the failure to properly manage or remediate these substances, may hinder our ability to sell, rent or pledge such property as collateral for future borrowings. Any material expenditures, fines, penalties or damages we must pay will reduce our ability to pay distributions to our stockholders and may reduce the value of our stockholders' investment.

The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property or of paying personal injury or other damage claims could reduce our cash available for distribution to our stockholders.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous real property owner or operator may be liable for the cost of removing or remediating hazardous or toxic substances on, under or in such property. These costs could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose liens on property or restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures or prevent us from entering into leases with prospective tenants that may be impacted by such laws. Environmental laws provide for sanctions for noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for the release of and exposure to hazardous substances, including asbestos-containing materials and lead-based paint. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances and governments may seek recovery for natural resource damage. The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury, property damage or natural resource damage claims could reduce our cash available for distribution to our stockholders.

Our multifamily and commercial real estate acquisitions will be subject to Phase I environmental assessments prior to the time they are acquired; however, such assessments may not provide complete environmental histories due, for example, to limited available information about prior operations at the properties or other gaps in information at the time we acquire the property. A Phase I environmental assessment is an initial environmental investigation to identify potential environmental liabilities associated with the current and past uses of a given property. If any of our properties were found to contain hazardous or toxic substances after our acquisition, the value of our investment could decrease below the amount paid for such investment. In addition, real estate-related investments in which we invest may be secured by properties with recognized environmental conditions. Where we are secured creditors, we will attempt to acquire contractual agreements, including environmental indemnities, that protect us from losses arising out of environmental problems in the event the property is transferred by foreclosure or bankruptcy; however, no assurances can be given that such indemnities would fully protect us from responsibility for costs associated with addressing any environmental problems related to such properties.

Costs associated with complying with the Americans with Disabilities Act may decrease our cash available for distribution.

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

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce our cash flow from operations and the return on our stockholders' investment.

There are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with potential acts of terrorism could sharply increase

the premiums we pay for coverage against property and casualty claims. Additionally, mortgage lenders in some cases have begun to insist that commercial property owners purchase coverage against terrorism as a condition to providing mortgage loans. Such insurance policies may not be available at reasonable costs, if at all, which could inhibit our ability to finance or refinance our properties. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We may not have adequate coverage for such losses. If any of our properties incurs a casualty loss that is not fully insured, the value of our assets will be reduced by any such uninsured loss, which will reduce the value of our stockholders' investment. In addition, other than any working capital reserve or other reserves we may establish, we have no source of funding to repair or reconstruct any uninsured property. Also, to the extent we must pay unexpectedly large amounts for insurance, we could suffer reduced earnings that would result in lower distributions to our stockholders.

We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect us and the value of our common stock.

Our operations are dependent upon our tenant portal and property management platforms, which include certain automated processes that require access to telecommunications or the internet, each of which is subject to system security risks. Certain critical components of our platform are dependent upon third party service providers and a significant portion of our business operations are conducted over the internet. As a result, we could be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack, or a circumstance that disrupted access to telecommunications, the internet or operations at our third party service providers, including viruses or experienced computer programmers that could penetrate network security defenses and cause system failures and disruptions of operations. Even though we believe we utilize appropriate duplication and back-up procedures, a significant outage in telecommunications, the internet or at our third party service providers could negatively impact our operations.

Security breaches and other disruptions could compromise our information systems and expose us to liability, which would cause our business and reputation to suffer.

Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyberattacks. In the ordinary course of our business we acquire and store sensitive data, including intellectual property, our proprietary business information and personally identifiable information of our prospective and current tenants, employees and third party service providers. The secure processing and maintenance of such information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored therein could be accessed, publicly disclosed, misused, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, any of which could adversely affect our results of operations, reputation and competitive position.

We are subject to risks from natural disasters such as earthquakes and severe weather.

Natural disasters and severe weather such as earthquakes, tornadoes, hurricanes or floods may result in significant damage to our properties. The extent of our casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. When we have geographic concentration of exposures, a single catastrophe (such as an earthquake) or destructive weather event (such as a hurricane) affecting a region may have a significant negative effect on our financial condition and results of operations. As a result, our operating and financial results may vary significantly from one period to the next. Our financial results may be adversely affected by our exposure to losses arising from natural disasters or severe weather.

Eminent domain could lead to material losses on our investments in our properties.

Governmental authorities may exercise eminent domain to acquire the land on which our properties are built in order to build roads and other infrastructure. Any such exercise of eminent domain would allow us to recover only the fair value of the affected properties. In addition, "fair value" could be substantially less than the real market value of the property for a number of years, and we could effectively have no profit potential from properties acquired by the government through eminent domain.

We may have difficulty selling our real estate investments and our ability to distribute all or a portion of the net proceeds from any such sale to our stockholders may be limited.

Real estate investments are relatively illiquid and, as a result, we may have a limited ability to sell our properties. When we sell any of our properties, we may recognize a loss on such sale. We may elect not to distribute any proceeds from the sale of properties to our stockholders. Instead, we may use such proceeds for other purposes, including:

- purchasing additional properties;
- repaying debt or buying back shares;
- creating working capital reserves; or
- making repairs, maintenance or other capital improvements or expenditures to our remaining properties.

Our ability to sell our properties may also be limited by our need to avoid the 100% prohibited transactions tax that is imposed on gain recognized by a REIT from the sale of property characterized as dealer property. For example, we may be required to hold our properties for a minimum period of time and comply with certain other requirements in the Code or dispose of our properties through a taxable REIT subsidiary ("TRS"), in which case we will incur corporate level tax on any net gains from such dispositions.

Our operating results may be negatively affected by potential development and construction delays and result in increased costs and risks, which could diminish the return on your investment.

We may use some or all of the offering proceeds available to us to acquire, develop and/or redevelop properties upon which we will develop single-family residential, multifamily and resort properties. We will be subject to risks relating to uncertainties associated with rezoning for development and environmental concerns of governmental entities and/or community groups and our developer's ability to control construction costs or to build in conformity with plans, specifications and timetables. The developer's failure to perform may necessitate legal action by us to rescind the purchase or the construction contract or to compel performance. Performance may also be affected or delayed by conditions beyond the developer's control. Delays in completion of a property also could give residents the right to terminate preconstruction leases at a newly developed project. We may incur additional risks when we make periodic progress payments or other advances to such developers prior to completion of construction. These and other such factors can result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease up risks relating to newly constructed projects. Furthermore, we must rely upon projections of rental income and expenses and estimates of the fair market value of property upon completion of construction when agreeing upon a price to be paid for the property at the time of acquisition of the property. If our projections are inaccurate, we may pay too much for a property, and the return on our investment could suffer.

In addition, we may invest in unimproved real property (which we define as property not acquired for the purpose of producing rental or other operating income, has no development or construction in process at the time of acquisition and no development or construction is planned to commence within one year of the acquisition) or mortgage loans on unimproved property. Returns from development of unimproved properties are also subject to risks and uncertainties associated with rezoning the land for development and environmental concerns of governmental entities and/or community groups. Although our intention is to limit any investment in unimproved property to property we intend to develop, your investment nevertheless is subject to the risks associated with investments in unimproved real property.

Risks Related to Real Estate-Related Investments

Our real estate-related investments, to the extent we make any, will be subject to the risks typically associated with real estate.

Any real estate-related investments we make generally will be directly or indirectly secured by a lien on real property (or the equity interests in an entity that owns real property) that, upon the occurrence of a default on the loan, could result in our taking ownership of the property. The values of these properties may change after the dates of acquisition or origination of the loans. If the values of the underlying properties drop, our risk will increase because of the lower value of the security associated with such loans. In this manner, real estate values could impact the values of our loan investments. Any investments we make in residential and commercial mortgage-backed securities and other real estate-related investments may be similarly affected by real estate property values. Therefore, our real estate-related investments will be subject to the risks typically associated with real estate, which are described above under the heading "—General Risks Related to Investments in Real Estate."

Any real estate-related investments we make will be subject to interest rate fluctuations that will affect our returns as compared to market interest rates; accordingly, the value of our stockholders' investment in us would be subject to fluctuations in interest rates.

With respect to any fixed rate, long-term loans receivable we acquire or originate, if interest rates rise, the loans could yield a return that is lower than then-current market rates. If interest rates decrease, we will be adversely affected to the extent that loans are prepaid because we may not be able to reinvest the proceeds at as high of an interest rate. If we invest in variable-rate loans receivable and interest rates decrease, our revenues will also decrease. For these reasons, any real estate-related loans we acquire or originate and the value of our stockholders' investment in us will be subject to fluctuations in interest rates.

Any mortgage loans we acquire or originate and the mortgage loans underlying any mortgage securities we may invest in are subject to delinquency, foreclosure and loss, which could result in losses to us.

Commercial real estate loans generally are secured by commercial real estate properties and are subject to risks of delinquency and foreclosure. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things: tenant mix, success of tenant businesses, occupancy rates, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expenses or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, fiscal policies and regulations (including environmental legislation), natural disasters, terrorism, social unrest and civil disturbances.

In the event of any default under any mortgage loan held by us, we will bear a risk of loss of principal and accrued interest to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on our cash flow from operations. Foreclosure on a property securing a mortgage loan can be an expensive and lengthy process that could have a substantial negative effect on our anticipated return on the foreclosed investment. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law.

Delays in liquidating defaulted mortgage loans could reduce our investment returns.

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

The mezzanine loans that we may acquire or originate would involve greater risks of loss than senior loans secured by the same properties.

We may acquire or originate mezzanine loans that take the form of subordinated loans secured by a pledge of the ownership interests of the entity owning (directly or indirectly) the real property. These types of investments may involve a higher degree of risk than long-term senior mortgage lending secured by income-producing real property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some or all of our investment. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the real property and increasing the risk of loss of principal.

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

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

In addition, owners usually borrow funds under a conventional mortgage loan to repay a bridge loan. Therefore, we may be dependent on a borrower's ability to obtain permanent financing to repay our bridge loan, which could depend on market conditions and other factors. Bridge loans are also subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. In the event of any default under bridge loans held by us, we bear the risk of loss of principal and nonpayment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the

principal amount of the bridge loan. To the extent we suffer such losses with respect to our investments in bridge loans, the value of our company and of our common stock may be adversely affected.

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

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

Subordinated loans and subordinated mortgage-backed securities may be subject to losses.

We may acquire or originate subordinated loans and invest in subordinated mortgage-backed securities. In the event a borrower defaults on a subordinated loan and lacks sufficient assets to repay our loan, we may suffer a loss of principal or interest. In the event a borrower declares bankruptcy, we may not have full recourse to the assets of the borrower, or the assets of the borrower may not be sufficient to repay the loan. If a borrower defaults on our loan or on debt senior to our loan, or in the event of a borrower bankruptcy, our loan will be repaid only after the senior debt is paid in full. Where debt senior to our loan exists, the presence of intercreditor arrangements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies (through "standstill periods") and control decisions made in bankruptcy proceedings relating to borrowers.

In general, losses on a mortgage loan included in a securitization will be borne first by the owner of the property securing the loan, then by a cash reserve fund or letter of credit, if any, and then by the "first loss" subordinated security holder. In the event of default and the exhaustion of any equity support, reserve fund, letter of credit and any classes of securities junior to those in which we invest, we may not be able to recover all of our investment in securities we purchase. In addition, if the underlying mortgage portfolio has been overvalued by the originator, or if the values subsequently decline and, as a result, less collateral is available to satisfy interest and principal payments due on the related mortgage-backed securities, securities in which we invest may effectively become the "first loss" position behind the more senior securities, which may result in significant losses to us.

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

The renovation, refurbishment or expansion by a borrower under a mortgaged or leveraged property involves risks of cost overruns and non-completion. Costs of construction or improvements to bring a property up to standards established for the market position intended for that property may exceed original estimates, possibly making a project uneconomical. Other risks may include environmental risks and the possibility of construction, rehabilitation and subsequent leasing of the property not being completed on schedule. If such construction or renovation is not completed in a timely manner, or if it costs more than expected, the borrower may experience a prolonged impairment of net operating income and may not be able to make payments on our investment, and we may not recover some or all of our investment.

To close loan transactions within a time frame that meets the needs of borrowers of loans we may originate, we may perform underwriting analyses in a very short period of time, which may result in credit decisions based on limited information.

We may gain a competitive advantage by, from time to time, being able to analyze and close loan transactions within a very short period of time. Our underwriting guidelines require a thorough analysis of many factors, including the underlying property's financial performance and condition, geographic market assessment, experience and financial strength of the borrower and future prospects of the property within the market. If we make the decision to extend credit to a borrower prior to the completion of one or more of these analyses, we may fail to identify certain credit risks that we would otherwise have identified.

The commercial mortgage-backed securities in which we may invest are subject to all of the risks of the underlying mortgage loans and the risks of the securitization process.

Commercial mortgage-backed securities, or CMBS, are securities that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. Accordingly, these securities are subject to all of the risks of the underlying mortgage loans. The value of CMBS may be adversely affected when payments on underlying mortgages do not occur as anticipated, resulting in the extension of the security's effective maturity and the related increase in interest rate sensitivity of a longer-term instrument. The value of CMBS may also change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities market as a whole. In addition, CMBS are subject to the credit risk associated with

the performance of the underlying mortgage properties. In certain instances, third-party guarantees or other forms of credit support can reduce the credit risk.

CMBS are also subject to several risks created through the securitization process. Subordinate CMBS are paid interest only to the extent that there are funds available to make payments after paying the senior class. To the extent that we invest in a subordinate class, we will be paid interest only to the extent that there are funds available after paying the senior class. To the extent the collateral pool includes delinquent loans, there is a risk that interest payments on subordinate CMBS will not be fully paid. Subordinate CMBS are also subject to greater credit risk than senior CMBS that are more highly rated. Further, the ratings assigned to any particular class of CMBS may prove to be inaccurate. Thus, any particular class of CMBS may be riskier and more volatile than the rating may suggest, which may cause the returns on any CMBS investment to be less than anticipated.

We will not have the right to foreclose on commercial mortgage loans underlying CMBS in which we invest since we will not directly own such underlying loans. Accordingly, we must rely on third parties to initiate and execute any foreclosure proceedings upon a default of such mortgage loans.

To the extent that we make investments in real estate-related securities and loans, a portion of those investments may be illiquid and we may not be able to adjust our portfolio in response to changes in economic and other conditions.

Certain of the real estate-related securities that we may purchase in connection with privately negotiated transactions will not be registered under the relevant securities laws, resulting in a prohibition against their transfer, sale, pledge or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise in accordance with, those laws. The mezzanine and bridge loans we may purchase or originate will be particularly illiquid investments due to their short life, their unsuitability for securitization and the greater difficulty of recoupment in the event of a borrower's default. This illiquidity may limit our ability to vary our portfolio in response to changes in economic and other conditions, which could increase the likelihood that the value of our stockholders' investment will decrease as a result of such changes in economic and other conditions.

Delays in restructuring or liquidating non-performing real estate securities could reduce the return on our stockholders' investment.

Real estate securities may become non-performing after acquisition for a wide variety of reasons. Such non-performing real estate investments may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of such loan or asset. However, even if a restructuring is successfully accomplished, upon maturity of such real estate security, replacement "takeout" financing may not be available. We may find it necessary or desirable to foreclose on some of the collateral securing one or more of our investments. Intercreditor provisions may substantially interfere with our ability to do so. Even if foreclosure is an option, the foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses including, without limitation, lender liability claims and defenses, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to litigate. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. Foreclosure actions by senior lenders may substantially affect the amount that we may earn or recover from an investment.

We will depend on borrowers for the revenue generated by our real estate-related investments and, accordingly, our revenue and our ability to make distributions to our stockholders will be dependent upon the success and economic viability of such borrowers.

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

Our dependence on the management of other entities in which we invest may adversely affect our business.

We will not control the management, investment decisions or operations of the companies in which we may invest. Management of those enterprises may decide to change the nature of their assets, or management may otherwise change in a manner that is not satisfactory to us. We will have no ability to affect these management decisions and we may have only limited ability to dispose of our investments.

Prepayments can adversely affect the yields on our real estate-related investments.

The yields on any real estate-related investments we acquire or originate may be affected by the rate of prepayments differing from our projections. Prepayments on real estate-related investments, where permitted under the applicable documents, are influenced by changes in current interest rates and a variety of economic, geographic and other factors beyond our control, and consequently, such prepayment rates cannot be predicted with certainty. If we are unable to invest the proceeds of any prepayments we receive in assets with at least an equivalent yield, the yield on our portfolio will decline. In addition, we may acquire real estate-related investments at a discount or premium and if the investment is not repaid when expected, our anticipated yield may be impacted. Under certain interest rate and prepayment scenarios we may fail to recoup fully our cost of acquisition of certain investments.

If credit spreads widen before we obtain long-term financing for our investments, the value of our investments may suffer.

We will price our investments based on our assumptions about future credit spreads for financing of those investments. We may obtain longer-term financing for our investments using structured financing techniques in the future. In such financings, interest rates are typically set at a spread over a certain benchmark, such as the yield on United States Treasury obligations, swaps, or LIBOR. If the spread that borrowers will pay over the benchmark widens and the rates we charge on our investments to be securitized are not increased accordingly our income may be reduced or we may suffer losses.

Hedging against interest rate exposure may adversely affect our earnings, limit our gains or result in losses, which could adversely affect cash available for distribution to our stockholders.

We may enter into interest rate swap agreements or pursue other interest rate hedging strategies. Our hedging activity will vary in scope based on the level of interest rates, the type of investments we hold, and other changing market conditions. Interest rate hedging may fail to protect or could adversely affect us because, among other things:

- interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates;
- available interest rate hedging products may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability or asset;
- the amount of income that a REIT may earn from hedging transactions to offset losses due to fluctuations in interest rates is limited by federal tax provisions governing REITs;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction;
- the party owing money in the hedging transaction may default on its obligation to pay; and
- we may purchase a hedge that turns out not to be necessary, i.e. a hedge that is out of the money.

Any hedging activity we engage in may adversely affect our earnings, which could adversely affect cash available for distribution to our stockholders. Therefore, while we may enter into such transactions to seek to reduce interest rate risks, unanticipated changes in interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the investments being hedged or liabilities being hedged may vary materially. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the interest rate risk sought to be hedged. Any such imperfect correlation may prevent us from achieving the intended accounting treatment and may expose us to risk of loss.

We will assume the credit risk of our counterparties with respect to derivative transactions.

We may enter into derivative contracts for risk management purposes to hedge our exposure to cash flow variability caused by changing interest rates on our future variable rate real estate loans receivable and variable rate notes payable. These derivative contracts generally are entered into with bank counterparties and are not traded on an organized exchange or guaranteed by a central clearing organization. We would therefore assume the credit risk that our counterparties will fail to make periodic payments when due under these contracts or become insolvent. If a counterparty fails to make a required payment, becomes the subject of a bankruptcy case, or otherwise defaults under the applicable contract, we would have the right to terminate all outstanding derivative transactions with that counterparty and settle them based on their net market value or replacement cost. In such an event, we may be required to make a termination payment to the counterparty, or we may have the right to collect a termination payment from such counterparty.

We assume the credit risk that the counterparty will not be able to make any termination payment owing to us. We may not receive any collateral from a counterparty, or we may receive collateral that is insufficient to satisfy the counterparty's obligation to make a termination payment. If a counterparty is the subject of a bankruptcy case, we will be an unsecured creditor in such case unless the counterparty has pledged sufficient collateral to us to satisfy the counterparty's obligations to us.

We will assume the risk that our derivative counterparty may terminate transactions early.

If we fail to make a required payment or otherwise default under the terms of a derivative contract, the counterparty would have the right to terminate all outstanding derivative transactions between us and that counterparty and settle them based on their net market value or replacement cost. In certain circumstances, the counterparty may have the right to terminate derivative transactions early even if we are not defaulting. If our derivative transactions are terminated early, it may not be possible for us to replace those transactions with another counterparty, on as favorable terms or at all.

We may be required to collateralize our derivative transactions.

We may be required to secure our obligations to our counterparties under our derivative contracts by pledging collateral to our counterparties. That collateral may be in the form of cash, securities or other assets. If we default under a derivative contract with a counterparty, or if a counterparty otherwise terminates one or more derivative contracts early, that counterparty may apply such collateral toward our obligation to make a termination payment to the counterparty. If we have pledged securities or other assets, the counterparty may liquidate those assets in order to satisfy our obligations. If we are required to post cash or securities as collateral, such cash or securities will not be available for use in our business. Cash or securities pledged to counterparties may be repledged by counterparties and may not be held in segregated accounts. Therefore, in the event of a counterparty insolvency, we may not be entitled to recover some or all collateral pledged to that counterparty, which could result in losses and have an adverse effect on our operations.

There can be no assurance that the direct or indirect effects of the Dodd-Frank Act and other applicable non-U.S. regulations will not have an adverse effect on our interest rate hedging activities.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") imposed additional regulations on derivatives markets and transactions. Such regulations and, to the extent we trade with counterparties organized in non-US jurisdictions, any applicable regulations in those jurisdictions, are still being implemented, and will affect our interest rate hedging activities. While the full impact of the regulation on our interest rate hedging activities cannot be fully assessed until all final implementing rules and regulations are promulgated, such regulation may affect our ability to enter into hedging or other risk management transactions, may increase our costs in entering into such transactions, and/or may result in us entering into such transactions on less favorable terms than prior to implementation of such regulation. For example, subject to an exception under the Dodd-Frank Act for "end-users" of swaps upon which we may seek to rely, we may be required to clear certain interest rate hedging transactions by submitting them to a derivatives clearing organization. In addition, to the extent we are required to clear any such transactions, we will be required to, among other things, post margin in connection with such transactions. The occurrence of any of the foregoing events may have an adverse effect on our business and our stockholders' return.

Our investments in real estate-related debt securities and preferred and common equity securities will be subject to the specific risks relating to the particular issuer of the securities and may involve greater risk of loss than secured debt financings.

We may make equity investments in REITs and other real estate companies. We may target a public company that owns commercial real estate or real estate-related assets when we believe its stock is trading at a discount to that company's net asset value. We may eventually seek to acquire or gain a controlling interest in the companies that we target. We do not expect our non-controlling equity investments in other public companies to exceed 3% of the proceeds raised during our offering stage, assuming we raise substantial proceeds during our offering stage, or to represent a substantial portion of our assets at any one time. We may also invest in debt securities and preferred equity securities issued by REITs and other real estate companies. Our investments in debt securities and preferred and common equity securities will involve special risks relating to the particular issuer of the securities, including the financial condition and business outlook of the issuer. Issuers that are REITs and other real estate companies are subject to the inherent risks associated with real estate investments. Furthermore, debt securities and preferred and common equity securities may involve greater risk of loss than secured debt financings due to a variety of factors, including that such investments are generally unsecured and may also be subordinated to other obligations of the issuer. As a result, investments in debt securities and preferred and common equity securities are subject to risks of (i) limited liquidity in the secondary trading market, (ii) substantial market price volatility resulting from changes in prevailing interest rates, (iii) subordination to the claims of banks and senior lenders to the issuer, (iv) the operation of mandatory sinking fund or call/redemption provisions during periods of declining interest rates that could cause the issuer to reinvest redemption proceeds in lower yielding assets, (v) the possibility that earnings of the issuer may be insufficient to meet its debt service and distribution obligations, and (vi) the declining creditworthiness and potential for insolvency of the issuer during periods of rising interest rates and economic downturn. These risks may adversely affect the value of outstanding debt

securities and preferred and common equity securities and the ability of the issuers thereof to make principal, interest and/or distribution payments to us.

Declines in the market values of our investments may adversely affect periodic reported results of operations and credit availability, which may reduce our earnings and, in turn, cash available for distribution to our stockholders.

A portion of our assets may be classified for accounting purposes as "available-for-sale." These investments are carried at estimated fair value, and temporary changes in the market values of those assets will be directly charged or credited to stockholders' equity without impacting net income on the income statement. Moreover, if we determine that a decline in the estimated fair value of an available-for-sale security below its amortized value is other-than-temporary, we will recognize a loss on that security on our income statement, which will reduce our earnings in the period recognized.

A decline in the market value of our assets may adversely affect us, particularly in instances where we have borrowed money based on the market value of those assets. As a result, if the market value of those assets declines, the lender may require us to post additional collateral to support the loan. If we were unable to post the additional collateral, we may have to sell assets at a time when we might not have otherwise chosen to do so. A reduction in available credit may reduce our earnings and, in turn, cash available for distribution to stockholders.

Further, credit facility providers may require us to maintain a certain amount of cash reserves or to set aside unleveraged assets sufficient to maintain a specified liquidity position, which would allow us to satisfy our collateral obligations. If the market value of our investments declines, we may not be able to leverage our assets as fully as we would choose, which could reduce our return on equity. In the event that we are unable to meet these contractual obligations, our financial condition could deteriorate rapidly.

Market values of our real estate-related investments may decline for a number of reasons, such as changes in prevailing market rates, increases in defaults related to the underlying collateral, increases in voluntary prepayments for our investments that are subject to prepayment risk, widening of credit spreads and downgrades of ratings of the securities by ratings agencies.

Some of our real estate-related investments may be carried at estimated fair value as determined by us and, as a result, there may be uncertainty as to the value of these investments.

Some of our investments may be in the form of securities that are recorded at fair value but that have limited liquidity or are not publicly traded. The fair value of securities and other investments that have limited liquidity or are not publicly traded may not be readily determinable. We will estimate the fair value of these investments on a quarterly basis. Because such valuations are inherently uncertain, may fluctuate over short periods of time and may be based on numerous estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. The value of our common stock could be adversely affected if our determinations regarding the fair value of these real estate-related investments are materially higher than the values that we ultimately realize upon their disposal.

Our investments in derivatives will be carried at estimated fair value as determined by us and, as a result, there may be uncertainty as to the value of these instruments.

Our investments in derivatives will be recorded at fair value but have limited liquidity and are not publicly traded. The fair value of our derivatives may not be readily determinable. We will estimate the fair value of any such investments on a quarterly basis. Because such valuations are inherently uncertain, may fluctuate over short periods of time and may be based on numerous estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed. The value of our common stock could be adversely affected if our determinations regarding the fair value of these investments are materially higher than the values that we ultimately realize upon their disposal or maturity.

We have limited authority to incur debt.

Although our business model provides that we will not utilize debt, we may incur debt if unexpected events create extreme strains on our company or our ability to maintain and operate our portfolio, to make distributions to our stockholders to preserve our status as a REIT or to prevent other adverse consequences to the company. Upon commencement of an initial public offering, our charter would limit our aggregate borrowings to 300% of our net assets (before deducting depreciation or other non-cash reserves); however, we could exceed that limit if a majority of the conflicts committee (which would be formed pursuant to our charter upon commencement of an initial public offering) approves each borrowing in excess of our charter limitation and we disclose such borrowing to our stockholders in our next quarterly report with an explanation from the conflicts committee of the justification for the excess borrowing. See "Investment Objectives and Criteria — Financing Strategy and Policies." Debt would cause us to incur interest charges and service payments and could also be accompanied by restrictive covenants. These factors could limit the amount of

cash we have available to distribute and could result in a decline in the value of our stockholders' investment. Conversely, because we intend to operate without debt, the returns we realize from our investments may be more modest than other REITs operating with greater leverage and the associated greater risks.

Federal Income Tax Risks

Failure to qualify as a REIT would reduce our net earnings available for investment or distribution.

Our qualification as a REIT will depend upon our ability to meet requirements regarding our organization and ownership, distributions of our income, the nature and diversification of our income and assets and other tests imposed by the Internal Revenue Code. If we fail to qualify as a REIT for any taxable year after electing REIT status, we will be subject to federal income tax on our taxable income at corporate rates. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year in which we lost our REIT status. Losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends paid deduction and we would no longer be required to make distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax. For a discussion of the REIT qualification tests and other considerations relating to our election to be taxed as REIT, see "Federal Income Tax Considerations."

Failure to qualify as a REIT would subject us to federal income tax, which would reduce the cash available for distribution to our stockholders.

We expect to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2017. However, the federal income tax laws governing REITs are extremely complex, and interpretations of the federal income tax laws governing qualification as a REIT are limited. Qualifying as a REIT requires us to meet various tests regarding the nature of our assets and our income, the ownership of our outstanding stock, and the amount of our distributions on an ongoing basis. While we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, including the tax treatment of certain investments we may make, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year. If we fail to qualify as a REIT in any calendar year and we do not qualify for certain statutory relief provisions, we would be required to pay federal income tax on our taxable income. We might need to borrow money or sell assets to pay that tax. Our payment of income tax would decrease the amount of our income available for distribution to our stockholders. Furthermore, if we fail to maintain our qualification as a REIT and we do not qualify for certain statutory relief provisions, we no longer would be required to distribute substantially all of our REIT taxable income to our stockholders. Unless our failure to qualify as a REIT were excused under federal tax laws, we would be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to other tax liabilities that reduce our cash flow and our ability to make distributions to our stockholders.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to some federal, state and local taxes on our income or property. For example:

- In order to qualify as a REIT, we must distribute annually at least 90% of our REIT taxable income to our stockholders (which is determined without regard to the dividends-paid deduction or net capital gain). To the extent that we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on the undistributed income.

- We will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years.

- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as "foreclosure property," we may avoid the 100% tax on the gain from a resale of that property, but the income from the sale or operation of that property may be subject to corporate income tax at the highest applicable rate.

- If we sell an asset, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain would be subject to the 100% "prohibited transaction" tax unless such sale were made by one of our taxable REIT subsidiaries.

REIT distribution requirements could adversely affect our ability to execute our business plan.

We generally must distribute annually at least 90% of our REIT taxable income, subject to certain adjustments and excluding any net capital gain, in order for federal corporate income tax not to apply to earnings that we distribute. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed REIT taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under federal tax laws. We intend to make distributions to our stockholders to comply with the REIT requirements of the Internal Revenue Code.

From time to time, we may generate taxable income greater than our income for financial reporting purposes, or our taxable income may be greater than our cash flow available for distribution to stockholders (for example, where a borrower defers the payment of interest in cash pursuant to a contractual right or otherwise). If we do not have other funds available in these situations we could be required to borrow funds, sell investments at disadvantageous prices or find another alternative source of funds to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirements and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce our equity. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Our investments in debt instruments may cause us to recognize "phantom income" for federal income tax purposes even though no cash payments have been received on the debt instruments.

We may acquire debt instruments in the secondary market for less than their face amount. The amount of such discount will generally be treated as "market discount" for federal income tax purposes. We may acquire distressed debt investments that are subsequently modified by agreement with the borrower. If the amendments to the outstanding debt are "significant modifications" under the applicable Treasury Regulations, the modified debt may be considered to have been reissued to us in a debt-for-debt exchange with the borrower. This deemed reissuance may prevent the modified debt from qualifying as a good REIT asset if the underlying security has declined in value.

In general, we will be required to accrue original issue discount on a debt instrument as taxable income in accordance with applicable federal income tax rules even though no cash payments may be received on such debt instrument.

In the event a borrower with respect to a particular debt instrument encounters financial difficulty rendering it unable to pay stated interest as due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income. Similarly, we may be required to accrue interest income with respect to subordinate residential and commercial mortgage-backed securities at the stated rate regardless of when their corresponding cash payments are received.

As a result of these factors, there is a significant risk that we may recognize substantial taxable income in excess of cash available for distribution. In that event, we may need to borrow funds or take other action to satisfy the REIT distribution requirements for the taxable year in which this "phantom income" is recognized.

To maintain our REIT status, we may be forced to forego otherwise attractive business or investment opportunities, which may delay or hinder our ability to meet our investment objectives and reduce our stockholders' overall return.

To qualify as a REIT, we must satisfy certain tests on an ongoing basis concerning, among other things, the sources of our income, nature of our assets and the amounts we distribute to our stockholders. We may be required to make distributions to stockholders at times when it would be more advantageous to reinvest cash in our business or when we do not have funds readily available for distribution. Compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits and reduce the value of our stockholders' investment.

Potential characterization of distributions or gain on sale may be treated as unrelated business taxable income to tax-exempt investors.

If (i) all or a portion of our assets are subject to the rules relating to taxable mortgage pools, (ii) we are a "pension-held REIT," (iii) a tax-exempt stockholder has incurred debt to purchase or hold our common stock, or (iv) the residual Real Estate Mortgage Investment Conduit interests, or REMICs, we buy (if any) generate "excess inclusion income," then a portion of the distributions to and, in the case of a stockholder described in clause (iii) gains realized on the sale of common stock by such tax-exempt stockholder, may be subject to federal income tax as unrelated business taxable income under the Internal Revenue Code.

If we were considered to actually or constructively pay a "preferential dividend" to certain of our stockholders, our status as a REIT could be adversely affected.

In order to qualify as a REIT, we must distribute to our stockholders at least 90% of our annual REIT taxable income (excluding net capital gain), determined without regard to the deduction for dividends paid. In order for distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide us with a REIT-level tax deduction, the distribution must not constitute a "preferential dividend. A distribution is not a preferential dividend if the distribution is pro rata among all outstanding shares of stock within a particular class, and in accordance with the preferences among different classes of stock as set forth in our organizational documents. There is no de minimis exception with respect to preferential dividends; therefore, if the IRS were to take the position that we paid a preferential dividend, we may be deemed to have failed the 90% distribution test, and our status as a REIT could be terminated for the year in which such determination is made if we were unable to cure such failure.

The "taxable mortgage pool" rules may increase the taxes that we or our stockholders incur and may limit the manner in which we conduct securitizations or financing arrangements.

We may be deemed to be, or make investments in entities that own or are themselves deemed to be, taxable mortgage pools. Similarly, certain of our securitizations or other borrowings could be considered to result in the creation of a taxable mortgage pool for federal income tax purposes. As a REIT, provided that we own 100% of the equity interests in a taxable mortgage pool, we generally would not be adversely affected by the characterization of the securitization as a taxable mortgage pool. However, certain categories of stockholders, such as foreign stockholders eligible for treaty or other benefits, stockholders with net operating losses, and certain tax-exempt stockholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their dividend income from us that is attributable to the taxable mortgage pool. In addition, to the extent that our stock is owned by tax-exempt "disqualified organizations," such as certain government-related entities that are not subject to tax on unrelated business income, we will incur a corporate-level tax on a portion of our income from the taxable mortgage pool. In that case, we are authorized to reduce and intend to reduce the amount of our distributions to any disqualified organization whose stock ownership gave rise to the tax by the amount of such tax paid by us that is attributable to such stockholder's ownership. Moreover, we would be precluded from selling equity interests in these securitizations to outside investors, or selling any debt securities issued in connection with these securitizations that might be considered to be equity interests for federal income tax purposes. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions.

Similarly, certain of our securitizations or other borrowings could be considered to result in the creation of a taxable mortgage pool for federal income tax purposes. We intend to structure our securitization and financing arrangements as to not create a taxable mortgage pool. However, if we have borrowings with two or more maturities and (i) those borrowings are secured by mortgages or residential or commercial mortgage-backed securities and (ii) the payments made on the borrowings are related to the payments received on the underlying assets, then the borrowings and the pool of mortgages or residential or commercial mortgage-backed securities to which such borrowings relate may be classified as a taxable mortgage pool under the Internal Revenue Code. If any part of our investments were to be treated as a taxable mortgage pool, then our REIT status would not be impaired, provided we own 100% of such entity, but a portion of the taxable income we recognize may be characterized as "excess inclusion" income and allocated among our stockholders to the extent of and generally in proportion to the distributions we make to each stockholder. Any excess inclusion income would:

- not be allowed to be offset by a stockholder's net operating losses;
- be subject to a tax as unrelated business income if a stockholder were a tax-exempt stockholder;
- be subject to the application of federal income tax withholding at the maximum rate (without reduction for any otherwise applicable income tax treaty) with respect to amounts allocable to foreign stockholders; and
- be taxable (at the highest corporate tax rate) to us, rather than to our stockholders, to the extent the excess inclusion income relates to stock held by disqualified organizations (generally, tax-exempt companies not subject to tax on unrelated business income, including governmental organizations).

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

The IRS has issued Revenue Procedure 2003-65, which provides a safe harbor pursuant to which a mezzanine loan that is secured by interests in a pass-through entity will be treated by the IRS as a real estate asset for purposes of the REIT tests, and interest derived from such loan will be treated as qualifying mortgage interest for purposes of the REIT 75% income test. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. We intend to make investments in loans secured by interests in pass-through entities in a manner that complies with the various requirements applicable to our qualification as a REIT. To the extent, however, that any such loans do not satisfy all of the requirements for reliance

on the safe harbor set forth in the Revenue Procedure, there can be no assurance that the IRS will not challenge the tax treatment of such loans, which could jeopardize our ability to qualify as a REIT.

The tax on prohibited transactions will limit our ability to engage in transactions, including certain methods of securitizing mortgage loans, that would be treated as sales for federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of assets, other than foreclosure property, deemed held primarily for sale to customers in the ordinary course of business. We might be subject to this tax if we were to dispose of or securitize loans in a manner that was treated as a sale of the loans for federal income tax purposes. Therefore, in order to avoid the prohibited transactions tax, we may choose not to engage in certain sales of loans at the REIT level, and may limit the structures we utilize for our securitization transactions, even though the sales or structures might otherwise be beneficial to us.

It may be possible to reduce the impact of the prohibited transaction tax by conducting certain activities through taxable REIT subsidiaries. However, to the extent that we engage in such activities through taxable REIT subsidiaries, the income associated with such activities may be subject to full corporate income tax.

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

To qualify as a REIT, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans and residential and commercial mortgage-backed securities. The remainder of our investment in securities (other than government securities and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 25% of the value of our total assets can be represented by securities of one or more taxable REIT subsidiaries. See "Federal Income Tax Considerations – Taxation of EquiAlt Secured Income Portfolio REIT, Inc." If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate from our portfolio otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

Liquidation of assets may jeopardize our REIT qualification.

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

Characterization of any repurchase agreements we enter into to finance our investments as sales for tax purposes rather than as secured lending transactions would adversely affect our ability to qualify as a REIT.

We may enter into repurchase agreements with a variety of counterparties to achieve our desired amount of leverage for the assets in which we invest. When we enter into a repurchase agreement, we generally sell assets to our counterparty to the agreement and receive cash from the counterparty. The counterparty is obligated to resell the assets back to us at the end of the term of the transaction. We believe that for federal income tax purposes we will be treated as the owner of the assets that are the subject of repurchase agreements and that the repurchase agreements will be treated as secured lending transactions notwithstanding that such agreement may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could successfully assert that we did not own these assets during the term of the repurchase agreements, in which case we could fail to qualify as a REIT if tax ownership of these assets was necessary for us to meet the income and/or asset tests discussed in "Federal Income Tax Considerations – Taxation of EquiAlt Secured Income Portfolio REIT, Inc."

Complying with REIT requirements may limit our ability to hedge effectively.

The REIT provisions of the Internal Revenue Code may limit our ability to hedge our assets and operations. Under these provisions, any income that we generate from transactions intended to hedge our interest rate, inflation and/or currency risks will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges (i) interest rate risk on liabilities incurred to carry or acquire real estate, (ii) risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the REIT 75% or 95% gross income tests, or (iii) certain risk of a prior hedge in connection with the extinguishment or disposal, in whole or in part, of the asset or liability associated with such prior hedge, and each such instrument

is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements will generally constitute nonqualifying income for purposes of both the REIT 75% and 95% gross income tests. See "Federal Income Tax Considerations – Taxation of EquiAlt Secured Income Portfolio REIT, Inc." As a result of these rules, we may have to limit our use of hedging techniques that might otherwise be advantageous, which could result in greater risks associated with interest rate or other changes than we would otherwise incur.

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

A REIT may own up to 100% of the stock of one or more taxable REIT subsidiaries. A taxable REIT subsidiary may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a taxable REIT subsidiary. A corporation of which a taxable REIT subsidiary directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a taxable REIT subsidiary. Overall, no more than 25% (20% for taxable years after December 31, 2017) of the value of a REIT's assets may consist of stock or securities of one or more taxable REIT subsidiaries. A domestic taxable REIT subsidiary will pay federal, state and local income tax at regular corporate rates on any income that it earns. In addition, the taxable REIT subsidiary rules limit the deductibility of interest paid or accrued by a taxable REIT subsidiary to its parent REIT to assure that the taxable REIT subsidiary is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm's-length basis. We cannot assure our stockholders that we will be able to comply with the 25% (20% for taxable years after December 31, 2017) value limitation on ownership of taxable REIT subsidiary stock and securities on an ongoing basis so as to maintain REIT status or to avoid application of the 100% excise tax imposed on certain non-arm's length transactions.

The IRS may challenge our characterization of certain income from offshore taxable REIT subsidiaries.

We may form offshore corporate entities treated as taxable REIT subsidiaries. If we form such subsidiaries, we may receive certain "income inclusions" with respect to our equity investments in these entities. We intend to treat such income inclusions, to the extent matched by repatriations of cash in the same taxable year, as qualifying income for purposes of the 95% gross income test but not the 75% gross income test. See "Federal Income Tax Considerations—Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Income Tests." Because there is no clear precedent with respect to the qualification of such income inclusions for purposes of the REIT gross income tests, no assurance can be given that the IRS will not assert a contrary position. If such income does not qualify for the 95% gross income test, we could be subject to a penalty tax or we could fail to qualify as a REIT, in both events only if such inclusions (along with certain other non-qualifying income) exceed 5% of our gross income.

We may be subject to adverse legislative or regulatory tax changes.

At any time, the federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new federal income tax law, regulation or administrative interpretation, or any amendment to any existing federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in, or any new, federal income tax law, regulation or administrative interpretation. Although REITs generally receive better tax treatment than entities taxed as regular corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U.S. federal income tax purposes as a corporation. Our charter provides our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a regular corporation, without the vote of our stockholders. Our board of directors has fiduciary duties to us and our stockholders and could only cause such changes in our tax treatment if it determines in good faith that such changes are in the best interest of our stockholders.

According to publicly released statements, it is a top legislative priority of the current administration to enact significant reform to federal tax laws. There is a substantial lack of clarity around the likelihood, timing and details of any such tax reform and its potential impact on us. We urge our stockholders to consult with their own tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares of our common stock.

Dividends payable by REITs do not qualify for the reduced tax rates.

The maximum tax rate for dividends payable to domestic stockholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, are generally not eligible for the reduced rates. While this tax treatment does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts or estates to perceive investments in REITs to be relatively less attractive than investments in stock of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock.

Retirement Plan Risks

If the fiduciary of an employee benefit plan subject to ERISA (such as a profit sharing, Section 401(k) or pension plan) or a fiduciary acting for a retirement arrangement subject to Section 4975 of the Internal Revenue Code (such as an individual retirement account ("IRA")) fails to meet the fiduciary and other standards under ERISA or the Internal Revenue Code as a result of an investment in our stock, the fiduciary could be subject to penalties and other sanctions.

There are special considerations that apply to employee benefit plans subject to ERISA (such as profit sharing, Section 401(k) or pension plans) and other retirement plans or accounts subject to Section 4975 of the Internal Revenue Code (such as an IRA) that are investing in our shares. Fiduciaries investing the assets of such a plan or account in our common stock should satisfy themselves that:

- the investment is consistent with their fiduciary and other obligations under ERISA and the Internal Revenue Code;
- the investment is made in accordance with the documents and instruments governing the plan or IRA, including the plan's or account's investment policy;
- the investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA and other applicable provisions of ERISA and the Internal Revenue Code;
- the investment in our shares, for which no public market currently exists, is consistent with the liquidity needs of the plan or IRA;
- the investment will not produce an unacceptable amount of "unrelated business taxable income" for the plan or IRA;
- our stockholders will be able to comply with the requirements under ERISA and the Internal Revenue Code to value the assets of the plan or IRA annually; and
- the investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

With respect to the annual valuation requirements described above, we will provide an estimated value for our shares annually. We can make no claim whether such estimated value will or will not satisfy the applicable annual valuation requirements under ERISA and the Internal Revenue Code. The Department of Labor or the IRS may determine that a plan fiduciary or an IRA fiduciary is required to take further steps to determine the value of our common stock. In the absence of an appropriate determination of value, a plan fiduciary or an IRA fiduciary may be subject to damages, penalties or other sanctions.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA and the Internal Revenue Code may result in the imposition of civil and criminal penalties and could subject the fiduciary to claims for damages or for equitable remedies, including liability for investment losses. In addition, if an investment in our shares constitutes a prohibited transaction under ERISA or the Internal Revenue Code, the fiduciary or IRA fiduciary who authorized or directed the investment may be subject to the imposition of excise taxes with respect to the amount invested. In addition, the investment transaction must be undone. In the case of a prohibited transaction involving an IRA fiduciary, the IRA may be disqualified as a tax-exempt account and all of the assets of the IRA may be deemed distributed and subjected to tax. ERISA plan fiduciaries and IRA fiduciaries should consult with counsel before making an investment in our common stock.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This memorandum contains forward-looking statements about our business, including, in particular, statements about our plans, strategies and objectives. You can generally identify forward-looking statements by our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar words. You should not rely on these forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

You should carefully review the "Risk Factors" section of this memorandum, and those contained in any supplement to this memorandum, for a discussion of the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Except as otherwise required by federal securities laws, we do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ESTIMATED USE OF PROCEEDS

The following table sets forth information about how we intend to use the proceeds raised in this offering assuming that we sell the minimum of $2,000,000 in shares of common stock in this offering and the maximum of $100,000,000 in shares of common stock in this offering. Many of the amounts set forth below represent management's best estimate since they cannot be precisely calculated at this time. The following table assumes the maximum Selling Commissions and Expenses (with no discounts to any categories of purchasers). Raising less than the maximum offering amount will alter the amounts of commissions, fees, and expenses set forth below.

Depending primarily upon the number of shares we sell in this offering, we estimate that we will use between 62.50% to 90.50% of the gross proceeds in the primary offering to acquire real estate and real estate-related investments, to maintain a working capital reserve, to pay acquisition and origination expenses and, upon the acquisition or origination of real estate investments, to pay a fee to our advisor for its services in connection with the selection and acquisition or origination of such real estate investments. We will use the remainder of the gross proceeds from the primary offering to pay Selling Commissions and Expenses and organization and other offering expenses.

We may fund distributions from any source, including, without limitation, offering proceeds (which may constitute a return of capital). If we pay distributions from sources other than our cash flow from operations, we will have less funds available for the acquisition or origination of real estate investments, the overall return to our stockholders may be reduced and subsequent investors may experience dilution.

	Primary Offering $2,000,000 in Shares		Primary Offering $100,000,000 in Shares	
	$	% of Offering Proceeds	$	% of Offering Proceeds
Gross Offering Proceeds	**2,000,000**	**100.00**	**100,000,000**	**100.00**
Less Offering Expenses:				
Selling Commissions [1]	130,000	6.50	6,500,000	6.50
Marketing and Due Diligence [2]	20,000	1.00	1,000,000	1.00
Organization and Other Offering Expenses [3]	600,000	30.00	2,000,000	2.00
Amount Available for Investment	**1,250,000**	**62.50**	**90,500,000**	**90.50**
Acquisition and Origination Fees [4]	12,718	0.64	945,564	0.95
Acquisition and Origination Expenses [4]	6,783	0.34	504,301	0.50
Initial Working Capital Reserve [5]	100,000	5.00	5,000,000	5.00
Targeted Investment Capital [6]	**1,130,499**	**56.52**	**84,050,135**	**84.05**

[1] Selling commissions in an amount up to 6.5% of the purchase price of the shares sold in the primary offering will be paid to participating broker-dealers.

[2] The participating broker-dealers will receive a non-accountable marketing and due diligence allowance of up to 1% of the purchase price of the shares sold in the primary offering.

[3] Includes all expenses (other than Selling Commissions and Expenses) to be paid by us in connection with the offering, including our legal, accounting, printing, mailing and filing fees, charges of our escrow holder, charges of our advisor for administrative services related to the issuance of shares in this offering, reimbursement of due diligence expenses of broker dealers, reimbursement of our advisor for costs in connection with preparing supplemental sales materials, the cost of training and education meetings held by us (primarily the travel, meal and lodging costs of registered representatives of broker-dealers), attendance and sponsorship fees and travel, meal and lodging costs for officers and employees of our affiliates to attend retail seminars conducted by broker-dealers. There is no limit on the amount of organization and other offering expenses we may incur.

[4] We will incur customary acquisition and origination expenses in connection with the acquisition and/or origination (or attempted acquisition and/or origination) of real estate investments. We have assumed, for purposes of this table, that customary acquisition and origination expenses (including expenses relating to potential investments that we do not close) will be an amount equal to 0.6% of the targeted investment capital from the primary offering, excluding fees and expenses associated with such investments. Customary acquisition and origination expenses include legal fees and expenses (including fees of in-house counsel that are not employees or affiliates of our advisor), costs of due diligence, travel and communications expenses, appraisals, accounting fees and expenses, title insurance premiums and other closing costs and miscellaneous expenses relating to the acquisition or origination of real estate properties and real estate-related investments.

This table assumes no debt proceeds and assumes that 50% of the target investment capital is used to acquire investments from our affiliates. Although we do not intend to use leverage, to the extent we fund our investments with debt the targeted investment capital and the amount of acquisition and origination fees and acquisition and origination expenses will be proportionately greater.

[5] We may incur expenses relating to our investments, such as making capital and tenant improvements or paying leasing costs and commissions related to real property. At the time we make an investment, we will establish estimates of the capital needs of such investment through the anticipated hold period of the investment. If we raise the maximum offering amount in the primary offering, we will allocate 5% of the gross primary offering proceeds to a working capital reserve.

[6] Until required in connection with real estate investments, substantially all of the net proceeds of this offering and, thereafter, our working capital reserves, may be invested in short-term, highly liquid investments, including government obligations, bank certificates of deposit, short-term debt obligations and interest-bearing

accounts or other authorized investments as determined by our board of directors. Targeted investment capital from the primary offering may also include anticipated capital improvement expenditures and tenant leasing costs.

MANAGEMENT

Board of Directors

We operate under the direction of our board of directors. Our board is responsible for the management and control of our affairs. Our board has retained EquiAlt Capital Advisors to manage our day-to-day operations and our portfolio of real estate investments, subject to our board's supervision. Because of the conflicts of interest created by the relationships among us, EquiAlt Capital Advisors and various affiliates, if we commence an initial public offering many of the responsibilities of our board would be delegated to a committee that consists solely of independent directors. This committee would be the conflicts committee and is discussed below and under "Conflicts of Interest." Our board of directors is currently composed solely of members who are affiliated with our advisor and we do not expect to appoint independent directors to our board of directors unless and until we conduct a public offering.

Prior to commencement of an initial public offering, we expect to appoint three directors who are independent of our advisor to our board of directors. Currently, however, none of the members of our board of directors are independent. An "independent director" is a person who would meet the requirements set forth in our charter for an independent director and who is not one of our officers or employees or an officer or employee of EquiAlt Capital Advisors, our sponsor or their affiliates, and has not been so for the previous two years. Serving as a director of, or having an ownership interest in, another EquiAlt-sponsored program would not, by itself, preclude independent director status.

Each director will serve until the next annual meeting of stockholders and until his successor has been duly elected and qualified. The presence in person or by proxy of stockholders entitled to cast 50% of the votes entitled to be cast on any matter at any stockholder meeting constitutes a quorum. A majority of the shares entitled to vote and present in person or by proxy at a meeting of stockholders at which a quorum is present is required for the election of the directors at a meeting of stockholders called for that purpose. This means that, of the shares entitled to vote and present in person or by proxy, a director nominee needs to receive affirmative votes from a majority of such shares in order to be elected to our board of directors. Therefore, if a nominee receives fewer "for" votes than "withhold" votes in an election, then the nominee will not be elected.

Although our board of directors may increase or decrease the number of directors, a decrease may not have the effect of shortening the term of any incumbent director. Any director may resign at any time. Any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote on the election of directors at any meeting of stockholders called expressly for that purpose. The notice of the meeting will indicate that the purpose, or one of the purposes, of the meeting is to determine if the director(s) shall be removed.

Unless otherwise provided by Maryland law, our board of directors is responsible for selecting its own nominees and recommending them for election by the stockholders, provided that if we have a conflicts committee, the conflicts committee would nominate replacements for any vacancies among the independent director positions. Unless filled by a vote of the stockholders as permitted by the Maryland General Corporation Law, a vacancy that results from the removal of a director will be filled by a vote of a majority of the remaining directors. Any vacancy on our board of directors for any other cause will be filled by a vote of a majority of the remaining directors, even if such majority vote is less than a quorum.

Further, under Maryland law, our directors must act with such care as a prudent person in a similar position would use under similar circumstances, including exercising reasonable inquiry when taking actions. However, our directors and executive officers are not required to devote all of their time to our business and must devote only such time to our affairs as their duties may require. We do not expect that our directors will be required to devote a substantial portion of their time to us in discharging their duties.

Upon commencement of an initial public offering, in addition to meetings of the various committees of the board that we would establish, which committees we describe below, we expect our directors to hold at least four regular board meetings each year. Our board has the authority to fix the compensation of all officers that it selects and may pay compensation to directors for services rendered to us in any other capacity, although we expect our conflicts committee would act on these matters if we commence an initial public offering.

Our general investment and borrowing policies are set forth in this memorandum. Our directors may establish further written policies on investments and borrowings and will monitor our administrative procedures, investment operations and performance to ensure that our executive officers and advisor follow these policies and that these policies continue to be in the best interests of our stockholders. Unless modified by our directors, we will follow the policies on investments and borrowings set forth in this memorandum.

Committees of Our Board of Directors

Our board of directors may delegate many of its powers to one or more committees. Upon commencement of an initial public offering, our charter would require that each committee consist of at least a majority of independent directors. Prior to commencement of an initial public offering, we expect our board to form two committees, the audit committee and the conflicts committee, each of which would consist solely of independent directors, that is, all of our directors who are not affiliated with our advisor. Independent directors would be appointed and these committees would only be established when, if ever, we commence an initial public offering.

Audit Committee

If we commence an initial public offering and establish an audit committee, the audit committee would assist our board of directors in overseeing:

- our accounting and financial reporting processes;
- the integrity and audits of our financial statements;
- our compliance with legal and regulatory requirements;
- the qualifications and independence of our independent auditors; and
- the performance of our internal and independent auditors.

The audit committee would select the independent public accountants to audit our annual financial statements, review with the independent public accountants the plans and results of the audit engagement and consider and approve the audit and non-audit services to be provided by the independent public accountants and the fees to be paid to the independent public accountants by us.

Conflicts Committee

In order to reduce or eliminate certain potential conflicts of interest, if we commence an initial public offering, our charter would create a conflicts committee of our board of directors. Our charter would authorize the conflicts committee to act on any matter permitted under Maryland law. Both our board of directors and the conflicts committee would act upon those conflict-of-interest matters that cannot be delegated to a committee under Maryland law. Our charter would also empower the conflicts committee to retain its own legal and financial advisors at our expense. See "Conflicts of Interest—Certain Conflict Resolution Measures Upon Commencement of an Initial Public Offering."

Upon commencement of an initial public offering, our charter would require that the conflicts committee discharge the board's responsibilities relating to the nomination of independent directors and the compensation of our independent directors. Upon formation our conflicts committee would also discharge the board's responsibilities relating to the compensation of our executives should we ever directly employ our executive officers. Subject to the limitations in our charter and with stockholder approval, the conflicts committee could also create stock-award plans.

Executive Officers and Directors

We have provided below certain information about our executive officers and directors.

*Name**	*Age***	*Positions*
Brian Davison	45	Chairman of the Board of Directors, Chief Executive Officer, President
Barry Rybicki	46	Director, Chief Financial Officer, Treasurer, Secretary, Executive Vice President

* The address of each executive officer and director listed is 720 E. Henderson Avenue, Tampa, Florida 33602.

**As of August 31, 2017.

Brian D. Davison is our Chief Executive Officer, President and Chairman of our Board of Directors, positions he has held since our inception in June 2017. Mr. Davison is also the Chief Executive Officer and a principal of our advisor and our property manager. Mr. Davison is the founder of the EquiAlt family of companies, and has served as the Chief Executive Officer of EquiAlt, LLC since the company's inception in 2011.

Mr. Davison has extensive executive management experience and more than 20 years of experience in the real estate industry, with an emphasis on the single-family residential market. In 2009, Mr. Davison founded EquityAlt, LLC through which he acquired real property with third-party investors, typically structured as tenancies in common. Under his leadership, EquityAlt, LLC began acquiring distressed real estate assets, including single-family properties sold at auction. Having successfully completed numerous transactions between 2009 and 2011, Mr. Davison founded EquiAlt, LLC in early 2011 to introduce a fixed-return fund concept for its investors. EquiAlt, LLC served as the manager for four EquiAlt-sponsored programs, EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP. These programs offered investors fixed-rate debentures and targeted the single-family residential market. EA SIP, however, focuses on single-family residential and multifamily developments. Mr. Davison has purchased, rehabilitated, and either sold or rented more than $300 million in single-family and multi-family properties on behalf of the EquiAlt-sponsored programs, delivering impressive returns to the funds.

From 2003 to the start of 2008, Mr. Davison served as the Chief Executive Officer of Affinity Capital LLC, a national mortgage brokerage with offices in three states, where he successfully completed over $600 million in funded projects for single-family residential property, commercial property, and tenants-in-common transactions before the U.S. economy suffered its severe downtown. As a result of the Great Recession and its impact on the real estate industry, including his then-employer, Mr. Davison filed for personal bankruptcy, which was discharged in August 2008.

Prior to that experience, he served as an officer or director of several real estate lending or investment companies beginning in 1995, with a focus on single-family residential products.

Mr. Davison studied political science at California State University San Marcos, and holds, or has held, mortgage broker licenses in Nevada and Florida, and real estate licenses in California and Nevada.

Barry M. Rybicki has served as our Chief Financial Officer, Treasurer, Secretary, Executive Vice President since December 2017 and as a member of the Board of Directors since August 2017. Mr. Rybicki is also the Chief Operating Officer of our advisor and our property manager. Mr. Rybicki has served as Managing Director of EquiAlt, LLC since its inception in January 2011. He served as President of Operations of EquityAlt, LLC from June 2009 to early 2011, when he and Mr. Davison formed EquiAlt, LLC.

Mr. Rybicki has over 20 years of experience in residential real estate investment, banking, and investment funds. For the past six years, he has managed a $100 million capital raise for the EquiAlt family of funds, and he oversaw the successful dissolution of EquiAlt Fund III.

Mr. Rybicki also founded and successfully grew Integrity Funding, LLC, a mortgage bank, from March 2003, until its dissolution in June 2009. During that time, Mr. Rybicki acted as Chief Executive Officer and oversaw the origination of over $500 million in real estate loans, ranking it within the top five financial institutions in the Western region of the United States, before the collapse of the real estate lending industry. He developed numerous relationships within Wells Fargo, Citi Bank, JP Morgan and Bank of America. As a result of the Great Recession and its impact on the real estate industry, including his then-employer, Mr. Rybicki filed for bankruptcy, which was discharged in 2009.

Mr. Rybicki has a thorough knowledge of business administration and management as well as an extensive experience in lending, portfolio management, marketing, acquisition analysis and contract negotiation. Mr. Rybicki has held numerous banking licenses and has many affiliations with the National Association of Mortgage Brokers.

Compensation of Directors

If we commence an initial public offering and appoint independent directors, we intend to compensate each of our independent directors with an annual retainer of $40,000. In addition, we would pay independent directors for attending board and audit or conflicts committee meetings as follows:

- $2,500 for each board meeting attended;
- $2,500 for each audit or conflicts committee meeting attended (except that the committee chairman would be paid $3,000 for each audit or conflicts committee meeting attended);

- $2,000 for each teleconference board meeting attended; and
- $2,000 for each teleconference audit or conflicts committee meeting attended (except that the committee chairman would be paid $3,000 for each teleconference audit or conflicts committee meeting attended).

All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. If a director is also one of our officers, we would not pay any compensation for services rendered as a director.

Limited Liability and Indemnification of Directors, Officers, Employees and Other Agents

Our charter limits the liability of our directors and officers to us and our stockholders for monetary damages, and requires us to indemnify our directors, officers, EquiAlt Capital Advisors and its affiliates for losses they may incur by reason of their service in that capacity to the maximum extent permissible under Maryland law.

Upon commencement of an initial public offering, such limited liability and indemnification provisions would also require all of the following conditions to be met:

- the party seeking exculpation or indemnification has determined, in good faith, that the course of conduct that caused the loss or liability was in our best interests;
- the party seeking exculpation or indemnification was acting on our behalf or performing services for us;
- in the case of an independent director, the liability or loss was not the result of gross negligence or willful misconduct by the independent director;
- in the case of a non-independent director, EquiAlt Capital Advisors or one of its affiliates, the liability or loss was not the result of negligence or misconduct by the party seeking exculpation or indemnification; and
- the indemnification is recoverable only out of our net assets and not from the common stockholders.

The SEC takes the position that indemnification against liabilities arising under the Securities Act is against public policy and unenforceable. Furthermore, upon commencement of an initial public offering, our charter would prohibit the indemnification of our directors, EquiAlt Capital Advisors, its affiliates or any person acting as a broker-dealer for liabilities arising from or out of a violation of state or federal securities laws, unless one or more of the following conditions are met:

- there has been a successful adjudication on the merits of each count involving alleged securities law violations;
- such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or
- a court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and of the published position of any state securities regulatory authority in which the securities were offered as to indemnification for violations of securities laws.

Our charter further provides that the advancement of funds to our directors and to EquiAlt Capital Advisors and its affiliates for reasonable legal expenses and other costs incurred in advance of the final disposition of a proceeding for which indemnification is being sought is permissible to the maximum extent permissible under Maryland law. Upon commencement of an initial public offering, in addition to the procedures required by Maryland law, all of the following conditions would need to be satisfied before we advance any funds: the proceeding relates to acts or omissions with respect to the performance of duties or services on our behalf; the legal proceeding was initiated by a third party who is not a common stockholder or, if by a common stockholder acting in his or her capacity as such, a court of competent jurisdiction approves such advancement; and the person seeking the advancement undertakes to repay the amount paid or reimbursed by us, together with the applicable legal rate of interest thereon, if it is ultimately determined that such person is not entitled to indemnification.

We have also purchased and maintain insurance on behalf of all of our directors and officers against liability asserted against or incurred by them in their official capacities with us, whether or not we are required or have the power to indemnify them against the same liability.

Our Advisor

Our advisor is EquiAlt Capital Advisors LLC, a limited liability company formed in the State of Delaware on June 22, 2017. Our advisor currently is not registered as an investment adviser with the SEC. As our advisor, EquiAlt Capital Advisors has contractual responsibilities to us and our stockholders and would have fiduciary responsibilities to us and our stockholders if we commence an initial public offering. The principal officers of our advisor are as follows:

Name	Age*	Positions
Brian Davison	45	Chief Executive Officer
Barry Rybicki	46	Chief Operating Officer

*As of August 31, 2017.

Brian Davison indirectly owns a controlling interest in and serves as the Chief Executive Officer of EquiAlt Capital Advisors. Messrs. Rybicki, Kelly, Nyka and Diaz all actively participate in the management and operations of our advisor. For more information regarding the background and experience of Messrs. Davison and Rybicki, see "Management—Executive Officers and Directors" and "—Other Affiliates—Our Sponsor."

Below is a brief description of the background and experience of the key real estate professionals at EquiAlt Capital Advisors who are not also one of our executive officers.

Tony James Michael Kelly is Senior Portfolio Manager of EquiAlt Capital Advisors LLC and EquiAlt Property Management LLC. As Senior Portfolio Manager, Mr. Kelly oversees and coordinates ongoing property repair and construction projects in addition to assisting with tenant issues, property acquisition and data coordination. Mr. Kelly has served as Senior Portfolio Manager of EquiAlt, LLC, an affiliate of our sponsor, since June 2014. Mr. Kelly graduated from the University of South Florida with a bachelor of arts degree in political science and holds a real estate license in the state of Florida.

Bertram Andy Nkya is Portfolio Manager of EquiAlt Capital Advisors LLC and EquiAlt Property Management LLC. As Portfolio Manager, Mr. Nkya oversees and coordinates acquisition analysis, property repair evaluation, contractor oversight, tenant placement, budget reviews and marketing property for rent or sale. Mr. Nkya has served as Portfolio Manager of EquiAlt, LLC an affiliate of our sponsor, since September 2016. Mr. Nkya holds a bachelor of arts degree in finance and a number of licenses, including a real estate license in South Carolina, Broker Price Opinion Resource Certification, Relocation Professional Certification and Business Analysis Fundamentals.

Michelle Rodriquez Diaz is Junior Portfolio Manager of EquiAlt Capital Advisors LLC and EquiAlt Property Management LLC. As Junior Portfolio Manager, Ms. Diaz oversees and coordinates tenant financial matters, accounting interface, vendor billing and HOA matters. Ms. Diaz has served as Back Office Administration - Junior Portfolio Manager of EquiAlt, LLC an affiliate of our sponsor, since May 2016. Ms. Diaz holds an associate degree in liberal arts.

The Advisory Agreement

Under the terms of the advisory agreement, EquiAlt Capital Advisors will use its best efforts to present to us investment opportunities that provide a continuing and suitable investment program for us consistent with our investment policies and objectives as adopted by our board of directors. Pursuant to the advisory agreement, EquiAlt Capital Advisors will, subject to the oversight of our board of directors, manage our day-to-day operations and perform other duties, including, but not limited to, the following:

- finding, presenting and recommending to us real estate investment opportunities consistent with our investment policies and objectives;
- structuring the terms and conditions of our investments, sales and joint ventures;
- acquiring real estate investments on our behalf in compliance with our investment objectives and policies;
- sourcing and structuring our loan originations;
- arranging for financing and refinancing of our real estate investments;
- reviewing and analyzing the operating and capital budgets of our properties and the properties securing our real estate-related investments;

- assisting us in obtaining insurance;
- generating an annual budget for us;
- reviewing and analyzing financial information for each of our assets and the overall portfolio;
- formulating and overseeing the implementation of strategies for the administration, promotion, management, operation, maintenance, improvement, financing and refinancing, marketing, leasing and disposition of our real estate investments;
- performing investor-relations services;
- maintaining our accounting and other records and assisting us in filing all reports required to be filed with the SEC, the IRS and other regulatory agencies, as applicable;
- engaging and supervising the performance of our agents; and
- performing any other services reasonably requested by us.

See "Management Compensation" for a detailed discussion of the fees payable to EquiAlt Capital Advisors under the advisory agreement. We also describe in that section our obligation to reimburse EquiAlt Capital Advisors for certain expenses, including organization and offering expenses, the costs of providing services to us (other than for the employee costs in connection with services for which it earns acquisition and origination fees or disposition fees, though we may reimburse our advisor for travel and communication expenses) and payments made by EquiAlt Capital Advisors in connection with potential investments, whether or not we ultimately acquire or originate the investment.

The term of our advisory agreement with EquiAlt Capital Advisors will continue in effect until terminated by either party. Upon commencement of an initial public offering our charter would provide that the term of the advisory agreement may not exceed one year but may be renewed for an unlimited number of successive one-year periods. Either party may terminate the advisory agreement without cause or penalty upon 60 days' written notice and, in such event, EquiAlt Capital Advisors must cooperate with us and our directors in making an orderly transition of the advisory function. Upon termination of the advisory agreement, EquiAlt Capital Advisors may be entitled to a fee if (based upon an independent appraised value of the portfolio) EquiAlt Capital Advisors would have been entitled to a subordinated participation in net cash flows had the portfolio been liquidated on the termination date. The amount of the fee would be 15% of the amount by which (i) the hypothetical liquidation proceeds as determined by an independent third party plus distributions paid exceed (ii) the amount necessary to provide investors with a return of their gross investment amount and a 6% per year cumulative, noncompounded return from inception through the termination date; however, the agreement does not require that the investors actually have received such return prior to payment of the fee. For purposes of determining the appraised value of the portfolio, a broker opinion of value or any other reasonable valuation means as determined by the board of directors will constitute an appraisal with respect to a single-family residential property or a portfolio of single-family residential properties. For more information on the calculation of the 6% per year cumulative, noncompounded return, see "Management Compensation—Operational and Liquidation Listing Stage—Subordinated Participation in Net Cash Flows." For more information regarding the terms of the advisory agreement, see "Management Compensation."

EquiAlt Capital Advisors and its affiliates expect to engage in other business ventures and, as a result, they will not dedicate their resources exclusively to our business. However, pursuant to the advisory agreement, EquiAlt Capital Advisors must devote sufficient resources to our business to discharge its obligations to us.

During the term of the advisory agreement and for one year following its termination, we have agreed that we will not, without our advisor's prior written consent, (i) solicit or encourage any person to leave the employment or other service of our advisor or any of its affiliates or (ii) hire, on our behalf or on behalf of any other person or entity, any person who has left the employment of our advisor or its affiliate within the one-year period following termination of that person's employment with our advisor or any of its affiliates. In addition, during the same time period, we have agreed that we will not intentionally interfere with the relationship of our advisor or any of its affiliates with, or endeavor to entice away from our advisor or any of its affiliates, any person who during the term of the advisory agreement is, or during the preceding one-year period was, a tenant, co-investor, co-developer, joint venture or other customer of our advisor or any of its affiliates.

EquiAlt Capital Advisors may assign the advisory agreement to an affiliate upon our approval. We may assign or transfer the advisory agreement to a successor entity.

Initial Investment by Our Advisor

Our sponsor has invested $500,001 in us through the purchase of 55,248 shares of our common stock at an average purchase price of $9.05 per share. EquiAlt Capital Advisors is the owner of these 55,248 shares. As of the date of this memorandum, this constitutes 100% of our issued and outstanding stock. Our charter provides that EquiAlt Capital Advisors may not sell $200,000 worth, or 22,099 of these shares, during the period it serves as our advisor. Although nothing prohibits EquiAlt Capital Advisors or its affiliates from acquiring additional shares of our common stock, EquiAlt Capital Advisors currently has no options or warrants to acquire any shares. EquiAlt Capital Advisors has agreed that following the commencement of an initial public offering, it would abstain from voting any shares it acquires in any vote regarding (i) the removal of EquiAlt Capital Advisors, a director or any of their affiliates or (ii) any transaction between us and EquiAlt Capital Advisors, a director or any of their affiliates. EquiAlt Capital Advisors is indirectly owned and controlled by Mr. Brian Davison.

In the event the advisory agreement is terminated, the shares owned by EquiAlt Capital Advisors would not automatically be redeemed. EquiAlt Capital Advisors would, however, be able to participate in our share redemption program, subject to all of the restrictions of our share redemption program applicable to all other common stockholders.

Our Property Manager

Prior to the commencement of this offering, we will enter into a property management agreement with EquiAlt Property Management LLC, which will be responsible for property management and leasing services for our properties. In some instances, our property manager may contract with an affiliated entity to provide certain property management services requiring state specific licenses or a non-affiliated third-party property manager to whom our property manager may subcontract its property management duties. EquiAlt Holdings LLC controls our property manager. See "Prospectus Summary—Organizational Structure" and "Conflicts of Interest." The principal officers of our property manager are as follows:

Name	Age*	Positions
Brian Davison	45	Chief Executive Officer
Barry Rybicki	46	Chief Operating Officer

*As of August 31, 2017.

For more information regarding the background and experience of Messrs. Davison and Rybicki, see "—Executive Officers and Directors" above.

EquiAlt Property Management LLC is a recently formed entity established to manage and lease properties in our portfolio. Consistent with market custom, we will pay our property manager property management fees equal to 10% of the gross revenues from the single-family residential properties managed by our property manager plus a one-time tenant placement fee equal to the first month's rent. For other property types, including commercial and multifamily, we will pay our property manager property management fees equal to 4.5% of the gross revenues from the properties managed by our property manager. Our property manager's engagement will not commence with respect to any particular project until we, in our sole discretion, have the ability to appoint or hire our property manager. In the event that we contract directly with a non-affiliated third-party property manager in respect of a property, we will pay our property manager an oversight fee of 0.5% of the gross revenues from the property. In no event will we pay both a property management fee and an oversight fee to our property manager with respect to any particular property.

We will reimburse our property manager for all expenses and liabilities incurred in connection with certain utility and service contracts entered into on our behalf. We will reimburse the costs and expenses incurred by our property manager on our behalf, including the wages and salaries and other employee-related expenses and benefits of all on-site employees of our property manager who are engaged in the operation, management, maintenance and leasing or access of our properties, including taxes, insurance and benefits relating to such employees, costs of technology related to specific properties, and legal, travel and other out-of-pocket expenses that are directly related to the management of specific properties. We will not be obligated to reimburse our property manager for any expense allocable to (i) time spent on properties other than those properties the property manager manages under the property management agreement and (ii) any personnel other than on-site personnel or personnel spending a portion of their working hours (to be charged on a pro rata basis) on-site. We may also reimburse our property manager for certain third-party charges and miscellaneous expenses.

Our property manager may subcontract on-site property management duties to other management companies with experience in the applicable markets that also will be authorized to lease our properties consistent with the leasing guidelines promulgated by our advisor. The information our property manager learns from the local property management companies about the market and residents'

needs could assist us in acquiring "off market" properties on attractive terms and/or prices and aiding in resident retention. Our property manager nonetheless will continue to supervise any subcontracted, on-site property managers. Our property manager also will be responsible for paying such subcontractors' fees and expenses. We will have no obligation to make any payments to the subcontractors, unless we and EquiAlt Property Management LLC otherwise agree in writing. In addition, our property manager may remain directly involved in many property management activities including, leasing decisions, budgeting, vendor relations (especially national vendor relations), selection and provision of professional services and their providers (i.e., accounting, legal, and banking services), and general property-level problem solving. To the extent our property manager directly performs on-site management, it will hire, direct and establish policies for employees who will have direct responsibility for such property's operations, including resident managers and assistant managers, as well as building and maintenance personnel.

Our property manager will use its diligent efforts to investigate, hire, pay, supervise and discharge duly qualified and licensed personnel necessary to be employed by it to properly maintain, operate and lease our properties, including without limitation, a property manager or business manager at such properties. Our property manager will also direct the purchase of equipment and supplies and will supervise all maintenance activity. Our property manager will continuously consider alternatives to provide the most efficient property management services to us.

Pursuant to separately negotiated agreements, however, our company and our property manager may agree that our property manager will supervise the construction and/or installation of certain capital improvements or other major repairs outside of normal maintenance and repair at any property. In such case, we will pay additional compensation to our property manager pursuant to such separately negotiated agreements. Our property management agreement has an initial term of five years ending in December 2022, and is subject to successive five-year renewals. If no party gives written notice to the other at least 30 days prior to the expiration date, then the property management agreement will automatically continue for consecutive two-year periods until terminated by any party by written notice given at least 30 days in advance of such termination. We may also terminate the agreement upon 30 days' prior written notice in the event of willful misconduct, gross negligence or deliberate malfeasance by the property manager. If we materially breach our obligations under the agreement and such breach remains uncured for a period of ten (10) days after written notification of such breach, the property manager may terminate the agreement.

Under our property management agreement, during the term of the agreement and for one year after its termination, we and our operating partnership are restricted from soliciting any employee of our property manager or its affiliates or from hiring a prior employee of our property manager or its affiliates within the one-year period following the termination of that person's employment with the property manager or its affiliate.

The principal office of our property manager is located at 720 E. Henderson Ave., Tampa, Florida 33602.

Our Sponsor

EquiAlt Holdings, which we consider to be our sponsor, is owned and controlled by Mr. Brian Davison. EquiAlt Holdings was formed as a Delaware limited liability company on June 22, 2017. EquiAlt Holdings controls and owns our advisor and our property manager. Messrs. Davison, Rybicki, Kelly, Nkya and Diaz actively participate in the management and operations of our advisor.

Mr. Davison works at EquiAlt Capital Advisors with his team of key real estate professionals. The key real estate professionals at our advisor include Messrs. Rybicki, Kelly, and Nkya and Ms. Diaz. These key real estate professionals, collectively, have over 50 years of real estate experience. The key real estate professionals at our advisor have been through multiple real estate cycles in their careers and have the expertise gained through hands-on experience in acquisitions, originations, asset management, dispositions, development, leasing and property and portfolio management. These individuals comprise the investment committee formed by EquiAlt Capital Advisors to evaluate and recommend new investment opportunities for us.

When we refer to a "EquiAlt-sponsored program," we are referring to the private entities sponsored by an investment advisor affiliated with Mr. Davison and our company, that are currently being sponsored by Mr. Davison. As noted above, our sponsor is sponsoring EquiAlt Fund I, EquiAlt Fund II, EA SIP and certain of their affiliates.

Mr. Davison has been involved in residential real estate for more than 20 years. Over that time, Mr. Davison has developed extensive experience investing in and managing real estate holdings, with an emphasis on single-family units. Since 2011 with the inception of EquiAlt, the experience of the investment advisors affiliated with Mr. Davison includes (as of December 31, 2016) sponsoring four private real estate funds that had invested over $100 million of equity in residential real estate assets.

See "Management—Executive Officers and Directors" for more information regarding the background and experience of the individuals who own and control our sponsor.

Management Decisions

The primary responsibility for the management decisions of EquiAlt Capital Advisors and its affiliates, including the selection of real estate investments to be recommended to our board of directors, the negotiation for these investments and asset management decisions, will reside in the investment committee formed by our advisor.

MANAGEMENT COMPENSATION

Although we have executive officers who will manage our operations, we have no paid employees. Our advisor and the real estate professionals at our advisor will manage our day-to-day affairs and our portfolio of real estate investments, subject to our board of directors' supervision. The following table summarizes all of the compensation and fees that we will pay to our advisor, its affiliates and participating broker-dealers, including amounts to reimburse their costs in providing services. Selling Commissions and Expenses may vary for different categories of purchasers as described under "Plan of Distribution." This table assumes the maximum Selling Commissions and Expenses (with no discounts to any categories of purchasers).

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares [1]
	Organization and Offering Stage	
Selling Commissions	Up to 6.5% of the purchase price of the shares sold in the primary offering will be paid to participating broker-dealers.	$130,000/ $6,500,000
Marketing and Due Diligence Allowance	Up to 1% of the purchase price of the shares sold in the primary offering will be paid to participating broker-dealers.	$20,000/ $1,000,000
Organization and Other Offering Expenses	To date, our advisor has paid organization and other offering expenses on our behalf. We will reimburse our advisor for these costs and future organization and other offering costs it may incur on our behalf. These organization and other offering expenses include all expenses (other than Selling Commissions and Expenses) to be paid by us in connection with the offering, including our legal, accounting, printing, mailing and filing fees, charges of our escrow holder, charges of our advisor for administrative services related to the issuance of shares in this offering, reimbursement of due diligence expenses of broker dealers, reimbursement of our advisor for costs in connection with preparing supplemental sales materials, the cost of training and education meetings held by us (primarily the travel, meal and lodging costs of registered representatives of broker-dealers), attendance and sponsorship fees and travel, meal and lodging costs for officers and employees of our affiliates to attend retail seminars conducted by broker-dealers. If we raise the maximum offering amount we expect our organization and other offering expenses to be 2% of gross offering proceeds; however, there is no limit on the amount of organization and other offering expenses we may incur. If we only raise $2,000,000, we expect our organization and other offering expenses to be 30% of gross offering proceeds.	$600,000/ $2,000,000
	Acquisition and Development Stage	
Acquisition and Origination Fees – EquiAlt Capital Advisors [2][3]	1.5% of the cost of investments acquired by us, or the amount to be funded by us to acquire or originate loans, including any acquisition expenses associated with the purchase of such investment or the acquisition or origination of such loan, and any debt attributable to such investment or loan, plus significant capital expenditures budgeted as of the date of acquisition related to the development, construction or improvement of a real estate property; provided, however, such fee will be reduced to 0.75% with respect to investments acquired by us from our affiliates.	$12,718 (minimum amount and no debt)/ $945,564 (maximum offering and no debt), assuming 50% of the target investment capital is used to acquire investments from our affiliates

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares [1]
	Acquisition fees calculated based on capital expenditures budgeted as of the date of acquisition shall be paid at the time funds are disbursed pursuant to a final approved budget upon receipt of an invoice by us. Upon commencement of an initial public offering, our charter would limit our ability to make an investment if the total of all acquisition and origination fees and acquisition and origination expenses relating to the investment exceeds 6% of the contract purchase price or 6% of the total funds advanced. This limit could only be exceeded if a majority of the board of directors (including a majority of the members of the conflicts committee once formed) not otherwise interested in the transaction approves the fees and expenses and finds the transaction to be commercially competitive, fair and reasonable to us.	
Acquisition and Origination Expenses	Reimbursement of customary acquisition and origination expenses (including expenses relating to potential investments that we do not close), such as legal fees and expenses (including fees of independent contractor in-house counsel that are not employees of our advisor), costs of due diligence (including, as necessary, updated appraisals, surveys and environmental site assessments), travel and communications expenses, accounting fees and expenses and other closing costs and miscellaneous expenses relating to the acquisition or origination of real estate properties and real estate-related investments. We estimate that these expenses will average approximately 0.6% of the purchase price or origination amount of our investments, excluding fees and expenses associated with such investments.	$6,783 (minimum amount and no debt) /$504,301 (maximum offering and no debt)
	Operational Stage	
Asset Management Fees – EquiAlt Capital Advisors [2][3]	A monthly fee equal to one-twelfth of 1.6% of the cost of our investments, less any debt secured by or attributable to our investments. The cost of our real property investments will be calculated as the amount paid or allocated to acquire the real property, plus budgeted capital improvement costs for the development, construction or improvements to the property once such funds are disbursed pursuant to a final approved budget and fees and expenses associated with the purchase of such real property, but excluding acquisition fees paid or payable to our advisor or its affiliates. The cost of our real estate-related investments and any investments other than real property will be calculated as the lesser of: (x) the amount paid or allocated to acquire, originate or fund the investment, including fees and expenses associated with the acquisition, origination or funding of such investment (but excluding acquisition or origination fees paid or payable to our advisor or its affiliates), and (y) the outstanding principal amount of such investment, including fees and expenses associated with the acquisition, origination or funding of such investment (but excluding acquisition or origination fees paid or payable to our	Actual amounts are dependent upon the total equity and debt capital we raise, the cost of our investments and the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares [1]
	advisor or its affiliates). In the case of investments made through joint ventures, the asset management fee will be determined based on our proportionate share of the underlying investment.	
Other Operating Expenses – EquiAlt Capital Advisors and EquiAlt Property Management [4]	We may reimburse the expenses incurred by our advisor in connection with its provision of services to us, including our allocable share of our advisor's overhead, such as rent, employee costs, utilities and IT costs. Our advisor may seek reimbursement for employee costs under the advisory agreement. However, we will not reimburse our advisor or its affiliates for employee costs in connection with services for which our advisor earns acquisition or origination fees or disposition fees (other than reimbursement of travel and communication expenses) or for the salaries or benefits our advisor or its affiliates may pay to our named executive officers. We will reimburse our property manager for all expenses and liabilities incurred in connection with certain utility and service contracts entered into on our behalf. We will reimburse the costs and expenses incurred by our property manager on our behalf, including the wages and salaries and other employee-related expenses and benefits of all on-site employees of our property manager who are engaged in the operation, management, maintenance and leasing or access of our properties, including taxes, insurance and benefits relating to such employees, costs of technology related to specific properties, and legal, travel and other out-of-pocket expenses that are directly related to the management of specific properties. We will not be obligated to reimburse our property manager for any expense allocable to (i) time spent on properties other than those properties the property manager manages under the property management agreement and (ii) any personnel other than on-site personnel or personnel spending a portion of their working hours (to be charged on a pro rata basis) on-site. We may also reimburse our property manager for certain third-party charges and miscellaneous expenses.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
Property Management Fee – EquiAlt Property Management	A monthly management fee equal to the following: (a) for any single-family residential property, (i) 10% of gross revenues for each such property for such month payable monthly in arrears, and (ii) the first month's rent payment for any property for which property manager has placed a new tenant, plus (b) for any property that is not a single-family residence, including multifamily and commercial properties, 4.5% of gross revenues for each such property for such month payable monthly in arrears. "Gross revenues" means all amounts actually collected as rents or other charges for use and occupancy of properties, whether residential or commercial, and concessionaires (if any) in respect of each property, including furniture rental, parking fees, forfeited security deposits, application fees, late charges, income from coin operated machines, proceeds from rental interruption	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares [1]
	insurance, and other miscellaneous income collected at each property; but shall exclude all other receipts, including but not limited to, income derived from interest on investments or otherwise, proceeds of claims on account of insurance policies (other than rental interruptions insurance), abatement of taxes, and awards arising out of eminent domain proceedings, discounts and dividends on insurance policies.	
Oversight Fee – EquiAlt Property Management	If we hire a third-party property manager not affiliated with the property manager in respect of a property for which we, in our sole discretion, have the ability to appoint or hire the property manager, we will pay the property manager an oversight fee equal to 0.50% of gross revenues of such property.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
	Operational and Liquidation/Listing Stage	
Subordinated Participation in Net Cash Flows – EquiAlt Capital Advisors [2][5]	After our common stockholders have received, together as a collective group, aggregate distributions (including distributions that may constitute a return of capital for federal income tax purposes) sufficient to provide (i) a return of their gross investment amount, which is the amount calculated by multiplying the total number of shares purchased by stockholders by the issue price, reduced by the total number of shares repurchased by us pursuant to our share redemption program (excluding the number of shares issued as stock dividends and subsequently repurchased by us) multiplied by the weighted average issue price of the shares sold in the primary offering, and (ii) a 6% per year cumulative, noncompounded return on such gross investment amount, EquiAlt Capital Advisors is entitled to receive 15% of our net cash flows, whether from continuing operations, net sales proceeds, net financing proceeds, or otherwise. Net sales proceeds means the net cash proceeds realized by us after deduction of all expenses incurred (i) in connection with a disposition of our assets, or (ii) from the prepayment, maturity, workout or other settlement of any loan or other investment. Net financing proceeds means the net cash proceeds realized from the financing of our assets or refinancing of our debt. The 6% per year cumulative, noncompounded return on gross investment amount is calculated on a daily basis. In making this calculation, gross investment amount is determined for each day during the period for which the 6% per year cumulative, noncompounded return is being calculated, including a daily adjustment to reflect shares repurchased by us pursuant to our share redemption program, and gross investment amount is reduced by the following: (i) distributions from net sales proceeds, (ii) distributions paid from operating cash flow in excess of a cumulative, noncompounded, annual return of 6%, and (iii) distributions from net financing proceeds, except to the extent such distributions would be required to supplement prior distributions paid in order to achieve a cumulative, noncompounded, annual return of 6%. Gross investment amount is only reduced as described above; it is not reduced simply because a distribution constitutes a return of capital for federal	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares [1]
	income tax purposes. The 6% per year cumulative, noncompounded return is not based on the return provided to any individual stockholder. Accordingly, it is not necessary for each of our stockholders to have received any minimum return in order for EquiAlt Capital Advisors to participate in our net cash flows. In fact, if EquiAlt Capital Advisors is entitled to participate in our net cash flows, the returns of our stockholders will differ, and some may be less than a 6% per year cumulative, noncompounded return. This fee is payable only while we are not listed on an exchange.	
	Liquidation/Listing Stage	
Disposition Fees– EquiAlt Capital Advisors or its affiliates [3][6]	In connection with the sale of our assets, which includes the sale of a single asset or the sale of all or a portion of our assets through a portfolio sale, merger or business combination transaction, we will pay our advisor or its affiliates a percentage of the contract sales price of the assets sold (including residential or commercial mortgage-backed securities issued by a subsidiary of ours as part of a securitization transaction). For dispositions with a contract sales price less than or equal to $1.5 billion, the disposition fee will equal 1.5% of the contract sales price. For dispositions with a contract sales price greater than $1.5 billion, the disposition fee will equal 1.5% of the first $1.5 billion of the contract sales price, plus 1.1% of the amount of the contract sales price in excess of $1.5 billion. Provided, however, that upon commencement of an initial public offering, the disposition fees paid to our advisor, its affiliates and unaffiliated third parties may not exceed 6% of the contract sales price. We will not pay a disposition fee upon the maturity, prepayment or workout of a loan or other debt-related investment, provided that if we negotiate a discounted payoff with the borrower, we will pay a disposition fee and if we take ownership of a property as a result of a workout or foreclosure of a loan, we will pay a disposition fee upon the sale of such property. We do not intend to sell assets to affiliates. However, if we do sell assets to an affiliate, our organizational documents would not prohibit us from paying our advisor a disposition fee. Although we are most likely to pay disposition fees during our liquidation stage, these fees may also be incurred during our operational stage.	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.
Subordinated Incentive Fee – EquiAlt Capital Advisors [2][4][5][7]	Upon a merger or listing of our common stock on a national securities exchange, we will pay our advisor an incentive fee. Upon a listing this fee will equal 15% of the amount by which (i) the market value of our outstanding stock plus the total of all distributions paid by us to stockholders from inception until the date market value is determined (including distributions that may constitute a return of capital for federal income tax purposes and excluding any stock dividend) exceeds (ii) the sum of our stockholders' gross investment amount, which is the amount calculated by multiplying the total number of shares purchased by stockholders by the issue price, reduced by the total number	Actual amounts are dependent upon the results of our operations; we cannot determine these amounts at the present time.

Type of Compensation and Recipient	Determination of Amount	Estimated Amount for $2,000,000 in Shares / Maximum Primary Offering $100,000,000 in Shares [1]
	of shares repurchased by us pursuant to our share redemption program multiplied by the weighted average issue price of the shares sold in the primary offering, and the amount of cash flow necessary to generate a 6% per year cumulative, noncompounded return on our stockholders' gross investment amount from our inception through the date the market value is determined. Upon a merger this fee will equal 15% of the amount by which (i) the merger consideration amount plus the total of all distributions paid or declared by us to stockholders from inception until the closing of the merger (including distributions that may constitute a return of capital for federal income tax purposes and excluding any stock dividend) exceeds (ii) the sum of our stockholders' gross investment amount, which is the amount calculated by multiplying the total number of shares purchased by stockholders by the issue price, reduced by the total number of shares repurchased by us pursuant to our share redemption program multiplied by the weighted average issue price of the shares sold in the primary offering, and the amount necessary to generate a 6% per year cumulative, noncompounded return on our stockholders' gross investment amount from our inception through the closing of the merger. The 6% per year cumulative, noncompounded return on gross investment amount is calculated on a daily basis. In making this calculation, gross investment amount is determined for each day during the period for which the 6% per year cumulative, noncompounded return is being calculated, including a daily adjustment to reflect shares repurchased by us pursuant to our share redemption program, and gross investment amount is reduced by the following: (i) distributions from net sales proceeds, (ii) distributions paid from operating cash flow in excess of a cumulative, noncompounded, annual return of 6%, and (iii) distributions from net financing proceeds, except to the extent such distributions would be required to supplement prior distributions paid in order to achieve a cumulative, noncompounded, annual return of 6%. Gross investment amount is only reduced as described above; it is not reduced simply because a distribution constitutes a return of capital for federal income tax purposes. The 6% per year cumulative, noncompounded return is not based on the return provided to any individual stockholder. Accordingly, it is not necessary for each of our stockholders to have received any minimum return in order for EquiAlt Capital Advisors to receive the subordinated incentive fee. In fact, if EquiAlt Capital Advisors is entitled to receive the subordinated incentive fee, the returns of our stockholders will differ, and some may be less than a 6% per year cumulative, noncompounded return.	

[1] The estimated maximum dollar amounts are based on the sale of the maximum of $100,000,000 in shares in the primary offering except that with respect to organization and other offering expenses the estimated maximum dollar amounts are based on the sale of the maximum of $100,000,000 of shares in the primary offering. In addition, the estimated maximum dollar amounts are based on the compensation structure under our advisory agreement and the form of selected dealer

agreement as of the date of this memorandum. Compensation to be paid to EquiAlt Capital Advisors and participating broker-dealers may be increased subject to limitations in our charter and other regulatory requirements.

(2) Our advisor in its sole discretion may defer any fee payable to it under the advisory agreement. These fees may consist of a $35 fee per subscription agreement payable to our advisor for reviewing and processing subscription agreements, acquisition and origination fees, asset management fees, disposition fees, the subordinated participation in net cash flows and the subordinated incentive fee. All or any portion of such fees not taken may be deferred without interest and paid when our advisor determines.

(3) Because the acquisition and origination fee we pay our advisor is a percentage of the purchase price of an investment or the amount to be funded by us to acquire or originate a loan, this fee will be greater to the extent we fund acquisitions and originations through (i) the incurrence of debt; (ii) retained cash flow from operations; and (iii) issuances of equity in exchange for assets.

In addition to acquisition and origination fees, we reimburse our advisor for amounts it pays in connection with the selection, acquisition or development of a property or acquisition or origination of a loan, whether or not we ultimately acquire or develop the property or acquire or originate the loan. These expenses will be greater to the extent we fund acquisitions and originations through (i) the incurrence of debt; (ii) retained cash flow from operations and (iii) issuances of equity in exchange for assets.

(4) Effective upon commencement of an initial public offering, on the earlier of four full fiscal quarters after (i) we make or made our first investment and (ii) six months after commencement of an initial public offering, EquiAlt Capital Advisors must reimburse us the amount by which our aggregate total operating expenses for the four fiscal quarters then ended exceed the greater of 2% of our average invested assets or 25% of our net income, unless the conflicts committee (which would be formed pursuant to our charter upon commencement of an initial public offering) has determined that such excess expenses were justified based on unusual and non-recurring factors. "Average invested assets" means the average monthly book value of our assets during the 12-month period before deducting depreciation, bad debts or other non-cash reserves. "Total operating expenses" means all expenses paid or incurred by us, as determined under GAAP, that are in any way related to our operation, including advisory fees, but excluding (a) the expenses of raising capital such as organization and offering expenses, legal, audit, accounting, underwriting, brokerage, listing, registration and other fees, printing and other such expenses and taxes incurred in connection with the issuance, distribution, transfer, registration and stock exchange listing of our stock; (b) interest payments; (c) taxes; (d) non-cash expenditures such as depreciation, amortization and bad debt reserves; (e) incentive fees based on the gain on the sale of our assets; and (f) acquisition and origination fees, acquisition and origination expenses (including expenses relating to potential investments that we do not close), disposition fees on the sale of real property and other expenses connected with the acquisition, origination, disposition and ownership of real estate interests, loans or other property (other than disposition fees on the sale of assets other than real property), such as the costs of foreclosure, insurance premiums, legal services, maintenance, repair and improvement of property.

(5) Upon commencement of an initial public offering, our charter would require that any gain from the sale of assets that we may pay EquiAlt Capital Advisors be reasonable. Under our charter, an interest in gain from the sale of assets would be "presumptively reasonable" if it does not exceed 15% of the balance of net sale proceeds remaining after investors have received a return of their net capital contributions and a 6% per year cumulative, noncompounded return. Upon commencement of an initial public offering, our charter would prohibit an interest in the gain from the sale of assets to the extent such interest exceeds what is considered reasonable. The subordinated incentive fee payable under the advisory agreement is a subordinated participation in net cash flows, whether from continuing operations, net sales proceeds, net financing proceeds, or otherwise; however, to the extent that this incentive fee is derived from cash flows other than net sales proceeds, the incentive fee will count against the limit on "total operating expenses" described in note 4 above, which limit would apply upon commencement of an initial public offering.

Upon termination of the advisory agreement, EquiAlt Capital Advisors may be entitled to a similar fee if EquiAlt Capital Advisors would have been entitled to a subordinated participation in net cash flows had the portfolio been liquidated (based on an independent appraised value of the portfolio) on the date of termination. For purposes of determining the appraised value of the portfolio, a broker opinion of value or any other reasonable valuation means as determined by the board of directors will constitute an appraisal with respect to a single-family residential property or a portfolio of single-family residential properties. See "Management—The Advisory Agreement."

(6) Although we are most likely to pay disposition fees to EquiAlt Capital Advisors or an affiliate in the event of our liquidation, these fees may also be incurred during our operational stage. Under our charter, upon commencement of an initial public offering a majority of our independent directors would have to approve any increase in the disposition fees payable to our advisor and its affiliates under the current advisory agreement. Upon commencement of an initial public offering, our charter would also limit the maximum amount of the disposition fees payable to our advisor and its affiliates to 3% of the contract sales price.

To the extent this disposition fee is paid upon the sale of any assets other than real property, it will count against the limit on "total operating expenses" described in note 4 above, which limit would apply upon commencement of an initial public offering.

(7) The market value of our outstanding stock will be calculated based on the average market value of the shares issued and outstanding at listing over the 30 trading days beginning 180 days after the shares are first listed on a stock exchange. The subordinated incentive fee will count against the limit on total operating expenses described in note 4 above, which limit would apply upon commencement of an initial public offering.

STOCK OWNERSHIP

The following table shows, as of the date of this memorandum, the amount of our common stock beneficially owned (unless otherwise indicated) by (i) any person who is known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock, (ii) our directors, (iii) our executive officers, and (iv) all of our directors and executive officers as a group.

Name of Beneficial Owner [1]	Amount and Nature of Beneficial Ownership [2]	Percent of All Shares
EquiAlt Capital Advisors LLC	55,248 [3]	100%
Brian Davison, Chairman of the Board of Directors, Chief Executive Officer, President	55,248 [3]	100
Barry Rybicki, Director, Chief Financial Officer, Treasurer, Secretary, Executive Vice President	-	-
All directors and executive officers as a group	55,248 [3]	100

[1] The address of each named beneficial owner is 720 E. Henderson Avenue, Tampa, Florida 33602.

[2] None of the shares is pledged as security.

[3] Includes 55,248 shares owned by EquiAlt Capital Advisors, which is indirectly owned and controlled by Mr. Brian Davison.

CONFLICTS OF INTEREST

We are subject to various conflicts of interest arising out of our relationship with our advisor, EquiAlt Capital Advisors, and its affiliates, some of whom serve as our executive officers and directors. We discuss these conflicts below and conclude this section with a discussion of the corporate governance measures we will adopt if we commence an initial public offering to ameliorate some of the risks posed by these conflicts. Until we commence an initial public offering, we do not expect to have any directors who are independent of our advisor. Therefore, the majority of the corporate governance measures discussed below will have no effect if we do not commence an initial public offering. See "Risk Factors — Risks Related to Conflicts of Interest" for a discussion of the risks related to our management structure. Further, although we intend to file a registration statement with the SEC to register an initial public offering, we can provide no assurances that we will successfully launch an initial public offering.

Our Affiliates' Interests in Other EquiAlt-Sponsored Programs

General

All of our executive officers, our directors and other key real estate professionals at our advisor are also: officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor and/or the sponsors of or directly in other EquiAlt-sponsored programs. These individuals have legal and financial obligations with respect to those EquiAlt-sponsored programs that are similar to their obligations to us. In the future, these individuals and other affiliates of our advisor may organize other EquiAlt-sponsored programs and acquire for their own account real estate investments that may be suitable for us.

Conflicts of interest may arise between us and the programs that have not yet been liquidated and between us and future programs.

Allocation of Investment Opportunities

We rely on the real estate professionals of our advisor to identify suitable investments. EquiAlt Fund I, EquiAlt Fund II and EA SIP rely on many of these same professionals. Messrs. Davison and Rybicki and other real estate professionals at EquiAlt Capital Advisors are also the key real estate professionals at EquiAlt, LLC and its affiliates, the sponsors to the private EquiAlt-sponsored programs. As such, other EquiAlt-sponsored programs that are seeking investment opportunities as of the date of this memorandum all rely on many of the same professionals, as will future programs. Many investment opportunities that are suitable for us may also be suitable for other EquiAlt-sponsored programs.

Our acquisition stage will overlap to some extent with EquiAlt Fund I, EquiAlt Fund II and EA SIP. EquiAlt Fund I and EquiAlt Fund II terminated their offerings as of the date of this memorandum. Like us, EquiAlt Fund I's and EquiAlt Fund II's primary investment focus is on real estate properties, consisting primarily of single-family residential properties.

We expect EA SIP to continue to raise offering proceeds at the same time we are conducting this offering. EA SIP's primary investment focus is on single-family residential and multifamily development projects. Although there may be some overlap of investment opportunities, we generally do not expect to compete for investments with EA SIP because of its development focus.

When the EquiAlt real estate professionals direct an investment opportunity to any EquiAlt-sponsored program they, in their sole discretion, will offer the opportunity to the program for which the investment opportunity is most suitable based on the investment objectives, portfolio and criteria of each program. As a result, these EquiAlt real estate professionals could direct attractive investment opportunities to other entities. For so long as we are externally advised, our charter provides that it shall not be a proper purpose of the corporation for us to make any significant investment unless our advisor has recommended the investment to us. See "—Certain Conflict Resolution Measures Upon Commencement of an Initial Public Offering."

Competition for Tenants and Others

Conflicts of interest may exist to the extent that we acquire properties in the same geographic areas where other EquiAlt-sponsored programs or affiliated entities own properties. In such a case, a conflict could arise in the leasing of properties in the event that we and another EquiAlt-sponsored program or affiliated entity were to compete for the same tenants in negotiating leases, or a conflict could arise in connection with the resale of properties in the event that we and another EquiAlt-sponsored program or affiliated entity were to attempt to sell similar properties at the same time. See "Risk Factors—Risks Related to Conflicts of Interest." Conflicts of interest may also exist at such time as we or EquiAlt Capital Advisors seek to employ developers, contractors, building managers or other third parties. Our advisor and the advisors of other EquiAlt-sponsored programs and affiliated entities will seek to reduce conflicts that may arise with respect to properties available for sale or rent by making prospective purchasers or tenants aware of all such properties. Our advisor and the advisors of other EquiAlt-sponsored programs and affiliated entities will also seek to reduce conflicts relating to the employment of developers, contractors or building managers by making prospective service providers aware of all properties in need of their services. However, our advisor and the other EquiAlt-sponsored programs and affiliated entities

cannot fully avoid these conflicts because they may establish differing terms for resales or leasing of the various properties or differing compensation arrangements for service providers at different properties.

Joint Ventures with Affiliates

We may enter into joint ventures with EquiAlt Capital Advisors, any of our officers or directors or any of their affiliates for the acquisition, development or improvement of properties or other investments if a majority of the board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transactions concludes that the transaction is fair and reasonable to us and on substantially the same terms and conditions as those received by other joint venturers. EquiAlt Capital Advisors, our advisor, and its affiliates have some of the same executive officers, affiliated directors and other key real estate and debt finance professionals; and these persons will face conflicts of interest in structuring the terms of the relationship between our interests and the interests of the EquiAlt-affiliated co-venturer and in managing the joint venture. Any joint venture agreement or transaction between us and a EquiAlt-affiliated co-venturer will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers. The EquiAlt-affiliated co-venturer may have economic or business interests or goals that are or may become inconsistent with our business interests or goals. These co-venturers may thus benefit to our and your detriment

Allocation of Our Affiliates' Time

We rely on EquiAlt Capital Advisors and the key real estate, debt finance, management and accounting professionals our advisor has assembled, including Messrs. Davison and Rybicki, for the day-to-day operation of our business. EquiAlt Fund I, EquiAlt Fund II and EA SIP rely on many of the same real estate, debt finance, management and accounting professionals, as will future EquiAlt-sponsored programs. Further, our officers and directors are also officers and/or directors of some or all of the other private EquiAlt-sponsored programs. As a result of their interests in other EquiAlt-sponsored programs and the fact that they engage in and they will continue to engage in other business activities on behalf of themselves and others, Messrs. Davison and Rybicki will face conflicts of interest in allocating their time among us, EquiAlt Capital Advisors, other EquiAlt-sponsored programs and other business activities in which they are involved. In addition, EquiAlt Capital Advisors and their affiliates share many of the same key real estate, debt finance, management and accounting professionals. Our executive officers and the key real estate, debt finance, management and accounting professionals affiliated with our sponsor who provide services to us are not obligated to devote a fixed amount of their time to us.

Our sponsor believes that our executive officers and the other key professionals have sufficient time to discharge fully their responsibilities to us and to the other businesses in which they are involved. We believe that our affiliates and executive officers will devote the time required to manage our business and expect that the amount of time a particular executive officer or affiliate devotes to us will vary during the course of the year and depend on our business activities at the given time. Because we have not commenced operations, it is difficult to predict specific amounts of time an executive officer or affiliate will devote to us. We expect that our executive officers and affiliates will generally devote more time to programs raising and investing capital than to programs that have completed their offering stages, though from time to time each program will have its unique demands. Because many of the operational aspects of EquiAlt-sponsored programs are very similar, there are significant efficiencies created by the same team of individuals at our advisor providing services to multiple programs.

Receipt of Fees and Other Compensation by EquiAlt Capital Advisors and its Affiliates

EquiAlt Capital Advisors and its affiliates will receive substantial fees from us, which fees will not be negotiated at arm's length. These fees could influence our advisor's advice to us as well as the judgment of its affiliates, some of whom also serve as our executive officers and directors, and the key real estate, debt finance, management and accounting professionals at our advisor. Among other matters, these compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of our agreements with EquiAlt Capital Advisors and its affiliates, including the advisory agreement and the property management agreement;
- offerings of equity by us, which will likely entitle EquiAlt Capital Advisors to increased acquisition and origination fees and asset management fees;
- sales of real estate investments, which will entitle EquiAlt Capital Advisors to disposition fees and possible subordinated incentive fees;
- acquisitions of real estate investments, which will entitle EquiAlt Property Management to property management fees and oversight fees and will entitle EquiAlt Capital Advisors to acquisition or origination fees based on the cost of the investment and asset management fees based on the cost of the investment, and not based on the quality of the investment or the quality of the services rendered to us, which may influence our advisor to recommend riskier

transactions to us and/or transactions that are not in our best interest and, in the case of acquisitions of investments from other EquiAlt-sponsored programs, which might entitle affiliates of EquiAlt Capital Advisors to disposition fees and possible subordinated incentive fees in connection with its services for the seller;

- whether and when we seek to list our shares of common stock on a national securities exchange, which listing (i) may make it more likely for us to become self-managed or internalize our management or (ii) could entitle EquiAlt Capital Advisors to a subordinated incentive fee, and which could also adversely affect the sales efforts for other EquiAlt-sponsored programs, depending on the price at which our shares trade; and

- whether and when we seek to sell the company or its assets, which sale could entitle EquiAlt Capital Advisors to disposition fees or a subordinated incentive fee and terminate the asset management fee, property management fee and oversight fee.

Our Board of Directors' Loyalties to EquiAlt Fund I, EquiAlt Fund II and EA SIP and Possibly to Future EquiAlt-Sponsored Programs

Each of our directors is also a holder of a director or controlling interest in and/or a key professional to EquiAlt Fund I, EquiAlt Fund II and EA SIP. The loyalties of our directors serving the interests of EquiAlt Fund I, EquiAlt Fund II and EA SIP, or possibly serving on the boards of directors of future EquiAlt-sponsored programs, may influence the judgment of our board of directors when considering issues for us that also may affect other EquiAlt-sponsored programs, such as the following:

- Under the terms of the advisory agreement, our advisor is required to present to us our fair share of investment opportunities. If our advisor is not presenting a sufficient number of investment opportunities to us because it is presenting many opportunities to other EquiAlt-sponsored programs or if our advisor is giving preferential treatment to other EquiAlt-sponsored programs in this regard, our board of directors may not be well-suited to enforce our rights under the terms of the advisory agreement or to seek a new advisor.

- We could enter into transactions with other EquiAlt-sponsored programs, such as property sales, acquisitions or financing arrangements. Such transactions might entitle our advisor or its affiliates to fees and other compensation from both parties to the transaction. For example, acquisitions from other EquiAlt-sponsored programs might entitle our advisor or its affiliates to disposition fees and possible subordinated incentive fees in connection with its services for the seller in addition to acquisition or origination fees and other fees that we might pay to our advisor in connection with such transaction. Similarly, property sales to other EquiAlt-sponsored programs might entitle our advisor or its affiliates to acquisition or origination fees in connection with its services to the purchaser in addition to disposition and other fees that we might pay to our advisor in connection with such transaction. Decisions of our board regarding the terms of those transactions may be influenced by our board's loyalties to such other EquiAlt-sponsored programs.

- A decision of our board regarding the timing of a debt or equity offering could be influenced by concerns that the offering would compete with offerings of other EquiAlt-sponsored programs.

- A decision of our board regarding the timing of property sales could be influenced by concerns that the sales would compete with those of other EquiAlt-sponsored programs.

- A decision of our board regarding whether and when we seek to list our common stock on a national securities exchange could be influenced by concerns that such listing could adversely affect the sales efforts of other EquiAlt-sponsored programs, depending on the price at which our shares trade.

Fiduciary Duties Owed by Some of Our Affiliates to Our Advisor and Our Advisor's Affiliates

All of our executive officers, our directors and the key real estate professionals at our advisor are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in or for:

- EquiAlt Capital Advisors, our advisor;

- EquiAlt Property Management, our property manager; and

- other EquiAlt-sponsored programs (see the "Prior Performance Summary" section of this memorandum).

As a result, they owe fiduciary duties to each of these EquiAlt-sponsored programs, their stockholders, members and limited partners. These fiduciary duties may from time to time conflict with the duties that they owe to us.

Certain Conflict Resolution Measures Upon Commencement of an Initial Public Offering

The conflict resolution measures described below will only take effect upon commencement of an initial public offering. Until such time as we commence an initial public offering, if ever, we expect our board of directors to be composed solely of directors affiliated with our advisor and therefore you will not have the benefit of any of the measures described below if we do not successfully commence an initial public offering.

Conflicts Committee

In order to ameliorate the risks created by conflicts of interest, upon commencement of an initial public offering, our charter would create a conflicts committee of our board of directors composed of all of our independent directors. An independent director would be a person who is not one of our officers or employees or an officer or employee of EquiAlt Capital Advisors, our sponsor or their affiliates and has not been so for the previous two years and would meet the other requirements set forth in our charter.

Our charter would authorize the conflicts committee to act on any matter permitted under Maryland law. Both our board of directors and the conflicts committee would act upon those conflict-of-interest matters that cannot be delegated to a committee under Maryland law. Our charter also would empower the conflicts committee to retain its own legal and financial advisors at our expense. Among the matters we expect the conflicts committee would act upon are:

- the continuation, renewal or enforcement of our agreements with EquiAlt Capital Advisors and its affiliates, including the advisory agreement and the property management agreement;
- offerings of securities;
- the provision of direction and oversight to our advisor in connection with its authority to make the decisions regarding our investments;
- sales of properties and other investments;
- investments in assets;
- originations of loans;
- borrowings;
- transactions with affiliates;
- compensation of our officers and directors should we ever employ and compensate our officers directly;
- whether and when we seek to list our shares of common stock on a national securities exchange;
- whether and when we seek to become self-managed, which decision could lead to our acquisition of entities affiliated with our advisor; and
- whether and when we seek to sell the company or substantially all of its assets.

Other Charter Provisions Relating to Conflicts of Interest

In addition to the creation of the conflicts committee, our charter contains many other restrictions relating to conflicts of interest, all of which will take effect only upon commencement of an initial public offering, including the following:

Advisor Compensation. The conflicts committee would evaluate at least annually whether the compensation that we contract to pay EquiAlt Capital Advisors and its affiliates is reasonable in relation to the nature and quality of services performed and whether such compensation is within the limits prescribed by the charter. The conflicts committee would supervise the performance of EquiAlt Capital Advisors and its affiliates and the compensation we pay to them to determine whether the provisions of our compensation arrangements are being carried out. This evaluation would be based on the following factors as well as any other factors deemed relevant by the conflicts committee:

- the amount of the fees and any other compensation, including stock-based compensation, paid to EquiAlt Capital Advisors and its affiliates in relation to the size, composition and performance of our investments;

- whether the total fees and expenses incurred by us are reasonable in light of our investment performance, net assets, net income and the fees and expenses of other comparable unaffiliated REITs;
- the success of EquiAlt Capital Advisors in generating appropriate investment opportunities for us;
- the rates charged to other companies, including other REITs, by advisors performing similar services;
- additional revenues realized by EquiAlt Capital Advisors and its affiliates through their relationship with us, including whether we pay them or they are paid by others with whom we do business;
- the quality and extent of service and advice furnished by EquiAlt Capital Advisors and its affiliates;
- the performance of our investment portfolio; and
- the quality of our portfolio relative to the investments generated by EquiAlt Capital Advisors and its affiliates for their own account and for their other clients.

Upon commencement of an initial public offering, our charter would provide that we can only pay our advisor or its affiliates a disposition fee in connection with the sale of assets if (i) our advisor or its affiliates provide a substantial amount of the services in the effort to sell the asset and (ii) the commission does not exceed 3% of the sales price of the assets. Although our charter would limit the disposition fee we may pay to our advisor to 3% of the sales price, our advisory agreement provides for a disposition fee equal to 1.5% of the first $1.5 billion of the contract sales price plus 1.1% of the amount of the contract sales price in excess of $1.5 billion. Any increase in this fee would require the approval of a majority of the members of our conflicts committee. Moreover, our charter would also provide that the commission paid to our advisor and its affiliates, when added to all other disposition fees paid to unaffiliated parties in connection with the sale, may not exceed the lesser of a competitive real estate commission or 6% of the sales price of the asset. To the extent this disposition fee is paid upon the sale of any assets other than real property, it would count against the limit on total operating expenses described below, which would only take effect upon commencement of an initial public offering. We do not intend to sell assets to affiliates. However, if we do sell an asset to an affiliate, our organizational documents would not prohibit us from paying our advisor a disposition fee. Before we sold assets to an affiliate, if we commence an initial public offering, our charter would require that a majority of our board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transaction conclude that the transaction is fair and reasonable to us.

If we commence an initial public offering, our charter would also require that any gain from the sale of assets that we may pay our advisor or an entity affiliated with our advisor be reasonable. Such an interest in the gain from the sale of assets is presumed reasonable if it does not exceed 15% of the balance of the net sale proceeds remaining after payment to common stockholders, in the aggregate, of an amount equal to 100% of the original issue price of the common stock, plus an amount equal to 6% of the original issue price of the common stock per year cumulative. Our charter would prohibit an interest in the gain from the sale of assets to the extent such interest exceeds what is considered reasonable. The subordinated incentive fee payable under the advisory agreement is a subordinated participation in net cash flows, whether from continuing operations, net sales proceeds, net financing proceeds, or otherwise; however, to the extent that this incentive fee is derived from cash flows other than net sales proceeds, the incentive fee will count against the limit on "total operating expenses" described below, which limit would apply upon commencement of an initial public offering. See the description of the subordinated incentive fee under "Management Compensation."

If we ever decided to become self-managed by acquiring entities affiliated with our advisor, upon commencement of an initial public offering, our charter would require that a majority of our board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transaction conclude that such internalization transaction is fair and reasonable to us and on terms and conditions no less favorable to us than those available from third parties.

Upon commencement of an initial public offering, our charter would also limit the amount of acquisition and origination fees and acquisition and origination expenses we could incur to a total of 6% of the contract purchase price for the property or, in the case of a loan, 6% of the total funds advanced. This limit could only be exceeded if a majority of our board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transaction approves the fees and expenses and finds the transaction to be commercially competitive, fair and reasonable to us. Although upon commencement of an initial public offering, our charter would permit combined acquisition and origination fees and acquisition and origination expenses to equal 6% of the purchase price, our advisory agreement limits the acquisition and origination fee to 2% of the purchase price (including any acquisition expenses and any debt attributable to such investments plus significant capital expenditures budgeted as of the date of acquisition related to the development, construction or improvement of a real estate property) or 2% of the amount to be funded by us to acquire or originate loans (including any expenses related to such investment and any debt we use to fund the acquisition or origination of the loan). Acquisition fees calculated based on capital expenditures budgeted as of the date of acquisition shall be paid at the time funds are disbursed pursuant to a final approved budget upon receipt of an invoice by us. Upon commencement of an

initial public offering, any increase in the acquisition or origination fee stipulated in the advisory agreement would require the approval of a majority of the members of the conflicts committee.

Term of Advisory Agreement. Upon commencement of an initial public offering, each contract for the services of our advisor could not exceed one year, although there would be no limit on the number of times that we could retain a particular advisor. The conflicts committee or our advisor would be able to terminate our advisory agreement with EquiAlt Capital Advisors without cause or penalty on 60 days' written notice. In such event, EquiAlt Capital Advisors would be required to cooperate with us and our directors in making an orderly transition of the advisory function.

Upon termination of the advisory agreement, EquiAlt Capital Advisors may be entitled to a fee if (based upon an independent appraised value of the portfolio) it would have been entitled to a subordinated participation in net cash flows had the portfolio been liquidated on the termination date. The amount of the fee would be 15% of the amount by which (i) the hypothetical liquidation proceeds as determined by an independent third party plus distributions paid from inception through the termination date exceed (ii) the amount necessary to provide investors with a return of their gross investment amount and a 6% per year cumulative, noncompounded return through the termination date; however, the agreement does not require that the investors actually have received such return prior to payment of the fee. If the ultimate liquidation value of our assets were to decline relative to the appraised value of our assets as of the termination date of the advisory agreement, we may have paid a fee to our advisor even if our stockholders do not ultimately receive a 6% per year cumulative, noncompounded return on their investment in us. For purposes of determining the appraised value of the portfolio, a broker opinion of value or any other reasonable valuation means as determined by the board of directors will constitute an appraisal with respect to a single-family residential property or a portfolio of single-family residential properties. For more information on the calculation of the 6% per year cumulative, noncompounded return, see "Management Compensation—Operational and Liquidation Listing Stage—Subordinated Participation in Net Cash Flows."

Our Acquisitions. Upon commencement of an initial public offering, we would not purchase or lease assets in which EquiAlt Capital Advisors, our sponsor, any of our directors or officers or any of their affiliates has an interest without a determination by a majority of our board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transaction that such transaction is fair and reasonable to us and at a price to us no greater than the cost of the asset to the affiliated seller or lessor, unless there is substantial justification for the excess amount. In no event would we acquire any such real property at an amount in excess of its current appraised value. An appraisal is "current" if obtained within the prior year. If a property with a current appraisal is acquired indirectly from an affiliated seller through the acquisition of securities in an entity that directly or indirectly owns the property, a second appraisal on the value of the securities of the entity would not be required if (i) the conflicts committee determines that such transaction is fair and reasonable; (ii) the transaction is at a price to us no greater than the cost of the securities to the affiliated seller; (iii) the entity has conducted no business other than the financing, acquisition and ownership of the property; and (iv) the price paid by the entity to acquire the property did not exceed the current appraised value. For these purposes, a broker opinion of value or any other reasonable valuation means as determined by the board of directors will constitute an appraisal with respect to a single-family residential property or a portfolio of single-family residential properties.

Upon commencement of an initial public offering, our charter would provide that a majority of our board of directors would determine that the consideration we pay for real property would ordinarily be based on the fair market value of the property. Upon commencement of an initial public offering, in cases in which a majority of the members of the conflicts committee or a duly authorized committee of the board of directors so determines, and in all cases in which real property is acquired from EquiAlt Capital Advisors, our sponsor, any of our directors or any of their affiliates, such fair market value would be determined by a qualified independent expert selected by the conflicts committee.

Mortgage Loans Involving Affiliates. Upon commencement of an initial public offering, our charter would prohibit us from investing in or making mortgage loans in which the transaction is with EquiAlt Capital Advisors, our sponsor, our directors or officers or any of their affiliates, unless an independent expert appraises the underlying property. We would be required to keep the appraisal for at least five years and make it available for inspection and duplication by any of our stockholders. For these purposes, a broker opinion of value or any other reasonable valuation means as determined by the board of directors will constitute an appraisal with respect to a single-family residential property or a portfolio of single-family residential properties. In addition, a mortgagee's or owner's title insurance policy or commitment as to the priority of the mortgage or the condition of the title would be required to be obtained. Our charter would also prohibit us from making or investing in any mortgage loans that are subordinate to any mortgage or equity interest owned by EquiAlt Capital Advisors, our sponsor, our directors or officers or any of their affiliates.

Other Transactions Involving Affiliates. Upon commencement of an initial public offering, a majority of our board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transactions would be required to conclude that all other transactions, including joint ventures, between us and EquiAlt Capital Advisors, our sponsor, any of our officers or directors or any of their affiliates are fair and reasonable to us and are either on terms and conditions not less favorable

to us than those available from unaffiliated third parties or, in the case of joint ventures, are on substantially the same terms and conditions as those received by other joint venturers.

Limitation on Operating Expenses. Effective upon commencement of an initial public offering, on the earlier of four full fiscal quarters after (i) we make or made our first investment and (ii) six months after commencement of an initial public offering, EquiAlt Capital Advisors must reimburse us the amount by which our aggregate total operating expenses for the four fiscal quarters then ended exceed the greater of 2% of our average invested assets or 25% of our net income, unless the conflicts committee has determined that such excess expenses were justified based on unusual and non-recurring factors. "Average invested assets" means the average monthly book value of our assets during the 12-month period before deducting depreciation, bad debts or other non-cash reserves. "Total operating expenses" means all expenses paid or incurred by us, as determined under GAAP, that are in any way related to our operation, including advisory fees, but excluding (a) the expenses of raising capital such as organization and offering expenses, legal, audit, accounting, underwriting, brokerage, listing, registration and other fees, printing and other such expenses and taxes incurred in connection with the issuance, distribution, transfer, registration and listing of our stock on a national securities exchange; (b) interest payments; (c) taxes; (d) non-cash expenditures such as depreciation, amortization and bad debt reserves; (e) reasonable incentive fees based on the gain from the sale of our assets; and (f) acquisition and origination fees, acquisition and origination expenses (including expenses relating to potential investments that we do not close), disposition fees on the sale of real property and other expenses connected with the acquisition, origination, disposition and ownership of real estate interests, loans or other property (other than disposition fees on the sale of assets other than real property), including the costs of foreclosure, insurance premiums, legal services, maintenance, repair and improvement of property.

Issuance of Options and Warrants to Certain Affiliates. Upon commencement of an initial public offering and until our shares of common stock are listed on a national securities exchange, we would not issue options or warrants to purchase our common stock to EquiAlt Capital Advisors, our directors, our sponsor or any of their affiliates, except on the same terms as such options or warrants are sold to the general public. We would issue options or warrants to persons other than EquiAlt Capital Advisors, our directors, our sponsor and their affiliates prior to listing our common stock on a national securities exchange, but not at exercise prices less than the fair market value of the underlying securities on the date of grant and not for consideration (which may include services) that in the judgment of the conflicts committee would have a market value less than the value of such option or warrant on the date of grant. Any options or warrants we issue to EquiAlt Capital Advisors, our directors, our sponsor or any of their affiliates would not exceed an amount equal to 10% of the outstanding shares of our common stock on the date of grant.

Repurchase of Our Shares. Upon commencement of an initial public offering, our charter would provide that we may not voluntarily repurchase shares of our common stock if such repurchase would impair our capital or operations. In addition, our charter would prohibit us from paying a fee to EquiAlt Capital Advisors, our sponsor or our directors or officers or any of their affiliates in connection with our repurchase of our common stock.

Loans to Affiliates. Upon commencement of an initial public offering, we would not make any loans to EquiAlt Capital Advisors, our sponsor or to our directors or officers or any of their affiliates. In addition, we would not borrow from these affiliates unless a majority of our board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transaction approves the transaction as being fair, competitive and commercially reasonable and no less favorable to us than comparable loans between unaffiliated parties. These restrictions on loans would only apply to advances of cash that are commonly viewed as loans, as determined by our board of directors. By way of example only, the prohibition on loans would not restrict advances of cash for legal expenses or other costs incurred as a result of any legal action for which indemnification is being sought nor would the prohibition limit our ability to advance reimbursable expenses incurred by directors or officers or EquiAlt Capital Advisors, our sponsor or their affiliates.

Reports to Stockholders. Upon commencement of an initial public offering, our charter would require that we prepare an annual report and deliver it to our common stockholders within 120 days after the end of each year. Our directors would be required to take reasonable steps to ensure that the annual report complies with our charter provisions. Among the matters that would be required to be included in the annual report or included in a proxy statement delivered with the annual report are:

- financial statements prepared in accordance with GAAP that are audited and reported on by independent certified public accountants;
- the ratio of the costs of raising capital during the year to the capital raised;
- the aggregate amount of advisory fees and the aggregate amount of other fees paid to EquiAlt Capital Advisors and any affiliates of EquiAlt Capital Advisors by us or third parties doing business with us during the year;

- our total operating expenses for the year stated as a percentage of our average invested assets and as a percentage of our net income;
- a report from the conflicts committee that our policies are in the best interests of our common stockholders and the basis for such determination; and
- a separately stated, full disclosure of all material terms, factors and circumstances surrounding any and all transactions involving us and our advisor, a director or any affiliate thereof during the year, which disclosure has been examined and commented upon in the report by the conflicts committee with regard to the fairness of such transactions.

Voting of Shares Owned by Affiliates. Upon commencement of an initial public offering, EquiAlt Capital Advisors and our directors and officers and their affiliates may not vote their shares of common stock regarding (i) the removal of any of these affiliates or (ii) any transaction between them and us.

Ratification of Charter Provisions. Before the commencement of an initial public offering, our board of directors and the conflicts committee would review and ratify our charter by the vote of a majority of their respective members, as required by our charter.

Allocation of Investment Opportunities

Many investment opportunities that are suitable for us may also be suitable for future EquiAlt-sponsored programs. EquiAlt Capital Advisors and future EquiAlt-sponsored programs will likely share the same key real estate professionals. When these real estate professionals direct an investment opportunity to any EquiAlt-sponsored program they, in their sole discretion, will have to determine the program for which the investment opportunity is most suitable based on the investment objectives, portfolio and criteria of each program. The factors that the real estate professionals will consider when determining the EquiAlt-sponsored program for which an investment opportunity would be the most suitable are the following:

- the investment objectives and criteria of each program;
- the cash requirements of each program;
- the effect of the investment on the diversification of each program's portfolio by type of investment, risk of investment, type of commercial property, geographic location of properties, and tenants of properties;
- the policy of each program relating to leverage;
- the anticipated cash flow of the property or asset to be acquired;
- the income tax effects of the purchase on each program;
- the size of the investment; and
- the amount of funds available to each program and the length of time such funds have been available for investment.

If a subsequent event or development, such as a delay in the closing of a property or investment or a delay in the construction of a property, causes any investment, in the opinion of our advisor's real estate professionals, to be more appropriate for another EquiAlt-sponsored program, they may offer the investment to such EquiAlt-sponsored program. It shall be the duty of our board of directors, including the independent directors, to ensure that the allocation method described above is applied fairly to us.

Upon commencement of an initial public offering, our advisory agreement with EquiAlt Capital Advisors would require that EquiAlt Capital Advisors inform the conflicts committee each quarter of the investments that have been purchased by other EquiAlt-sponsored programs so that the conflicts committee could evaluate whether we are receiving our fair share of opportunities. EquiAlt Capital Advisors' success in generating investment opportunities for us and the fair allocation of opportunities among EquiAlt-sponsored programs would be important factors in the conflicts committee's determination to continue or renew our arrangements with EquiAlt Capital Advisors and its affiliates. The conflicts committee would have a duty to ensure that favorable investment opportunities are not disproportionately allocated to other EquiAlt-sponsored programs. For so long as we are externally advised, our charter provides that it shall not be a proper purpose of the corporation for us to make any significant investment unless our advisor has recommended the investment to us.

INVESTMENT OBJECTIVES AND CRITERIA

General

We intend to acquire and manage a diverse portfolio of real estate investments, consisting primarily of single-family residential properties. Based on the current market outlook, we expect our core focus in the U.S. single-family residential market to reflect a more value-creating core strategy. We may make our investments through the acquisition of individual assets or by acquiring portfolios of assets, other REITs or real estate companies. While we generally expect to have no leverage, we may incur debt if unexpected events create extreme strains on our company or our ability to maintain and operate our portfolio, to make distributions to our stockholders to preserve our status as a REIT or to prevent other adverse consequences to the company. We plan to diversify our portfolio by geographic region, investment size and investment risk with the goal of acquiring a portfolio of income-producing assets that provides attractive and stable returns to our investors. Our primary investment objectives are:

- to preserve and return our stockholders' capital contribution; and
- to provide our stockholders with attractive and stable cash distributions.

We will also seek to realize growth in the value of our investments by timing asset sales to maximize their value.

We may return all or a portion of our stockholders' capital contribution in connection with the sale of the company or the assets we acquire or upon the maturity or payoff of our debt investments. Alternatively, and subject to the risks disclosed in the "Risk Factors" section of this memorandum, our stockholders may be able to obtain a return of all or a portion of their capital contribution in connection with the sale of their shares.

It is currently contemplated that within six years after we have invested substantially all of the proceeds from our offerings (including public offerings, if we commence one or more public offerings) our board of directors will begin to explore and evaluate various strategic options to provide our stockholders with liquidity of their investment, either in whole or in part. These options may include, but are not limited to, (i) listing our common stock on a national securities exchange (or the receipt by our stockholders of securities that are listed on a national securities exchange in exchange for our common stock), (ii) our sale, merger or other transaction in which our stockholders either receive, or have the option to receive, cash, securities redeemable for cash, and/or securities of a publicly traded company, (iii) a sale of all or substantially all of our assets where our stockholders either receive, or have the option to receive, cash or other consideration. We do not know at this time what circumstances will exist in the future and therefore we do not know what factors our board of directors will consider in determining whether to pursue a liquidity event in the future. Therefore, we have not established any pre-determined criteria. We are not required, by our charter or otherwise, to pursue a liquidity event or any transaction to provide liquidity to our stockholders. For example, we may transition the company to a perpetual net asset value REIT or fund. A liquidation of all or substantially all of our assets or a sale of the company would require the approval of a majority of our stockholders.

Our board of directors may revise our investment policies, which we describe in more detail below, without the approval of our stockholders. Upon commencement of an initial public offering, the conflicts committee would review our investment policies at least annually to determine whether our policies are in the best interests of our stockholders. Upon commencement of an initial public offering, our charter would require that the conflicts committee include the basis for its determination in its minutes and in an annual report delivered to our stockholders.

Acquisition and Investment Policies

Primary Investment Focus

We intend to focus our investment activities on, and use the proceeds raised during our offering stage principally for, the acquisition and management of a diverse portfolio of real estate investments, consisting primarily of single-family residential properties. We may also invest in multifamily properties, resorts, land for development, commercial properties. We plan to diversify our portfolio by geographic region, investment size and investment risk with the goal of acquiring a portfolio of income-producing real estate investments that provides attractive and stable returns to our investors. As part of our unique approach, we may invest in enhanced-return properties, which are higher-yield than core real estate properties. Examples of enhanced-return properties that we may acquire and reposition include properties with moderate vacancies; poorly managed and positioned properties; properties owned by distressed sellers; and built-to-suit properties. We intend to allocate approximately 75% to 100% of our portfolio to investments in single-family residential properties. We intend to allocate approximately 0% to 25% of our portfolio to multifamily properties, resorts, land for development, commercial properties, and/or real estate-related investments, including mortgage, mezzanine, bridge and other loans; debt, including mortgage-backed securities; equity securities such as common stocks, preferred stocks and convertible preferred securities of other REITs and real estate companies. If we make investments in other public companies, we do not expect our

non-controlling equity investments in other public companies to exceed 3% of the proceeds raised during our offering stage, assuming we raise substantial proceeds during our offering stage, or to represent a substantial portion of our assets at any one time.

Although this is our target portfolio as of the date of this memorandum, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities. We will not forego a good investment because it does not precisely fit our expected portfolio composition. We believe that we are most likely to meet our investment objectives through the careful selection and underwriting of assets. When making an acquisition, we will emphasize the performance and risk characteristics of that investment, how that investment will fit with our portfolio-level performance objectives, the other assets in our portfolio and how the returns and risks of that investment compare to the returns and risks of available investment alternatives. Thus, to the extent that our advisor presents us with what we believe to be good investment opportunities that allow us to meet the REIT requirements under the Internal Revenue Code, our portfolio composition may vary from what we initially expect. However, we will attempt to construct a portfolio that produces stable and attractive returns by spreading risk across different real estate investments.

Investments in Real Properties

We expect our primary investment focus to be single-family residential properties, but we may also invest in multifamily properties, resorts, land for development, commercial properties. Based on the current market outlook, we expect our focus in the U.S. residential market to reflect a more value-creating core strategy. In many cases, the single-family residential properties will have a higher cap rate than multifamily or commercial properties. We intend to target properties that will require a moderate level of additional investment for capital expenditures and tenant improvement costs in order to improve or rebrand the properties and increase rental rates. Thus, we believe these properties provide an opportunity for us to achieve more significant capital appreciation by increasing occupancy, negotiating new leases with higher rental rates and/or executing enhancement projects. After acquiring the right properties at the right price, we add value through renovation and property management, which is handled by our affiliate, EquiAlt Property Management LLC.

We expect to focus our investments in residential properties located throughout the United States, with an emphasis on certain markets in Florida where the cap rate can still exceed ten percent (10%). Although this is our primary investment focus, we may make adjustments to our investment focus based on real estate market conditions and investment opportunities.

We will generally hold fee title in the properties we acquire. We may also invest in or acquire operating companies or other entities that own and operate assets that meet our investment objectives. We will make investments in other entities when we consider it more efficient to acquire an entity that already owns assets meeting our investment objectives than to acquire such assets directly. We may also participate with other entities (including affiliated entities) in property ownership through joint ventures, limited liability companies, partnerships and other types of common ownership.

Our advisor intends to diversify our real estate property investments by investment type, geographic region and investment size. We will focus on markets where EquiAlt-affiliated entities have an established market presence, market knowledge and access to potential investments, as well as an ability to direct property management and leasing operations efficiently. We will review and change our target markets periodically in response to changing market opportunities and to maintain a diverse portfolio. Economic and real estate market conditions vary widely both region to region and among different property types within each region and submarket, and we intend to spread our investments both across regions and among the submarkets within regions.

We expect that our investments in single-family residential properties will typically range in size from $100,000 to $300,000; however, we may make investments substantially outside of this range. For example, we may make investments in the New York City residential market if the acquired properties will complement our existing portfolio. Further, we may invest more or less capital in a single property if we believe that property will help us meet our investment objectives. We do not generally expect that we will invest more than $2 million in any single-family residential property, although we will not forego an attractive investment because it does not precisely fit our expected portfolio composition. In making such determination, we will consider the diversification of our portfolio and how such investment would assist us in meeting our investment objectives.

We expect that our investments in multifamily properties will typically range in size from four to 10 units and will be priced up to $3 million; however we may make investments substantially outside of these ranges.

We generally intend to hold our real estate properties for five to seven years. However, economic and market conditions may influence us to hold our properties for different periods of time. We generally expect that as we move toward the end of our offering stage the hold period of assets we will consider will be shorter. We may sell an asset before the end of the expected holding period if we believe that market conditions and asset positioning have maximized its value to us or the sale of the asset would otherwise be in the best interests of our stockholders.

Conditions to Closing Real Property Investments. Our advisor will perform a diligence review on each property that we purchase. We will not close the purchase of any property unless we are generally satisfied with the environmental status of the property. For any multifamily, resort or commercial properties, our acquisitions will also be supported by an appraisal prepared by a competent, independent appraiser who is a member-in-good standing of the Appraisal Institute. Our investment policy currently provides that the purchase price of each property will not exceed its appraised value at the time of our acquisition of the property. Appraisals, however, are estimates of value and should not be relied upon as measures of true worth or realizable value. We will also generally seek to condition our obligation to close the purchase of any investment on the delivery of certain documents from the seller or developer. Such documents include, where available:

- plans and specifications;
- surveys;
- evidence of readily transferable title to the proposed investment property, subject to such liens and encumbrances as are acceptable to EquiAlt Capital Advisors;
- title insurance policies; and
- financial statements covering recent operations of properties that have operating histories.

Tenant Improvements. We anticipate that tenant improvements required at the time of our acquisition of a property will be funded from our offering proceeds.

Terms of Leases. We expect that the vast majority of the leases we enter into will include provisions that increase the amount of base rent payable at various points during the lease term. However, the terms and conditions of any leases we acquire as part of an acquisition of a property or into which we enter with respect to the properties we acquire may vary substantially from those described.

Tenant Creditworthiness. We will execute new tenant leases and tenant lease renewals, expansions and extensions with terms dictated by the current submarket conditions and the verifiable creditworthiness of each particular tenant. We will use a number of industry credit rating services to determine the creditworthiness of potential tenants and any personal guarantor or corporate guarantor of each potential tenant. The reports produced by these services will be compared to the relevant financial data collected from these parties before consummating a lease transaction. Relevant financial data from potential tenants and guarantors includes income statements and balance sheets for the current year and for prior periods, net worth or cash flow statements of guarantors and other information we deem relevant.

Real Estate-Related Investments

We may allocate a small percentage of our portfolio to real estate-related investments including mortgage, mezzanine, bridge and other loans; debt, including mortgage-backed securities; equity securities such as common stocks, preferred stocks and convertible preferred securities of other REITs and real estate companies.

Acquisitions and Originations of Loans

We may make investments in real estate-related loans, including first and second mortgage loans, mezzanine loans, bridge loans, convertible mortgages, wraparound mortgage loans, construction mortgage loans and participations in such loans. We may structure, underwrite and originate some of the debt products in which we invest. Our underwriting process will involve comprehensive financial, structural, operational and legal due diligence to assess the risks of investments so that we can optimize pricing and structuring. By originating loans directly, we will be able to efficiently structure a diverse range of products. For instance, we may sell some components of the debt we originate while retaining attractive, risk-adjusted strips of the debt for ourselves. Our advisor will source our debt investments. We will pay our advisor origination fees for loans that we acquire or originate as well as asset management fees for the loans that we hold for investment.

We may sell some of the loans (or portions of the loans after separating them into tranches) that we originate to third parties for a profit. We expect to hold other loans (or portions of loans) for investment.

We will fund the loans we originate with proceeds from our offerings.

Described below are some of the types of loans we may originate or acquire:

Mortgage Loans. We may originate or acquire mortgage loans structured to permit us to (i) retain the entire loan or (ii) sell or securitize the lower yielding senior portions of the loan and retain the higher yielding subordinate investment (or vice-versa). We expect these loans to be secured by commercial or residential properties and generally range in size from $500,000 to $5 million, with exceptions, such as high-quality loans with low loan-to-value ratios. We may also acquire seasoned mortgage loans in the secondary market secured by single assets as well as portfolios of performing and sub-performing loans that were originated by third-party lenders such as banks, life insurance companies and other owners.

Second Mortgages. We may invest in second mortgages, which are loans secured by second deeds of trust on real property that is already subject to prior mortgage indebtedness, in an amount which, when added to the existing indebtedness, does not generally exceed 75% of the appraised value of the mortgage property.

Mezzanine Loans. The mezzanine loans we may originate or acquire will generally take the form of subordinated loans secured by a pledge of the ownership interests of an entity that directly or indirectly owns real property. We may hold senior or junior positions in mezzanine loans, such senior or junior position denoting the particular leverage strip that may apply.

We may require other collateral to provide additional security for mezzanine loans, including letters of credit, personal guarantees or collateral unrelated to the underlying property. We may structure our mezzanine loans so that we receive a stated fixed or variable interest rate on the loan as well as a percentage of gross revenues and a percentage of the increase in the fair market value of the underlying property, payable upon maturity of the loan, or upon the refinancing or sale of the underlying property. Our mezzanine loans may also have prepayment lockouts, penalties, minimum profit hurdles and other mechanisms to protect and enhance returns in the event of premature repayment.

These investments typically range in size, have terms from two to ten years and bear interest at a rate of 275 to 800 basis points over the applicable interest rate index. Mezzanine loans may have maturities that match the maturity of the related mortgage loan but also may have shorter terms. Mezzanine loans usually have loan-to-value ratios between 66% and 90%.

These types of investments generally involve a lower degree of risk than an equity investment in an entity that owns real property because the mezzanine investment is generally secured by the ownership interests in the property-owning entity and, as a result, is senior to the equity. Upon a default by the borrower under the mezzanine loan, the mezzanine lender generally can take immediate control and ownership of the property-owning entity, subject to the senior mortgage on the property that stays in place in the event of a mezzanine default and change of control of the borrower.

These types of investments involve a higher degree of risk relative to the long-term senior mortgage secured by the underlying real property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, the mezzanine lender may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy the mezzanine loan. If a borrower defaults on a mezzanine loan or debt senior to a mezzanine loan, or in the event of a borrower bankruptcy, the mezzanine loan will be satisfied only after the senior debt.

Bridge Loans. We may offer bridge financing products to borrowers who are typically seeking short-term capital to be used in an acquisition, development or refinancing of a given property. From the borrower's perspective, shorter term bridge financing is advantageous because it allows time to improve the property value through repositioning without encumbering it with restrictive long-term debt. The terms of these loans generally do not exceed three years.

Convertible Mortgages. Convertible mortgages are similar to equity participations. We may invest in and/or originate convertible mortgages if our directors conclude that we may benefit from the cash flow or any appreciation in the value of the subject property.

Wraparound Mortgages. A wraparound mortgage loan is secured by a wraparound deed of trust on a real property that is already subject to prior mortgage indebtedness, in an amount which, when added to the existing indebtedness, does not generally exceed 75% of the appraised value of the mortgage property. A wraparound loan is one or more junior mortgage loans having a principal amount equal to the outstanding balance under the existing mortgage loan, plus the amount actually to be advanced under the wraparound mortgage loan. Under a wraparound loan, we would generally make principal and interest payments on behalf of the borrower to the holders of the prior mortgage loans.

Construction Loans. Construction loans are loans made for either original development or renovation of real property. Construction loans in which we would generally consider an investment would be secured by first deeds of trust on real property for terms of six months to two years.

Loans on Leasehold Interests. Loans on leasehold interests are secured by an assignment of the borrower's leasehold interest in the particular real property. These loans are generally for terms of six months to 15 years. Leasehold interest loans are either amortized over a period that is shorter than the lease term or have a maturity date prior to the date the lease terminates. These loans would generally permit us to cure any default under the lease.

Fund Level or Corporate Level Debt. We may invest in various real estate ventures by providing financing to or purchasing the debt obligations of funds or corporate entities with a primary focus on the commercial real estate and real estate finance industries. We do not expect such investments would exceed 10% of the proceeds raised during our offering stage, assuming we raise substantial proceeds during our offering stage.

Participations. Participation investments are investments in partial interests of loans of the type described above that are made and administered by third-party lenders.

Underwriting Loans. Upon commencement of an initial public offering, our charter would require that we not make or invest in mortgage loans unless we obtain an appraisal concerning the underlying property, except for mortgage loans insured or guaranteed by a government or government agency. We would maintain each appraisal in our records for at least five years and make it available during normal business hours for inspection and duplication by any stockholder at such stockholder's expense. In addition to the appraisal, regardless of whether we have commenced an initial public offering, we will seek to obtain a customary lender's title insurance policy or commitment as to the priority of the mortgage or condition of the title.

Upon commencement of an initial public offering, our charter would require that we not make or invest in mortgage loans on any one property if the aggregate amount of all mortgage loans outstanding on the property, including our borrowings, would exceed an amount equal to 85% of the appraised value of the property, unless we found substantial justification due to the presence of other underwriting criteria. We may find such justification in connection with the purchase of mortgage loans in cases in which we believe there is a high probability of our foreclosure upon the property in order to acquire the underlying assets and in which the cost of the mortgage loan investment does not exceed the appraised value of the underlying property. Such mortgages may not be insured or guaranteed by the Federal Housing Administration, the Department of Veterans Affairs or another third party. For these purposes, a broker opinion of value or any other reasonable valuation means as determined by the board of directors will constitute an appraisal with respect to a single-family residential property or a portfolio of single-family residential properties.

In evaluating prospective acquisitions and originations of loans, our management and our advisor will consider factors such as the following:

- the ratio of the amount of the investment to the value of the underlying property;
- the amount of existing debt on the underlying property and the priority thereof relative to our prospective investment;
- the underlying property's potential for capital appreciation;
- expected levels of rental and occupancy rates and the potential for rental rate increases at the underlying property;
- current and projected cash flow of the underlying property;
- the degree of liquidity of the investment;
- the geographic location of the underlying property;
- the condition and use of the underlying property;
- the underlying property's income-producing capacity;
- the quality, experience and creditworthiness of the borrower; and
- general economic conditions in the area where the underlying property is located.

Our advisor will evaluate all potential loan investments to determine if the security for the loan and the loan-to-value ratio meets our investment criteria and objectives. One of the real estate or debt finance professionals at our advisor or their agent may inspect material underlying properties during the loan approval process, if such an inspection is deemed necessary. Inspection of an underlying property may be deemed necessary if that property is considered material to the transaction (such as a property

representing a significant portion of the collateral underlying a pool of loans) or if there are unique circumstances related to such property, such as recent capital improvements or possible functional obsolescence. We also may engage trusted third-party professionals to inspect underlying properties on our behalf.

Most loans that we will consider for investment would provide for monthly payments of interest and some may also provide for principal amortization, although we expect that most of the loans in which we will invest will provide for payments of interest only during the loan term and a payment of principal in full at the end of the loan term. We do not expect to make or invest in loans with a maturity of more than ten years from the date of our investment and anticipate that most loans will have a term of five years. We may hold some of our investments in loans for four to seven years, though we expect to hold some for two to three years. As discussed above, some of the loans we make may be sold shortly after origination.

Our loan investments may be subject to regulation by federal, state and local authorities and subject to laws and judicial and administrative decisions imposing various requirements and restrictions, including, among other things, regulating credit granting activities, establishing maximum interest rates and finance charges, requiring disclosure to customers, governing secured transactions and setting collection, repossession and claims handling procedures and other trade practices. In addition, certain states have enacted legislation requiring the licensing of mortgage bankers or other lenders, and these requirements may affect our ability to effectuate our proposed investments in loans. Commencement of operations in these or other jurisdictions may be dependent upon a finding of our financial responsibility, character and fitness. We will not make loans in any jurisdiction in which the regulatory authority believes that we have not complied in all material respects with applicable requirements.

As discussed above, we may allocate a small percentage of our portfolio to real estate-related investments once we have fully invested the proceeds from our offering stage. Although this is our target portfolio as of the date of this memorandum, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities. We will not forego a good investment because it does not precisely fit our expected portfolio composition. Our charter does not limit the amount of gross offering proceeds that we may apply to loan investments. Our charter also does not place any limit or restriction on:

- the percentage of our assets that may be invested in any type of loan or in any single loan; or
- the types of properties subject to mortgages or other loans in which we may invest.

When determining whether to make investments in mortgages and other loans, we will consider such factors as: positioning the overall portfolio to achieve a mix of real estate properties and real estate-related investments; the diversification benefits of the loans relative to the rest of the portfolio; the potential for the investment to deliver high current income and attractive risk-adjusted total returns; and other factors considered important to meeting our investment objectives.

Investments in Real Estate-Related Debt Securities

In addition to investments in properties, loans and equity securities (discussed below), we may also invest in real estate-related debt securities such as mortgage-backed securities and debt securities issued by other real estate companies. While we may invest in any of these debt-related securities, we expect that the majority of these investments would be commercial mortgage-backed securities or CMBS. A brief description of commercial mortgage-backed securities follows.

Commercial Mortgage-Backed Securities. CMBS are securities that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. Accordingly, these securities are subject to all of the risks of the underlying mortgage loans.

CMBS are generally pass-through certificates that represent beneficial ownership interests in common law trusts whose assets consist of defined portfolios of one or more commercial mortgage loans. They are typically issued in multiple tranches whereby the more senior classes are entitled to priority distributions from the trust's income. Losses and other shortfalls from expected amounts to be received on the mortgage pool are borne by the most subordinate classes, which receive payments only after the more senior classes have received all principal and/or interest to which they are entitled. The equity tranche, which is the "first loss" position, bears most of the risk associated with the collateral pool. It is possible for a relatively small number of defaults in the collateral pool to cause large losses for the equity tranche. However, if the collateral pool performs well, the equity tranche has a greater potential return than the more senior tranches, which typically have returns capped at the coupon rates of the notes created in the structure.

In addition to tranche seniority, the credit quality of CMBS depends on the credit quality of the underlying mortgage loans, the real estate finance market and the parties directly involved in the transaction, which is a function of factors such as:

- the principal amount of the loans relative to the value of the underlying properties;

- the mortgage loan terms (e.g. amortization);
- market assessment and geographic location of the underlying properties;
- construction quality of the underlying properties;
- the creditworthiness of the borrowers;
- macroeconomic variables that affect the supply and demand for commercial real estate;
- structural features of the transaction, such as subordination levels, advancing terms and other credit enhancements;
- the originator of the loan and its motivation to sell it;
- the underwriter and issuer of the transaction and their ability to trade and support it in the secondary markets; and
- the servicers and trustees responsible for running and maintaining the transaction on a daily basis.

Ratings of Real Estate-Related Debt Securities. For mortgage-backed securities, the securitization process is governed by one or more of the rating agencies, including Fitch, Moody's and Standard & Poor's, who determine the respective bond class sizes, generally based on a sequential payment structure. Bonds that are rated from AAA to BBB by the rating agencies are considered "investment grade." Bond classes that are subordinate to the BBB class are considered "non-investment grade." The respective bond class sizes are determined based on the review of the underlying collateral by the rating agencies. The payments received from the underlying loans are used to make the payments on the securities. Based on the sequential payment priority, the risk of nonpayment for the AAA securities is lower than the risk of nonpayment for the non-investment grade bonds. Accordingly, the AAA class is typically sold at a lower yield compared to the non-investment grade classes that are sold at higher yields. We may invest in investment grade and non-investment grade classes.

We evaluate the risk of investment grade and non-investment grade mortgage-backed securities based on the credit risk of the underlying collateral and the risk of the transactional structure. The credit risk of the underlying collateral is crucial in evaluating the expected performance of an investment. Key variables in this assessment include rent levels, vacancy rates, supply and demand forecasts and tenant incentives (build-out incentives or other rent concessions) related to the underlying properties. We utilize third party data providers to review loan level performance such as delinquencies and threats to credit performance. We also review monthly servicing reports of the master and special servicers as well as reports from rating agencies. We perform specific asset-level underwriting on all significant loans in the securities structure. We utilize sensitivity analysis and other statistical underwriting when evaluating the cash flows generated by a transaction. With respect to transactional structure, we assess the structure of a particular securities transaction as well as utilize third party data providers for a structural sensitivity analysis. After assessing loan-level data and structural data, we combine this information to forecast expected cash flows, probability of default and loss given a default.

Investments in Equity Securities

We may make equity investments in REITs and other real estate companies with investment objectives similar to ours. We may purchase the common or preferred stock of these entities or options to acquire their stock. We may target a public company that owns commercial real estate or real estate-related assets when we believe its stock is trading at a discount to that company's net asset value. We may eventually seek to acquire or gain a controlling interest in the companies that we target. We do not expect our non-controlling equity investments in other public companies to exceed 3% of the proceeds raised during our offering stage, assuming we raise substantial proceeds during our offering stage, or to represent a substantial portion of our assets at any one time.

We will make investments in other entities (including affiliated entities) when we consider it more efficient to acquire an entity that already owns assets meeting our investment objectives than to acquire such assets directly. We may also participate with other entities in property ownership through joint ventures, limited liability companies, partnerships and other types of common ownership.

Other Possible Investments

Although we expect that most of our investments will be of the types described above, we may make other investments. We may acquire properties that are mixed-use properties, properties that are under development or construction, undeveloped land, options to purchase properties and other real estate-related assets. We may enter into arrangements with the seller or developer of a property whereby the seller or developer agrees that if, during a stated period, the property does not generate a specified cash flow, the seller or developer will pay in cash to us a sum necessary to reach the specified cash flow level, subject in some cases to negotiated

dollar limitations. In fact, we may invest in whatever types of interests in real estate that we believe are in our best interests. Although we can purchase any type of interest in a real estate investment, upon commencement of an initial public offering, our charter would limit certain types of investments. See "—Charter-imposed Investment Limitations." We do not intend to underwrite securities of other issuers.

Investment Decisions and Asset Management: The EquiAlt Approach

Within our investment policies and objectives, our advisor will have substantial discretion with respect to the selection of specific investments and the purchase and sale of our assets. Upon commencement of an initial public offering, the conflicts committee would review our investment policies at least annually to determine whether our investment policies continue to be in the best interests of our stockholders.

EquiAlt Capital Advisors believes that successful real estate investment requires the implementation of strategies that permit favorable purchases and originations, effective asset management and timely disposition of those assets. As such, EquiAlt Capital Advisors has developed a disciplined investment approach that combines the experience of its team of real estate professionals with a structure that emphasizes thorough market research, stringent underwriting standards and an extensive down-side analysis of the risks of each investment. The EquiAlt approach also includes active and aggressive management of each asset acquired. EquiAlt Capital Advisors believes that active management is critical to creating value. Our advisor develops a well-defined exit strategy for each investment we make and periodically performs a hold-sell analysis on each asset. These periodic analyses focus on the remaining available value enhancement opportunities for the asset, the demand for the asset in the marketplace, market conditions and our overall portfolio objectives to determine if the sale of the asset, whether via an individual sale or as part of a portfolio sale or merger, would generate a favorable return to our stockholders. Economic and market conditions may influence us to hold our assets for different periods of time. We may sell an asset before the end of the expected holding period if we believe that market conditions and asset positioning have maximized its value to us or the sale of the asset would otherwise be in the best interests of our stockholders.

Messrs. Davison and Rybicki collectively have over 40 years of real estate experience and have been through multiple real estate cycles in their careers. Messrs. Davison and Rybicki work together with their team of real estate professionals in the identification, acquisition and management of our investments. The key real estate professionals at our advisor include Messrs. Davison, Rybicki, Kelly, and Nkya and Ms. Diaz. These seasoned professionals have the expertise gained through hands-on experience in acquisitions and originations, financing, asset management, dispositions, development, leasing, property management and portfolio management.

In an effort to both find better investment opportunities and enhance the performance of those investments, EquiAlt Capital Advisors will utilize a market-focused investment strategy. The investment focus has been on second-tier cities. These are markets that have strong, predictable growth combined with good fundamentals. Tampa, for example, demonstrates the attributes of a strong growth environment with limited natural threats. Competition for properties in second-tier markets is generally less sophisticated, allowing for greater economic opportunities. Nashville is another example. Although the State of Texas also has several second-tier markets, EquiAlt Capital Advisors avoids investment in states with oil-driven economies, given the economic uncertainty generated by volatility with that commodity. We also look for strong fundamentals. One measure of this is average household income of at least $50,000 and a median home price of around $200,000. That ratio, we believe, limits the downside risk of investment. In primary markets such as Miami or Los Angeles, the median home price is substantially higher while the median income has not followed proportionately. In other words, while we look to follow demographic trends and benefit from growth created by baby boomers, millennials and others, we look to avoid the "hottest" real estate markets in order to limit downside exposure.

Once we establish the right market in which to invest for a 5 to 10-year horizon, we then look for specific opportunities within that market. Utilizing our network of brokers, agents, attorneys, and other professionals, we have established a strong deal-flow. In many cases, we succeed by making all cash offers with short escrows and few contingencies to secure the lowest price. Both before and after the acquisition, we analyze the asset and determine how best to maximize the economic benefit of the property, whether through the termination of existing tenancies, rehabilitation of the property, rezoning, or rebuilding in order to satisfy current tastes.

To execute our advisor's disciplined investment approach, a team of its real estate professionals takes responsibility for the business plan of each investment. The following practices summarize EquiAlt Capital Advisors' investment approach:

- *National Market Research* — The investment team extensively researches the acquisition and/or origination and underwriting of each investment, utilizing both real time market data and the transactional knowledge and experience of EquiAlt Capital Advisors' network of professionals.

- *Underwriting Discipline* — EquiAlt Capital Advisors follows a tightly controlled and managed process to examine all elements of a potential investment including, with respect to real property, its location, income-producing

capacity, prospects for long-range appreciation, income tax considerations and liquidity. Only those assets meeting our investment criteria will be accepted for inclusion in our portfolio. In an effort to keep an asset in compliance with those standards, the underwriting team remains involved through the investment life cycle of the asset and consults with our advisor's other real estate professionals responsible for the asset. This team of experts reviews and develops comprehensive reports for each asset throughout the holding period.

- *Risk Management* — Risk management is a fundamental principle in our advisor's construction of our portfolio and in the management of each investment. Diversification by geographic region, investment size and investment risk is critical to controlling portfolio-level risk. Operating or performance risks arise at the investment level and often require real estate operating experience to cure. EquiAlt Capital Advisors' real estate professionals continuously review the operating performance of investments against projections and provide the oversight necessary to detect and resolve issues as they arise.

Properties from our Affiliates

Affiliates of our sponsor collectively own a portfolio of properties consisting primarily of single-family residential and multifamily properties with a limited number of resort properties and developmental properties, totaling 310 rentable units as of December 31, 2016. The multifamily properties range from four to 10 units, and the three resort properties range in size from eight to thirteen units. The nine development projects consist of single-family, townhome and condominium developments ranging from one to 54 units. We intend to purchase a significant portion of the properties owned by these affiliates with the proceeds from this offering. All of the properties we may acquire are located in Florida. As of December 31, 2016, the portfolio of properties held by affiliates of our sponsor had an average occupancy rate of 94.0%. The following tables provide a portfolio-level overview of the affiliate-owned properties as of August 31, 2017, unless indicated otherwise.

We intend to first look to this portfolio of properties to invest our offering proceeds, which will assist us in quickly deploying the offering proceeds into properties with proven track records. However, if we find properties or portfolios of properties that are undervalued, we may invest in such properties or portfolios before purchasing additional properties from our affiliates.

To the extent we acquire these properties held by our affiliates, we will purchase each property at its fair market value, as determined by an independent third-party certified appraisal company. Such appraisal will be obtained within one year of the acquisition.

Single-Family Residential Properties

Florida Counties	Number of Single-Family Residential Properties[1]	Average Occupancy[2]	Average In-Place Monthly Rent[3]	Average Monthly Rent PSF[3]
Hernando	7	100%	$ 867.86	$ 0.86
Hillsborough	29	96%	875.17	0.78
Manatee	1	100%	1,000.00	0.69
Orange	1	100%	975.00	1.02
Pasco	9	100%	930.56	0.74
Pinellas	21	90.8%	1,089.76	1.07
Polk	53	95.4%	741.79	0.63
Total/Average	**7**	**95.5%**	**$ 859.55**	**$ 0.77**

(1) As of August 31,2017.
(2) Represents average occupancy for the eight months ending August 31, 2017.
(3) Represents average rent for the eight months ending August 31, 2017.

Multifamily Properties

Florida Counties	Number of Multifamily Properties[1]	Number of Units[1]	Average Net Rentable Square Feet	Average Occupancy[2]	Average In Place Monthly Rent[3]	Average Monthly Rent PSF[3]
Hernando	8	18	1,006	93.0%	$ 867.86	$ 0.91
Hillsborough	51	80	871	95.9%	876.44	1.01
Manatee	1	2	900	100%	1,000	1.11
Orange	5	5	1,321	100%	950	0.72
Pasco	4	8	929	100%	712.50	0.77
Pinellas	30	66	844	88.6%	1,036.97	1.23
Polk	2	8	1,040	89.6%	653.13	0.63
Total/Average	**101**	**187**	**869**	**93.1%**	**$ 900.48**	**$ 1.04**

(1) As of August 31,2017.
(2) Represents average occupancy for the eight months ending August 31, 2017.
(3) Represents average rent for the eight months ending August 31, 2017.

Resort Properties

Name of Resort	Florida County	Number of Units[1]	Average Occupancy[2]	Average Monthly Revenue[3]
Blue Waters	Pinellas	13	67%	$ 36,000
Bungalows	Pinellas	10	56%	26,000
Silver Sands [4]	Pinellas	8	--	--
Total/Average [4]		**10**	**62%**	**$ 31,000**

(1) As of August 31, 2017.
(2) Represents average occupancy for the eight months ending August 31, 2017.
(3) Represents average revenue for the eight months ending August 31, 2017.
(4) Silver Sands is currently being remodeled and is expected to open in December 2017.

Development Projects

Property Name	Florida County	Type of Property	Units to be Built	Net Rentable Square Feet	Estimated Completion	Investment Amount[1]
519 3rd Ave S	Pinellas	Condos	18	25,000	12/2018	$ 5,500,000
551 3rd Ave S	Pinellas	Condos	54	60,000	12/2019	7,500,000
2 Bahama	Hillsborough	Single-Family	1	5,500	12/2018	1,800,000
128 E Davis	Hillsborough	Townhomes	4	9,000	6/2019	2,200,000
Ridge Development	Hillsborough	Single-Family	4	11,000	12/2018	1,600,000
64 Davis Blvd	Hillsborough	Townhomes	4-5	9,000-12,000	6/2019	2,000,000
6552 Morrell	Pasco	Single-Family	1	2,200	TBD	150,000
Cedar Lots	Pinellas	Single-Family / Townhomes	2-3	2,400-4,000	TBD	250,000-400,000
Polk Lots	Polk	Single-Family	6	9,800	TBD	825,000
Total/Average			**10**	**15,389**	**12/2018**	**2,433,333**

(1) Includes the total investment expected to be made in order complete the project.

Joint Venture Investments

We may enter into joint ventures, partnerships and other co-ownership arrangements (including preferred equity investments) or participations for the purpose of obtaining interests in real estate properties and other real estate investments. We may also enter into joint ventures for the development or improvement of properties. Joint venture investments permit us to own interests in large properties and other investments without unduly restricting the diversity of our portfolio. In determining whether to invest in a particular joint venture, EquiAlt Capital Advisors will evaluate the real estate investments that such joint venture owns or is being formed to own under the same criteria described elsewhere in this memorandum for the selection of our investments.

EquiAlt Capital Advisors will also evaluate the potential joint venture partner as to its financial condition, operating capabilities and integrity. We may enter into joint ventures with third parties or other EquiAlt-sponsored programs or affiliated entities; however, upon commencement of an initial public offering, we may only enter into joint ventures with other EquiAlt-sponsored programs or affiliated entities if a majority of the board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transaction concludes that the transaction is fair and reasonable to us and on substantially the same terms and conditions as those received by other joint venturers. At such time during the term of this offering that EquiAlt Capital Advisors believes that there is a reasonable probability that we will enter into a joint venture for the acquisition or origination of a significant investment, we will supplement this memorandum to disclose the terms of such proposed transaction. Our stockholders should not rely upon such initial disclosure of any proposed transaction as an assurance that we will ultimately consummate the proposed transaction or that the information we provide in any supplement to this memorandum concerning any proposed transaction will not change after the date of the supplement.

We have not established the specific terms we will require in the joint venture agreements we may enter. Instead, we will establish the terms with respect to any particular joint venture agreement on a case-by-case basis after our board of directors considers all of the relevant facts, such as the nature and attributes of our other potential joint venture partners, the proposed structure of the joint venture, the nature of the operations, the liabilities and assets associated with the proposed joint venture and the size of our interest when compared to the interests owned by other partners in the venture. With respect to any joint venture we enter, we expect to consider the following types of concerns and safeguards:

- Our ability to manage and control the joint venture — We will consider whether we should obtain certain approval rights in joint ventures we do not control. For proposed joint ventures in which we are to share control with another entity, we will consider the procedures to address decisions in the event of an impasse.

- Our ability to exit a joint venture — We will consider requiring buy/sell rights, redemption rights or forced liquidation rights.

- Our ability to control transfers of interests held by other partners to the venture — We will consider requiring consent provisions, a right of first refusal and/or forced redemption rights in connection with transfers.

Borrowing Policies

While we generally expect to have no leverage, we may incur debt if unexpected events create extreme strains on our company or our ability to maintain and operate our portfolio, to make distributions to our stockholders to preserve our status as a REIT or to prevent other adverse consequences to the company.

We may incur indebtedness in the form of bank borrowings, purchase money obligations to the sellers of properties we purchase, publicly and privately-placed debt instruments and/or financings from institutional investors or other lenders. This indebtedness may be unsecured or secured by mortgages or other interests in our assets, or may be limited to the particular property to which the indebtedness relates.

The form of our indebtedness may be long-term or short-term, fixed or floating rate or in the form of a revolving credit facility. EquiAlt Capital Advisors will seek to obtain financing on our behalf on the most favorable terms available.

Except with respect to the borrowing limits in our charter that would be effective upon commencement of an initial public offering, we may reevaluate and change our debt policy in the future without a stockholder vote. Factors that we would consider when reevaluating or changing our debt policy include then-current economic conditions, the relative cost and availability of debt and equity capital, any investment opportunities, the ability of our properties and other investments to generate sufficient cash flow to cover debt service requirements and other similar factors. Further, we may increase or decrease our ratio of debt to book value in connection with any change of our borrowing policies.

Upon commencement of an initial public offering, our charter would require that we not borrow from our advisor or its affiliates to purchase properties or make other investments unless a majority of our board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transaction approves the transaction as being fair, competitive and commercially reasonable and no less favorable to us than comparable loans between unaffiliated parties. We anticipate that our board of directors would make this determination by (i) seeking to secure borrowings from third party lenders and comparing the terms offered by such third party lenders to the terms of proposed borrowings from our advisor or its affiliates, and (ii) reviewing publicly available disclosure to determine borrowing terms secured by other similarly-situated real estate investment companies from third party lenders and comparing such terms to the terms of proposed borrowings from our advisor or its affiliates.

Operating Policies

Credit Risk Management. We may be exposed to various levels of credit and special hazard risk depending on the nature of our real estate investments and the nature and level of credit enhancements supporting those investments. Our advisor and our executive officers will review and monitor credit risk and other risks of loss associated with each investment. In addition, we will seek to diversify our portfolio of assets to avoid undue geographic, industry and certain other types of concentrations. Our board of directors will monitor the overall portfolio risk and levels of provision for loss.

Interest Rate Risk Management. To the extent consistent with maintaining our qualification as a REIT, we will follow an interest rate risk management policy intended to mitigate the negative effects of major interest rate changes. We intend to minimize our interest rate risk from borrowings by attempting to structure the key terms of our borrowings to generally correspond to the interest rate term of our assets and through interest rate hedging activities.

Equity Capital Policies. Our board of directors may increase the number of authorized shares of capital stock without stockholder approval. After you purchase shares in this offering, our board may elect to: (i) sell additional shares in this or future offerings; (ii) issue equity interests in private offerings; (iii) issue shares to our advisor, or its successors or assigns, in payment of an outstanding fee obligation; or (iv) issue shares of our common stock to sellers of assets we acquire in connection with an exchange of limited partnership interests of our Operating Partnership. To the extent we issue additional equity interests after your purchase in this offering, whether in a public offering or otherwise, your percentage ownership interest in us will be diluted. In addition, depending upon the terms and pricing of any additional issuances and the value of our investments, you may also experience dilution in the book value and fair value of your shares.

Disposition Policies

We generally intend to hold our real estate properties for five to seven years, which we believe is a reasonable period to enable us to capitalize on the potential for increased income and capital appreciation of the properties. We generally expect that as we move toward the end of our offering stage the hold period of assets we will consider will be shorter.

It is currently contemplated that within six years after we have invested substantially all of the proceeds from our offerings (including public offerings, if we commence one or more public offerings) our board of directors will begin to explore and evaluate various strategic options to provide our stockholders with liquidity of their investment, either in whole or in part. See the discussion above under "Investment Objectives and Criteria—General" for more details.

Charter-imposed Investment Limitations

Upon commencement of an initial public offering, our charter would place the following limitations on us with respect to the manner in which we may invest our funds or issue securities. If we never commence an initial public offering, these limitations will not take effect:

- incur aggregate borrowings in excess of 300% of our net assets (before deducting depreciation or other non-cash reserves), unless approved by a majority of the conflicts committee;
- invest more than 10% of our total assets in unimproved property or mortgage loans on unimproved property, which we define as an equity interest in real property that was not acquired for the purpose of producing rental or other operating income or on which there is no development or construction in progress or planned to commence within one year;
- make or invest in mortgage loans unless an appraisal is available concerning the underlying property (or a broker opinion of value or any other reasonable valuation means as determined by the board of directors with respect to a single-family residential property), except for those mortgage loans insured or guaranteed by a government or government agency;
- make or invest in mortgage loans, including construction loans, on any one property if the aggregate amount of all mortgage loans on such property would exceed an amount equal to 85% of the appraised value of such property as determined by appraisal (or a broker opinion of value or any other reasonable valuation means as determined by the board of directors with respect to a single-family residential property), unless substantial justification exists for exceeding such limit because of the presence of other underwriting criteria;
- acquire a real estate investment if the related acquisition or origination fees and acquisition or origination expenses are not reasonable or exceed 6% of the purchase price or funds advanced, provided that the investment may be made if a majority of our board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transaction approves the fees and expenses and determines that the transaction is commercially competitive, fair and reasonable to us;
- acquire equity securities unless a majority of our board of directors (including a majority of the members of the conflicts committee) not otherwise interested in the transaction approves such investment as being fair, competitive and commercially reasonable, provided that investments in equity securities in publicly traded entities that are otherwise approved by a majority of our board of directors (including a majority of the members of our conflicts committee) not otherwise interested in the transaction shall be deemed fair, competitive and commercially reasonable if we acquire the equity securities through a trade that is effected in a recognized securities market (when we refer to a publicly traded entity, we are referring to any entity having securities listed on a national securities exchange or included for quotation on an inter-dealer quotation system), and provided further that this limitation does not apply to (i) acquisitions effected through the purchase of all of the equity securities of an existing entity; (ii) the investment in wholly owned subsidiaries of ours; or (iii) investments in asset-backed securities;
- invest in real estate contracts of sale, otherwise known as land sale contracts, unless the contract is in recordable form and is appropriately recorded in the chain of title;
- invest in commodities or commodity futures contracts, except for futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in real estate assets and mortgages;
- issue equity securities on a deferred payment basis or other similar arrangement;
- issue debt securities in the absence of adequate cash flow to cover debt service unless the historical debt service coverage (in the most recently completed fiscal year), as adjusted for known changes, is sufficient to service that higher level of debt as determined by our board of directors or a duly authorized executive officer;

- issue equity securities that are assessable after we have received the consideration for which our board of directors authorized their issuance; or

- issue equity securities redeemable solely at the option of the holder, which restriction has no effect on our share redemption program or the ability of our Operating Partnership to issue redeemable partnership interests.

In addition, upon commencement of an initial public offering, our charter would include many other investment limitations in connection with conflict-of-interest transactions, which limitations are described above under "Conflicts of Interest." Our charter would also include restrictions on roll-up transactions, which are described under "Description of Shares" below.

Investment Limitations under the Investment Company Act of 1940

We intend to conduct our operations so that neither we nor any of our subsidiaries will be required to register as an investment company under the Investment Company Act. Under the relevant provisions of Section 3(a)(1) of the Investment Company Act, an investment company is any issuer that:

- is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities (the "primarily engaged test"); or

- is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of such issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis (the "40% test"). "Investment securities" excludes U.S. government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

We believe that neither we nor our Operating Partnership will be required to register as an investment company based on the following analysis. With respect to the 40% test, most of the entities through which we and our Operating Partnership will own our assets will be majority-owned subsidiaries that will not themselves be investment companies and will not be relying on the exceptions from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

With respect to the primarily engaged test, we and our Operating Partnership will be holding companies and do not intend to invest or trade in securities ourselves. Rather, through the majority-owned subsidiaries of our Operating Partnership, we and our Operating Partnership will be primarily engaged in the non-investment company businesses of these subsidiaries, namely the business of purchasing or otherwise acquiring real estate and real estate-related assets.

We believe that most of the subsidiaries of our Operating Partnership will be able to rely on Section 3(c)(5)(C) of the Investment Company Act for an exception from the definition of an investment company. (Any other subsidiaries of our Operating Partnership should be able to rely on the exceptions for private investment companies pursuant to Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act.) As reflected in no-action letters, the SEC staff's position on Section 3(c)(5)(C) generally requires that an issuer maintain at least 55% of its assets in "mortgages and other liens on and interests in real estate," or qualifying assets; at least 80% of its assets in qualifying assets plus real estate-related assets; and no more than 20% of the value of its assets in other than qualifying assets and real estate-related assets, which we refer to as miscellaneous assets. To constitute a qualifying asset under this 55% requirement, a real estate interest must meet various criteria based on no-action letters. We expect that each of the subsidiaries of our Operating Partnership relying on Section 3(c)(5)(C) will invest at least 55% of its assets in qualifying assets, and approximately an additional 25% of its assets in other types of real estate-related assets. We expect to rely on guidance published by the SEC staff or on our analyses of guidance published with respect to types of assets to determine which assets are qualifying real estate assets and real estate-related assets.

Pursuant to the language of the statute, we will treat an investment in real property as a qualifying real estate asset. The SEC staff, according to published guidance, takes the view that certain mortgage loans, participations, mezzanine loans, convertible mortgages, and other types of real estate-related loans in which we intend to invest are qualifying real estate assets. Thus, we intend to treat these investments as qualifying real estate assets. The SEC staff has not published guidance with respect to the treatment of CMBS for purposes of the Section 3(c)(5)(C) exemption. Unless we receive further guidance from the SEC or its staff with respect to residential or commercial mortgage-backed securities, we intend to treat residential or commercial mortgage-backed securities as a real estate-related asset.

To avoid registration as an investment company, we expect to limit the investments that we make, directly or indirectly, in assets that are not qualifying assets and in assets that are not real estate-related assets. In 2011, the SEC issued a concept release indicating that the SEC and its staff were reviewing interpretive issues relating to Section 3(c)(5)(C) and soliciting views on the

application of Section 3(c)(5)(C) to companies engaged in the business of acquiring mortgages and mortgage-related instruments. To the extent that the SEC or its staff provides guidance regarding any of the matters bearing upon the exceptions we and our subsidiaries rely on from registration as an investment company, we may be required to adjust our strategy accordingly. Any guidance from the SEC or its staff could further inhibit our ability to pursue the strategies we have chosen.

MARKET OUTLOOK

The following discussion reflects management's beliefs, observations and expectations with respect to the U.S. real estate market, with an emphasis on the single-family residential market. Our management team has incorporated the market outlook provided to us by a third-party consultant, John Burns Real Estate Consulting, LLC ("JBREC"), which undertook, at our request, an analysis of the national housing market in addition to the metropolitan housing markets of greater Tampa, Florida, and greater Nashville, Tennessee.

Real Estate and Real Estate Finance Markets

The success of all multifamily and residential investments depends partially on factors beyond the control of the investor, such as the economy, interest rates and government policies. While nobody can confidently predict the future, JBREC believes that the consensus view for the next several years is that:

- the U.S. economy will continue to experience positive job growth of approximately 0.6% to 1.5% annually through 2019 followed by a slight decline of 0.1% in 2020
- 30-year fixed rate conforming mortgage rates will remain well below historical averages but will increase modestly from the current levels of 3.9% to 4.9% through 2020, and
- government policies towards housing may not change materially in the near-term, other than a moderate loosening of historically strict mortgage lender documentation requirements. JBREC's view may change when the President formalizes his position related to HUD and the GSEs.

If the aforementioned conditions occur, JBREC expects national single-family and multifamily rental rates and for-sale home values to continue appreciating through 2020, despite the fact that the rate of job growth is expected to ease over that time period. JBREC summarizes select local market outlooks later in this report.

There are 45.8 million rental households in the United States today and buildings with two or more rental units comprise 61% (27.8 million units), while single-family rentals comprise 35% of the overall renter market (15.9 million units). This large rental market presents a significant opportunity to attract tenants to properties that are well managed. Further, the fragmented ownership of single-family rental homes should pose an opportunity for larger owner/operators to consolidate and grow their portfolios.

The U.S. rental housing market has highly favorable fundamentals as there is an acute supply/demand imbalance in U.S. housing in general, and a structural societal shift towards renting that we believe will persist. Secondary markets that recovered late in the current cycle will outperform gateway markets (Houston, San Francisco, Miami) as new supply is coming online later in the cycle.

National Housing Market: JBREC believes the outlook for the single-family and the multifamily rental housing market through 2020 is favorable as a result of several factors, including the following:

- **Demand is currently strong and has been strong for several years.** As of June 2017, year-over-year employment gains totaled 2.2 million. JBREC forecasts 2.1 million jobs being created in 2017, 1.6 million in 2018, 0.9 million in 2019, and a slight loss of 0.2 million in 2020.
- **Multifamily permit levels are at long-term historical averages while single-family residential property building permit levels are low compared to history.** Minimal residential land entitlement processing and development occurred during the prolonged housing downturn (2007 through 2012), and the supply of finished, or even approved, lots remains relatively limited in many markets. Multifamily permits showed stronger growth compared to single-family permits during the past five years, but that trend is starting to reverse due to oversupply of multifamily units in some markets and more risk adverse development capital. Single-family permits will increase at a higher rate as builders continue to re-enter tertiary markets in search of affordable land prices and first-time homebuyer demand continues to strengthen. Our outlook for future rent growth is stronger for single-family residential properties than multifamily units due to the strong growth in multifamily construction over the past few years.
- **Existing for-sale home supply is currently low and has been for several years.** Resale inventory is well below the historical average based on months of supply and there are not enough new single-family residential properties being built relative to demand according to the National Association of Realtors ("NAR") and the Census Bureau. As a result, the supply fundamentals remain promising for rental rate increases, occupancy and home price appreciation through 2020.

- **Rental occupancy rates and home sales trends are favorable.** According to data published by the Census Bureau and the U.S. Bureau of Labor Statistics (BLS), the number of adults finding employment is exceeding planned new home construction by a ratio of 1.8 to 1. A balanced ratio in a stable market is 1.1 to 1.5 jobs created for every homebuilding permit issued. Over time, the relative excess job growth to homebuilding permits is expected to put upward pressure on rental rates and home prices.

- **Homeownership is declining.** JBREC expects the U.S. homeownership to fall to 61% by 2025 as more households choose to rent rather than purchase a home. By way of perspective, the U.S. homeownership rate was 69% in 2006.

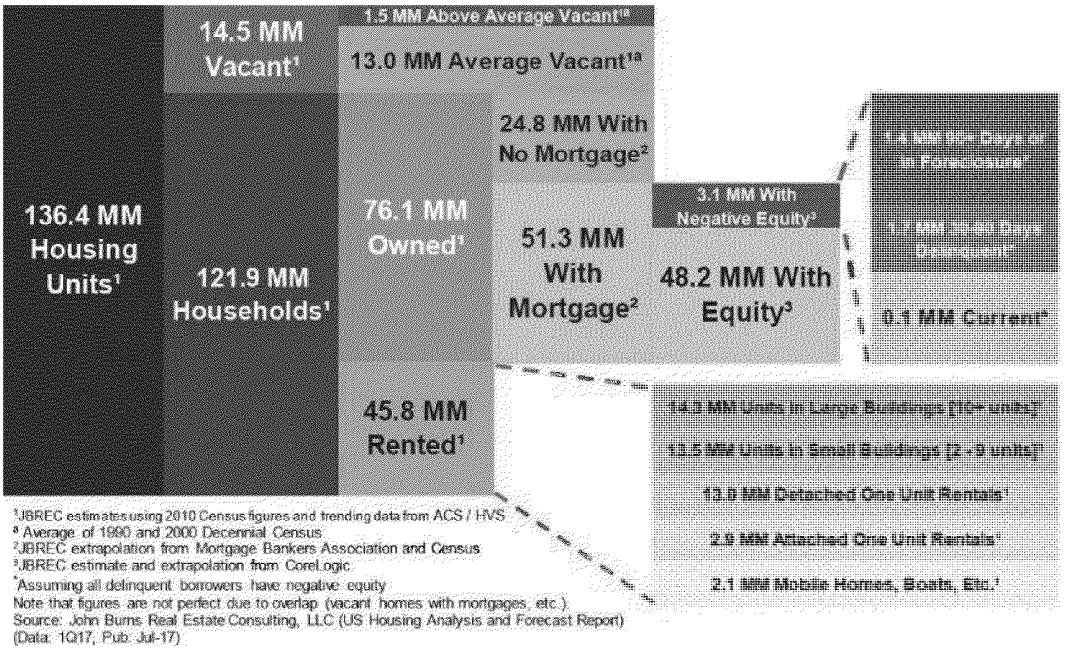
- **Affordability is weakening.** The 30-year fixed mortgage rate is near 3.9% according to Freddie Mac, significantly lower than historical averages. However, rates are expected to increase and potential home buyers impacted by rising homeownership costs may instead choose to rent. It is estimated that a 100bps increase in the current 3.9% average interest rate for a 30-year fixed rate mortgage would disqualify 4.8 million households from a $200,000 mortgage, forcing these potential buyers to rent or purchase a lower priced home.

Residential Industry Overview

Residential housing is the largest real estate asset class in the United States with a total value of more than $23.5 trillion, according to the 2017 first quarter Federal Reserve Flow of Funds release. Since 1965, according to the U.S. Census Bureau, approximately one-third of this asset class has been rented and single-family residential properties currently comprise roughly one-third of all residential rental housing. Total housing inventory consists of approximately 136.4 million units.

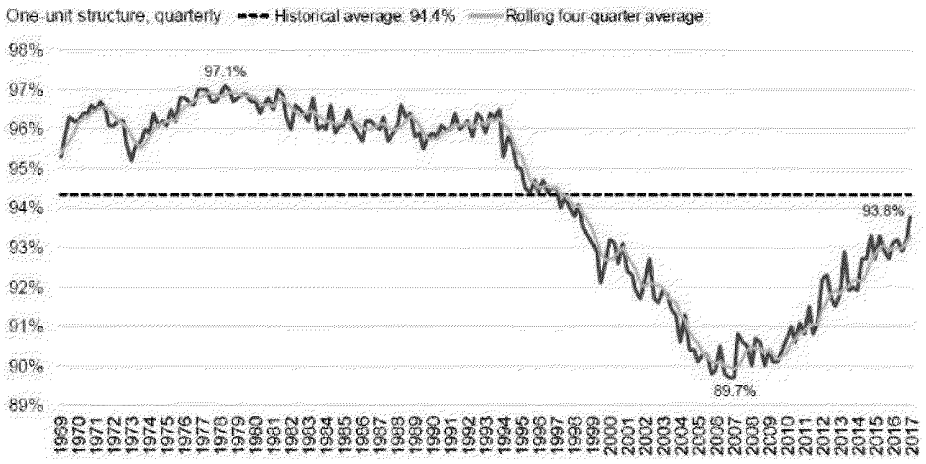
The following chart provides information about the inventory of U.S. housing as of March 2017 by unit.

U.S. Housing Inventory



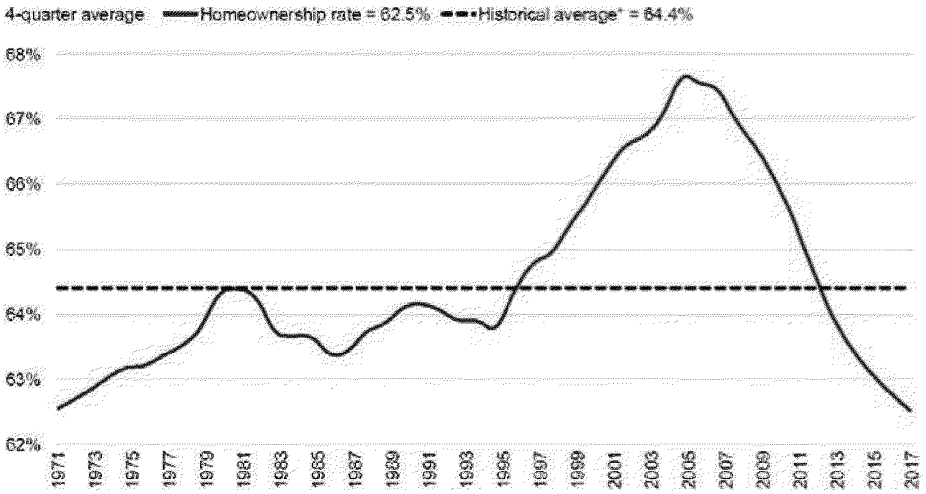
The single-family rental market has grown in recent years as the homeownership rate declined following the global financial crisis. The number of single-family rental units increased 34% from 11.9 million as of March 31, 2007 to 15.9 million as of March 31, 2017 as the homeownership rate fell from a high of 69.2% as of December 31, 2004 to 62.5% as of March 31, 2017. Single-family rental homes have become a much larger share of the overall rental market since 2000, increasing from 30% to 35%. The amount of single-family rental households has grown from 12.4M in 1Q08 to 15.9M in 1Q17, an increase of 28% in ten years. Adjusting for seasonality, 93.8% of all US single-family rental homes are occupied, the highest level since 2000, and current demand suggests a return to the historical average of 94.4% in the near future.

Single-family Rental Occupancy Rates



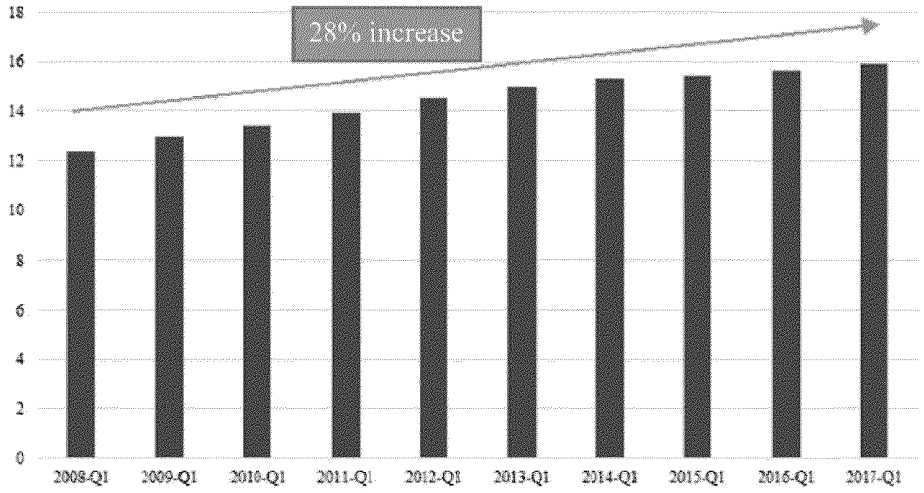
***Sources**: US Census Bureau, Current Population / Housing Vacancy Survey (Data: 1Q17); John Burns Real Estate Consulting, LLC*

US Homeownership Rate



***Sources**: Homeownership Rate: US Census Bureau (Data: 1Q17), *Historical average: 2Q68 through current*

Single-family Rental Households (Millions)

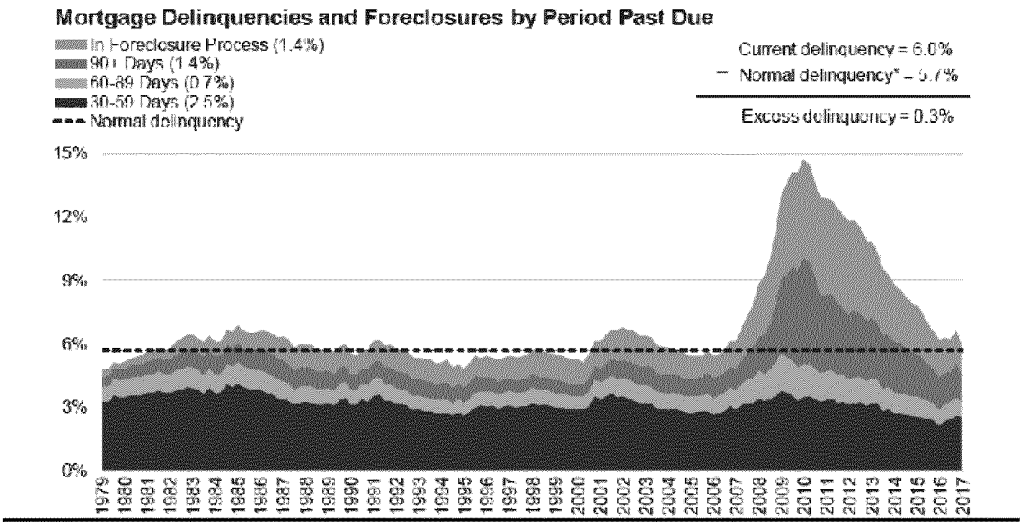


***Sources**: John Burns Real Estate Consulting, LLC estimates using Census data; (Data: 1Q17)*

Prior to 2012, the single-family rental sector primarily consisted of smaller, non-institutional owners and managers, but larger institutional investors and managers have emerged in recent years. Despite this growth, it is estimated that institutional owners only represent approximately 200,000 units or 1% of all single-family rental units. Single-family rental properties exhibit similar occupancy levels to multifamily properties but have significantly lower turnover rates. In addition, the single-family housing market is the most liquid real estate asset class in the United States with an average of 5.3 million sales of existing homes per year from 2000-2015.

Following the eight-year period of solid price appreciation that ended in mid-2006, home prices fell precipitously. From the peak in the fourth quarter of 2006 through the trough in the fourth quarter of 2011, the aggregate value of real estate owned by U.S. households declined by approximately $6.5 trillion or 28.8% (per the Federal Reserve Flow of Funds), an extraordinary reduction of value in the housing sector. Foreclosure-related activity peaked in 2009 and has since been declining. The current delinquency rate fell to 6.0% in 1Q17 from 6.2% in 1Q16 and is approaching "normal delinquency", or the historical average from 1Q79 through 4Q06 of 5.7%. As of the end of the first quarter of 2017, approximately 3.1 million mortgage loans (measured by loan count based on Mortgage Bankers Association data, which captures approximately 77% of all mortgages) in the nation are in some level of non-performance, a decline from 4.0 million a year ago.

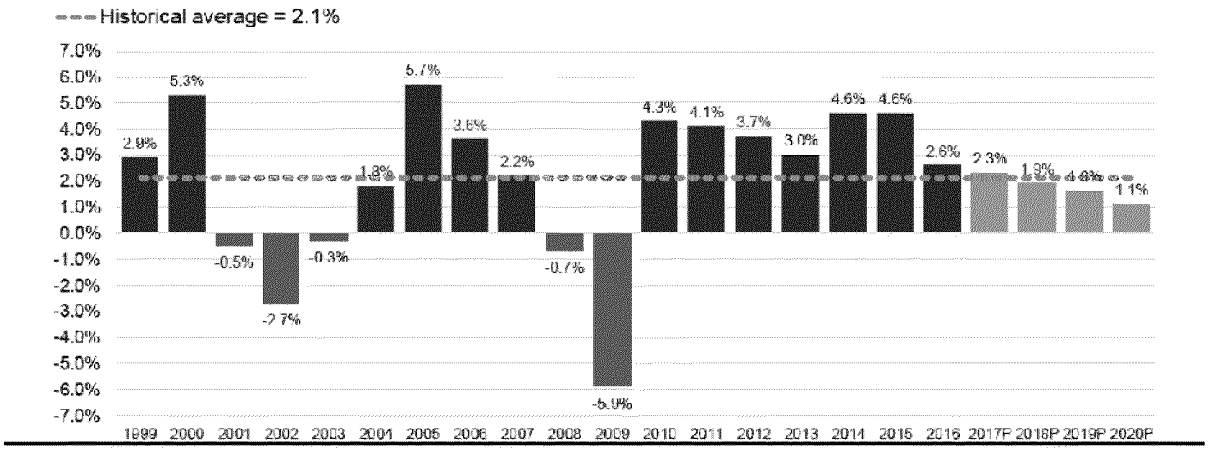
Mortgage Delinquencies and Foreclosures by Period Past Due



***Sources**: Mortgage Bankers Association (Data 1Q17)*

The multifamily rental sector represents 61% of all rental housing stock in the U.S. and has experienced several years of strong occupancy and rental income growth. New supply has been most prominent in gateway urban markets such as Miami, San Francisco and Houston, although smaller markets such as Austin and Nashville have seen historic levels of apartment deliveries. The majority of new supply has been concentrated in Class A buildings, which is pressuring rents. Rent-to-income ratios exceed historical averages in 26 of 28 major apartment markets and high-wage job growth has slowed, creating a competitive leasing environment for a limited pool of renters. Rent growth is decelerating due to the oversupply, and JBREC forecasts call for 2.3% growth in 2017 slowing to 1.1% in 2020.

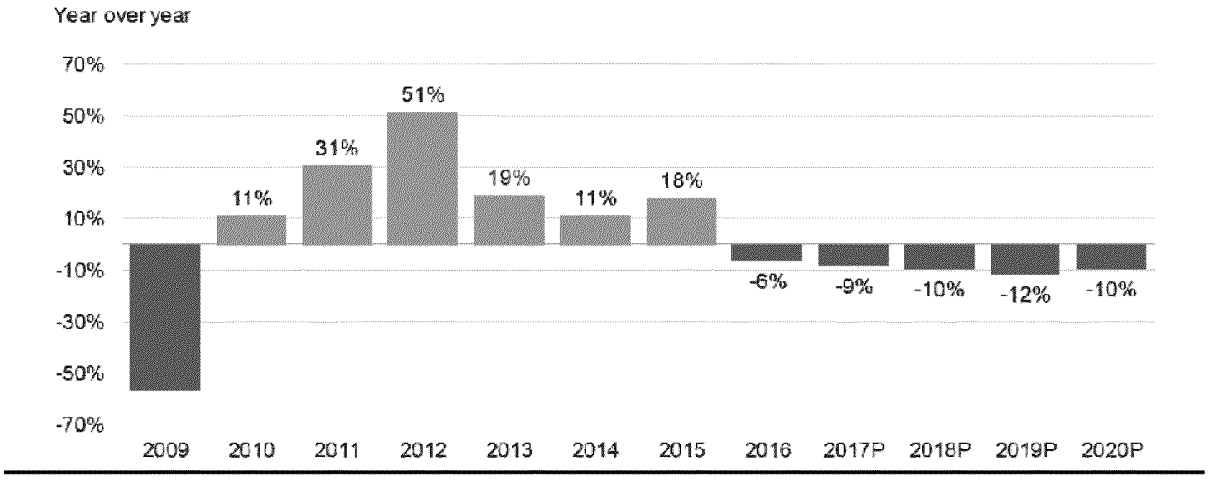
US Year-over-Year Multifamily Effective Rent Growth



***Sources**: Axiometrics; John Burns Real Estate Consulting (Data 1Q17)*

New supply is shifting to the suburban locations that are easily accessible to employment where developers face less competition and units are more affordable. Construction activity is forecast to decline from current levels due to tighter lending requirements, labor constraints and higher materials costs. Historically high starts in 2015-2016 will deliver in 2017 and depress occupancy, particularly in Class A units.

US Multifamily Permit Growth



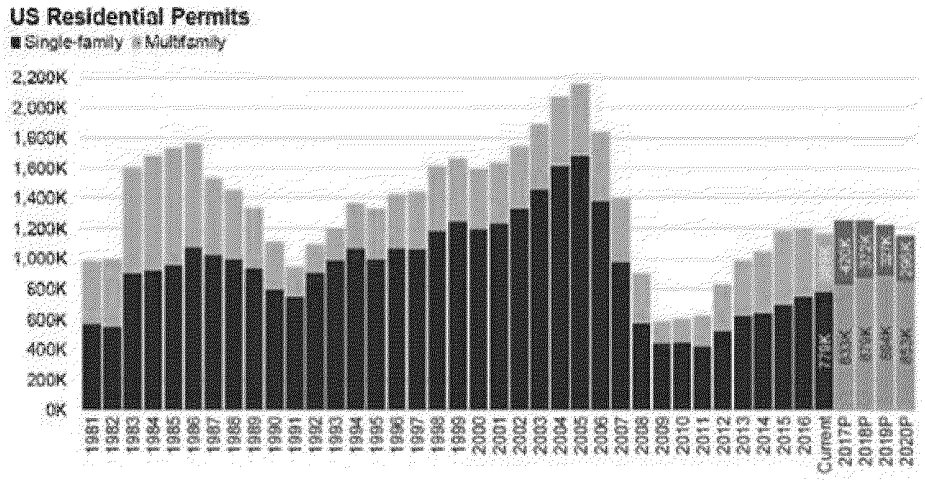
***Sources**: US Census Bureau, John Burns Real Estate Consulting (Data 1Q17)*

Supply Factors

After peaking at 1.7 million annual single-family permits in 2005, new home construction subsequently plummeted to just 418,000 single-family permits in 2011. Minimal residential land entitlement processing and development occurred during the prolonged housing downturn (2007 through 2012), and as such, the supply of finished residential lots remains limited in many markets. The lag in the delivery of new finished residential lot supply is one contributing factor to the slow rate of growth in new home construction. Other factors include rising costs of land, labor and materials and increased costs for developers due to additional government regulations. New home construction has gradually risen to 779,000 single-family permits over the past twelve months as of May 2017, still 12% below the historical average. JBREC expects single-family construction activity to remain moderated due to labor shortages and lot shortages, which are driving up land costs. When combined with forecast demand growth, this limited new supply should drive increased occupancy and rental rates for single-family rental homes.

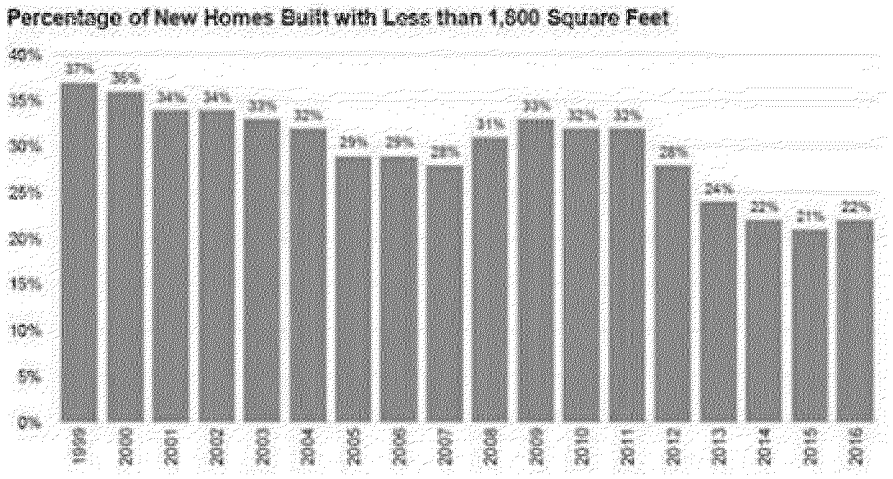
Multifamily permits steadily increased for several years, peaking at nearly 500,000 permits in 2015. We expect the supply of new multifamily permits to moderate in the near to mid-term as a result of a pullback in equity capital and debt financing for new apartments, as well as some overbuilding in the energy and tech markets and slowing job growth. The majority of the new apartments built in the past few years have been concentrated in Class A product due to high land and construction costs and conversely, apartment construction targeted towards more affordable product has lagged. Based on a non-seasonally adjusted, trailing 12-month total, single-family permits rose 7% over the last year and multifamily permits decreased 4%. JBREC forecasts modest increases in new residential construction activity, led primarily by additional single-family permit activity.

US National Housing Permits (Historical and JBREC Forecasts)



***Sources**: US Census Bureau, John Burns Real Estate Consulting, LLC forecasts (Data: May-17)*

These trends have caused homebuilders to focus on larger, higher-end homes over the past several years, which are more profitable to build. This has resulted in a decreased supply of new entry-level housing, which is the most likely alternative for single-family rental residents. Notably, the share of new homes 1,800 square feet or smaller (the typical size of entry-level homes) has fallen from 34% on average in 1999-2004 (prior to the housing downturn) to 22% in 2016, a 35% decline.



Sources: *US Census Bureau (Data 2016)*

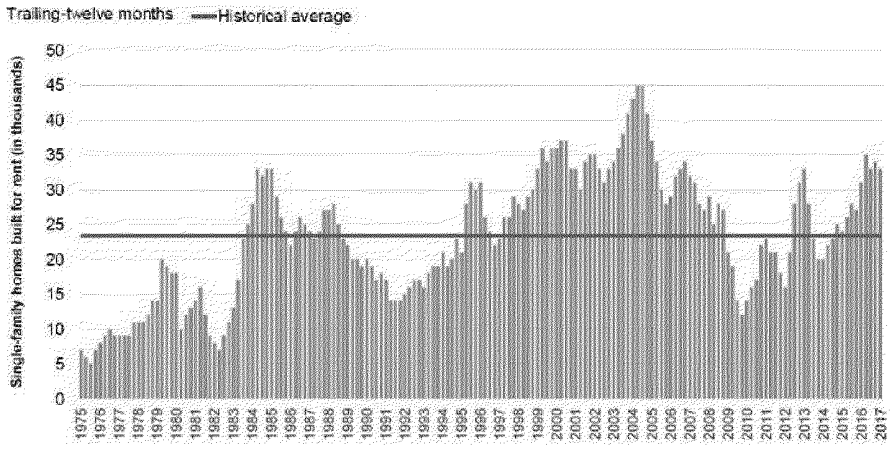
Existing home inventory has tightened in recent years during the housing recovery and is below equilibrium, typically considered 4.5 months of supply. The estimated months of supply is the number of months needed to deplete current supply based on the prior 12 months' sales data. As of May 2017, there were 4.2 months of supply nationwide, which is well below the 12.0 months of supply in mid-2010 and below the historical average of 6.7 months (past 30 years). This indicates a strong housing market and a supply imbalance, or more buyers than sellers. As a result, price appreciation has been strong at 5.9% YOY according to our Burns Home Value IndexTM and current prices are beyond their prior peak. This rapid price appreciation, coupled with increasing mortgage rates, will make for-sale housing even more expensive, particularly for first-time buyers. Potential home purchasers may choose to remain renters and some current owners may choose to sell given rising prices and a sellers' market, thus becoming renters.

U.S. Existing Homes for Sale: Months of Supply

Sources: *National Association of Realtors; John Burns Real Estate Consulting, LLC (Data: May-2017)*
Note: Long-term average of 7.0 months represents 1983-2015 average.

Some builders construct homes specifically for single-family rentals. Over the past four decades, builders have constructed an average of 23,000 single-family residential properties per year intended to be rental properties. However, over the past year builders have constructed approximately 33,000 single-family attached and detached homes for rent, significantly above the historical average and evident of the long-term demand for this asset class.

New Privately Owned Single-Family Starts Built for Rent

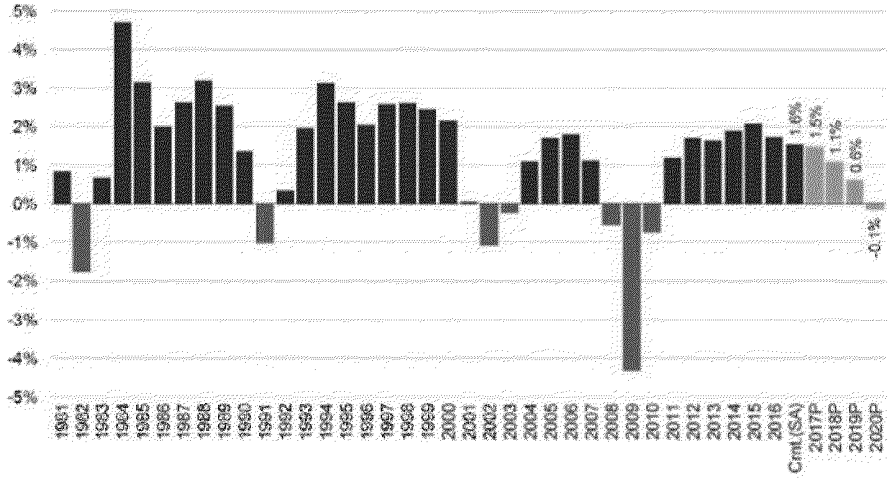


***Sources**: US Census Bureau; John Burns Real Estate Consulting, LLC (Data: May-2017)*
Note: Does not include new homes purchased by investors with the intention of renting out.

Housing Demand

Since 2011, job growth has continuously improved and is driving household formation. According to JBREC forecasts, the economy will grow for 10.5 consecutive years since the bottom in 2009, making the current recovery the longest on record. Job growth in 2017 is estimated at 2.1M but given the expected economic expansion period, this job growth will slow through 2019 but we forecast slight job losses in 2020.

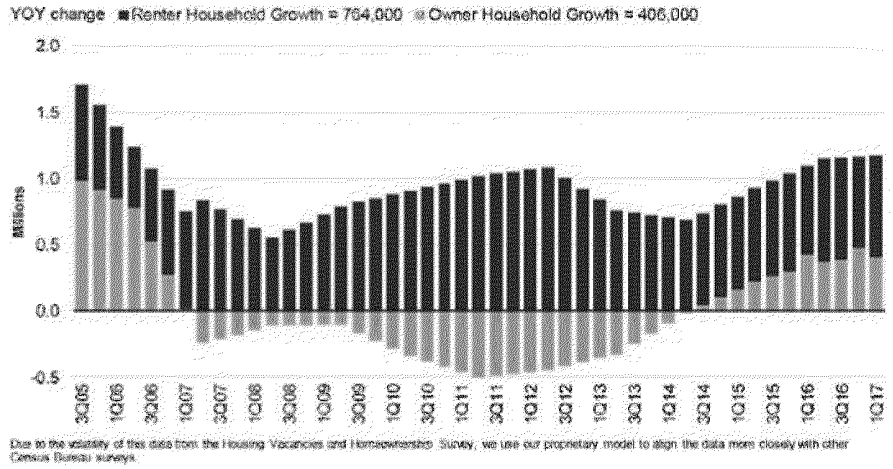
U.S. Employment Annual Growth Rates



***Sources**: BLS W&S with John Burns Real Estate Consulting, LLC forecasts (Data: Jun-2017)*

Strong job growth has led to an increase in household formation. JBREC forecasts that an estimated 4.8 million net new households will be formed from 2017 to 2020, or 1.2 million annually. The majority of these new households are expected to be renter households, which would increase single-family rental demand. Favorable demographic trends have also led to an increase in households; the 25-39 age cohort increased by 427,000 households in 2016.

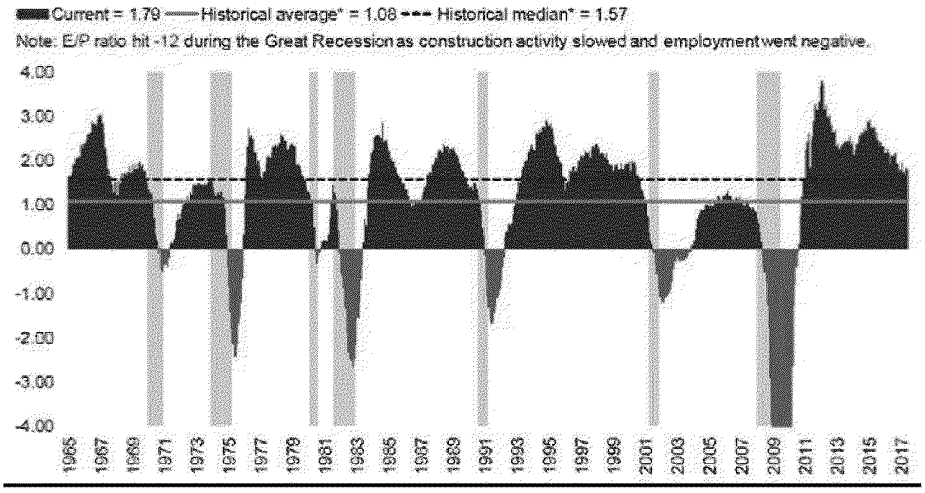
Total Household Growth – Rolling 4-Quarter Average (YOY Change)



***Source**: John Burns Real Estate Consulting, LLC based on U.S. Census Bureau data (Data: 1Q17).*

The U.S. rental housing market has been in a sustained recovery, reflected by the strong increase in renter household formations going back 10+ years. In most markets, rental vacancies have fallen and rents have risen, even in areas hardest hit during the housing and economic downturn. Steady job growth coupled with suppressed construction levels have resulted in an employment-to-permit ratio of 1.8 as of June 2017, roughly 20% higher than the historical median of 1.5. For most healthy housing markets, a 1.1 to 1.5 ratio is considered normal.

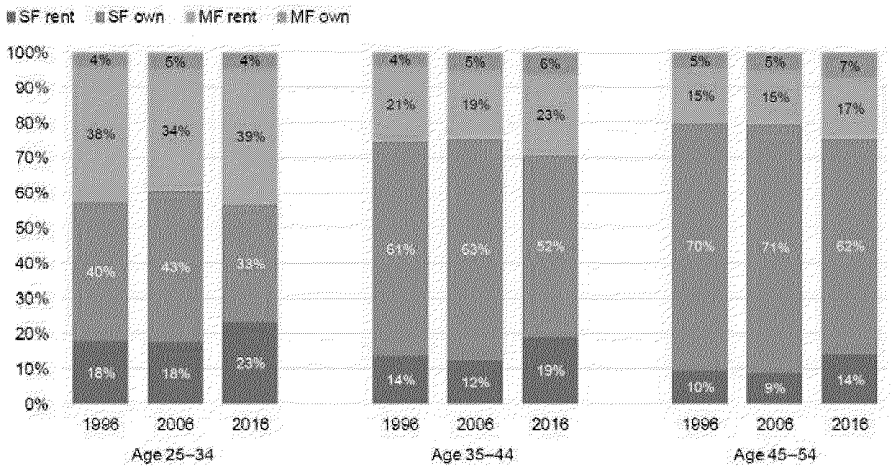
U.S. Employment Growth to Total Permits Ratio



***Source**: BLS; U.S. Census Bureau; John Burns Real Estate Consulting, LLC (Data: Jun-17).*

The current homeownership rate in the US is 62.5%, nearly 2% less than the historical average of 64.4%. Aside from the 2007-2012 housing crisis, a number of other factors have contributed to the decline in homeownership and these trends are expected to continue. Consequently, the national rentership rate, which is the inverse of the homeownership rate, reached 37.5% in the first quarter of 2017, or 2.0% above the historical average of 35.6%. Each age cohort has a higher propensity to rent due to a delay in major life events, such as marriage and family formation, increases in student loan debt and reduced availability of mortgage credit. Some simply prefer to rent due to the optionality and flexibility it offers. The more than 80 million millennials, defined as those born between 1980 and 1999, have shown a higher tendency to rent rather than own their homes when comparing the rate of ownership and renters changes from 2006 and 2016, as reflected below. It is important to note that even households headed by someone aged from 35 to 54 also have shown an increasing desire to rent than own over the same period.

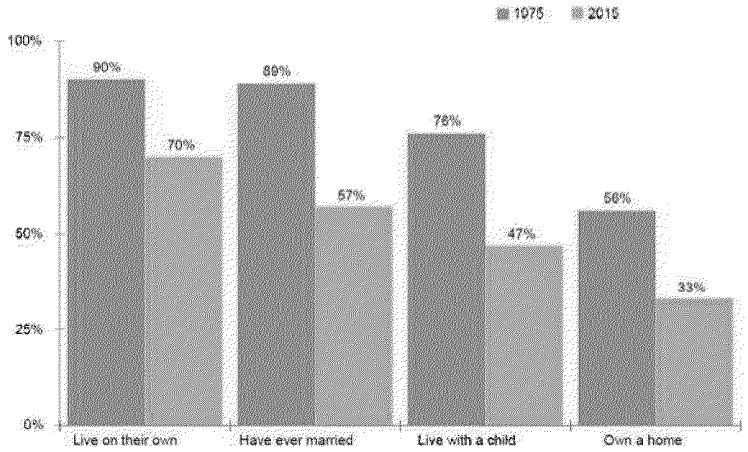
Cohort Structure and Tenant Share of Single-family and Multifamily Residences



***Sources**: John Burns R.E. Consulting, LLC calculations of US Census Bureau, Current Pop. Survey, Annual Social and Economic Supplements via IPUMS-CPS (Data 2016)*

Additionally, the rising cost of college education and the corresponding student loan debt has significantly burdened many young people, making them less willing or able to take on home mortgage debt. As shown below, the percentage of 30-year olds hitting life-stage milestones (marriage, having children) has fallen precipitously compared to past generations, providing additional demand for rental housing. For example, in 2015 just 33% of 30-year-olds owned a home, down substantially from 56% of 30-year-olds that owned a home in 1975. These younger renters have contributed to a significant increase in the number of renter households over the past few years and represent significant demand in the pipeline for rental operators.

Percentage of 30-Year Olds Hitting "Adult" Milestones

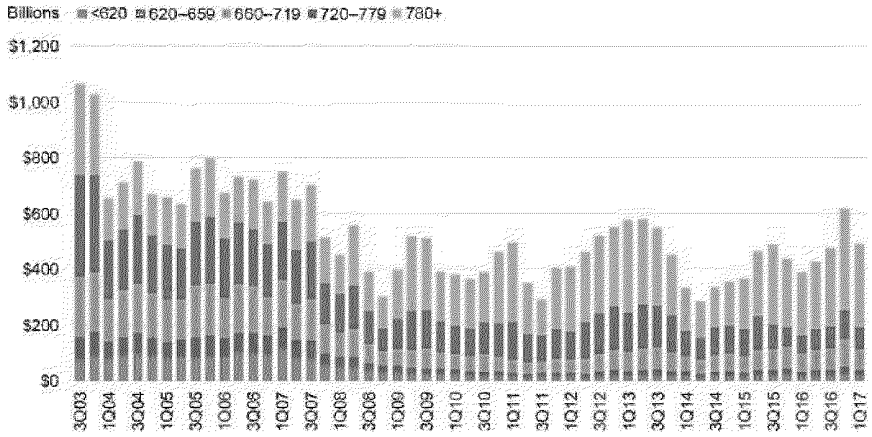


***Sources**: John Burns R.E. Consulting, LLC calculations of US Census Bureau, Current Pop. Survey, Annual Social and Economic Supplements via IPUMS-CPS (Data 2016)*

Aside from favorable demographics, other factors may drive potential homeowners to have a higher propensity to rent rather than own. For decades homeownership came with income tax savings because deductions stemming from mortgage interest and property taxes easily exceeded the standard deduction allowed by the IRS. For most American homeowners that has not been true since 2008: falling interest rates and home prices have reduced mortgage interest while the standard marital deduction has risen from $1,300 in 1972 to $12,600 now. Today, a typical first-time home buyer financing 95% or less of a median-priced U.S. home pays less than $12,000 in mortgage interest and property taxes, which is not enough to warrant itemizing tax returns.

Would-be home buyers, including those with no history of foreclosure or distress, are finding it difficult to qualify for a mortgage. Traditional bank lenders have reverted to more stringent underwriting standards, including fewer loans to lower FICO score borrowers and additional documentation requirements. In 1Q07, 15% of mortgage originations were to subprime borrowers with a credit score less than 620 but as of 1Q17, only 4% of mortgages went to borrowers with a credit score less than 620.

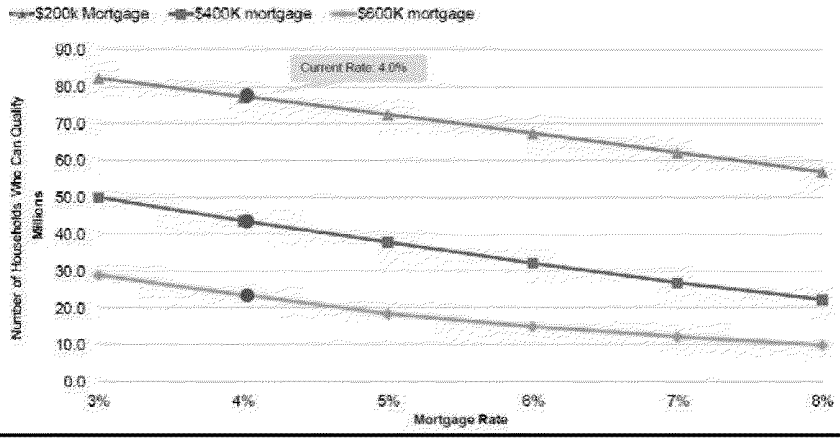
Mortgage Originations by Credit Score



Source: *Federal Reserve Bank of New York Consumer Credit Panel/Equifax (Data: 1Q17)*

Rising mortgage rates will impact affordability, especially for entry-level home buyers. If rates continue to rise, more will be forced to rent. A 1% increase in mortgage rates would disqualify 5 million households from owning a $200,000 home. According to JBREC forecasts, mortgage rates will rise to 4.9% by 2020.

National Mortgage Rate Sensitivity



Source: *John Burns Real Estate Consulting, LLC (Data June 2017)*

Tampa, FL Housing Market Overview (Tampa MSA)
(Hernando, Hillsborough, Pasco, Pinellas Counties)

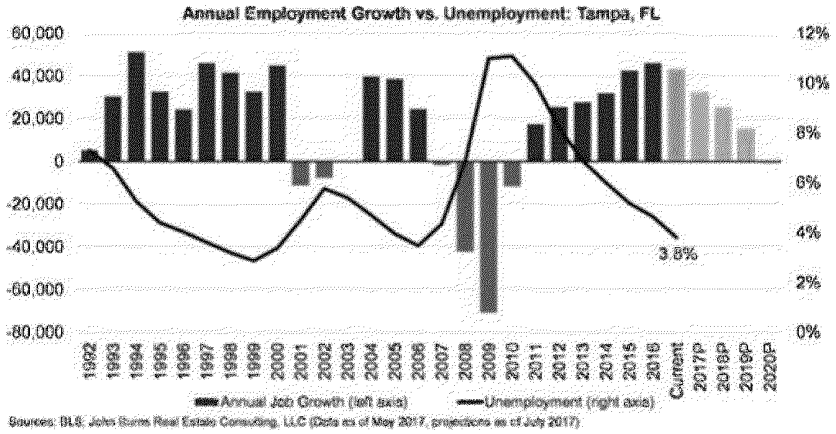
Tampa Economic Overview

The Tampa MSA includes Hernando, Hillsborough, Pasco, and Pinellas Counties and is located on the West Coast of Florida. According to the U.S. Census Bureau, the MSA has a population of over 3 million and is one of the fastest growing markets in Florida. Owing to its size, this market has a wide diversity of submarkets and demographics, which makes it critical for builders and developers to understand the local dynamics. A large percentage of new homebuilding activity will likely occur in either infill

locations close to job growth or in the more distant submarkets where inexpensive land is available for traditional single-family detached home development.

The housing fundamentals of Tampa have shown substantial improvement since hitting bottom in 2008. New home sales have increased at an average annual rate of 15% over the past several years. Resale supply has been tightening, particularly in the last twelve months, which is contributing to continued price appreciation. The market has healthy fundamentals, which are primarily the result of strong job growth, moderate supply levels and average affordability. Tampa's housing affordability remains one of the strongest in the state, and currently scores a 6.0 on our Burns Affordability Index, which is a measurement of a region's current affordability in relation to history (5.0 represents average affordability). Although overall fundamentals should remain favorable through 2019, they are expected to weaken slightly each year due to slowing job growth and continued home price and interest rate increases, which will put increased pressure on affordability.

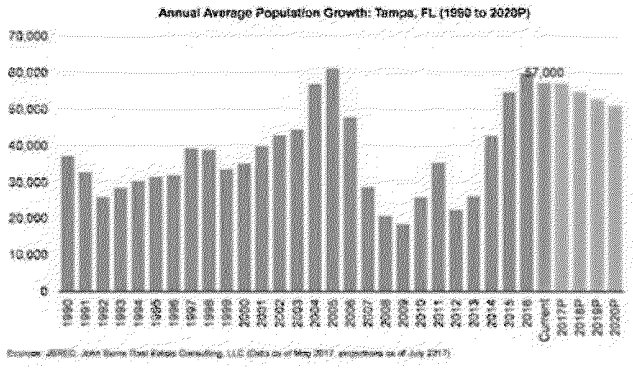
Annual Employment Growth and Unemployment Rate. The Tampa MSA has been adding jobs since 2011, with approximately 31,817 jobs (2.7% growth) being added per year. There are currently 1,338,400 payroll jobs as of May 2017. JBREC forecasts call for continued employment growth averaging 28,875 jobs per year (2.2% average annual growth) from the remainder of 2017 through 2019, with a slight decrease of 0.1% in 2020.

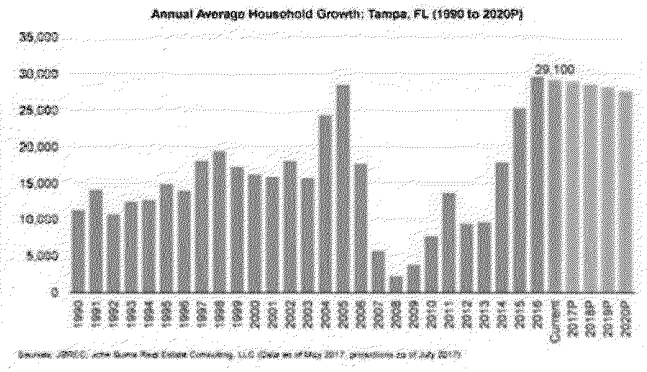


Main Economic Drivers. Strong employment growth in all sectors, with particularly strong growth in Professional and Business Services at an average annual wage of $73,671, continues to fuel the housing market. The largest public companies with operations in Tampa include Citigroup, Verizon, Humana, HCA Holdings and Raymond James Financial. The city and county governments, as well as MacDill Air Force Base are also major employers, as is the educational system.

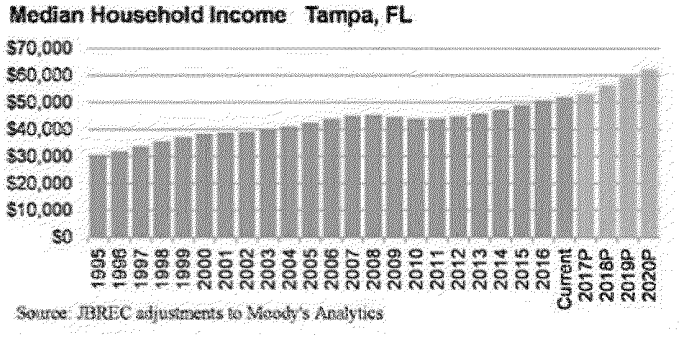
Tampa Housing Market Overview

Household and Population Growth. JBREC is projecting strong population and household growth from the remainder of 2017 through 2020. During 2013 the population was approximately 2,874,400 with 1,188,300 households and grew by 52,367 residents per year through 2016. JBREC forecasts annual population growth of approximately 54,067 residents and annual household growth ranging from 27,600 to 29,100 from 2017 through 2020. Tampa currently ranks 18th in population in the U.S.

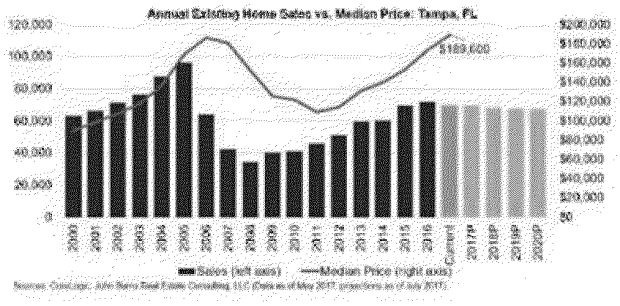


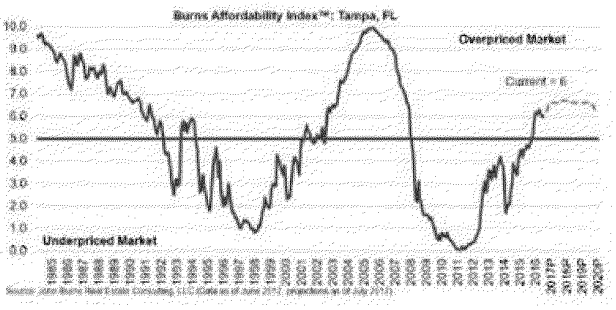


Median Household Income. During 2016 the median household income in Tampa was $50,800 and has increased 4.2% in the last twelve months to $51,900. Nationally, the median household income rose 3.3%. JBREC expects continued increases in incomes in the Tampa MSA, with average annual growth of 5.2% for the remainder of 2017 through 2020.

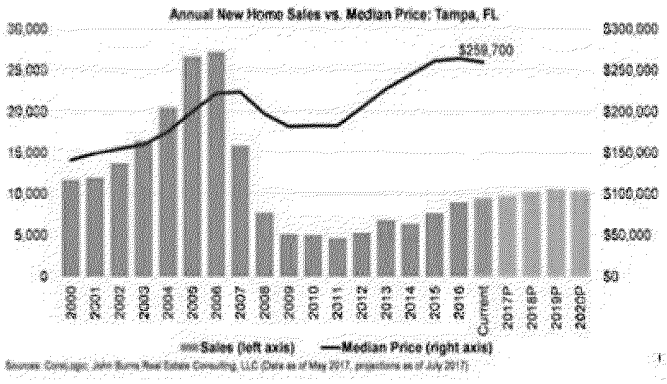


Resale Home Price. Existing home sales have experienced rapid price appreciation in the past few years and recently surpassed the prior peak median home price of $186,300 in 2006. Single-family detached home prices have been increasing since 10.0% per year, on average, since 2012. Currently, the median single-family detached existing home price is $189,600, compared to $173,700 in 2016. Resale home values in Tampa grew 13.0% in 2016 and 10% in 2015, according to our Burns Home Value IndexTM. Over the past twelve months through May 2017, prices have increased 10.0%.



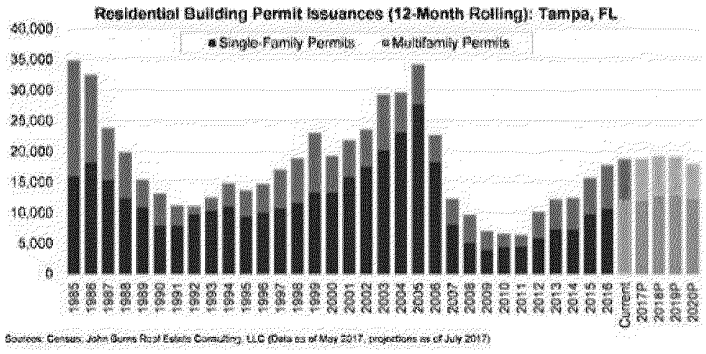


New Single-family Home Sales by Price Point. The median new single-family home price has remained flat since 2016, after several years of string price appreciation, ranging from 7% to 12%. The current median home price is $259,700, compared to $264,200 in 2016, a slight decline but also reflective of the current mix of new homes sales. New home sales have increased 15.6% year over year to 9,427, and we forecast that new homes sales will continue to increase through 2019, averaging 10,133 sales annually, followed by a slight decline in 2020 of 1.9%.

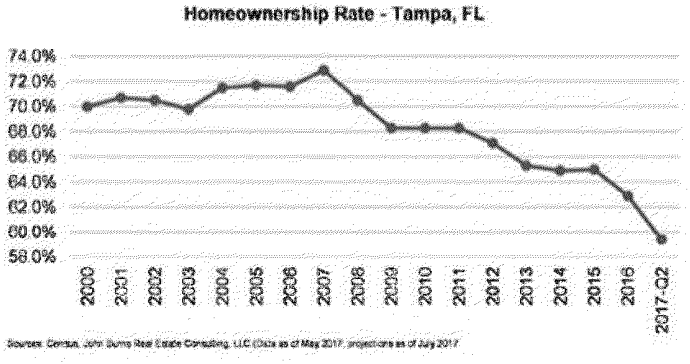


Single-Family and Multifamily Permits. Since reaching an all-time low in 2011, permit activity in the Tampa MSA continues to recover. Permit activity has increased at an average annual rate of 24% from 2012 through 2016, and the MSA has added an additional 18,741 units (15% growth) in the last twelve months. The majority of permit activity is single-family; JBREC forecasts single-family permits to increase at an average annual rate of 6% over the next three years before decreasing in 2020. Conversely,

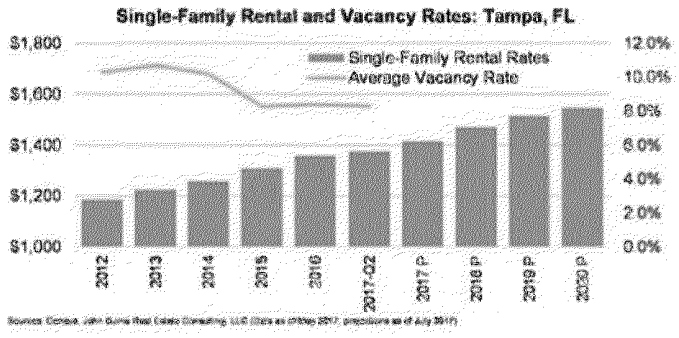
multifamily permits are expected to decrease 5% annually through 2020. Despite strong fundamentals in the Tampa MSA, JBREC expects total permit activity to flatten after significant increases in residential building activity over the last six years.



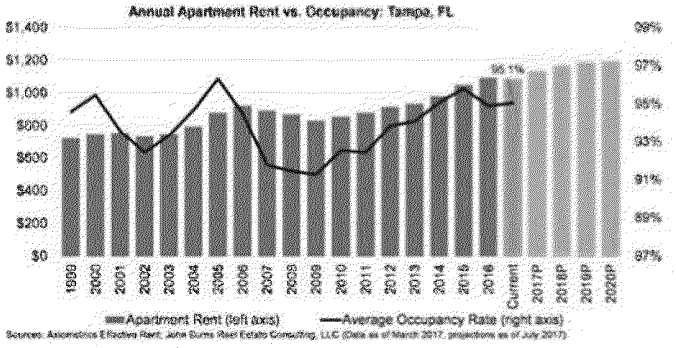
Homeownership Levels. The homeownership rate in Tampa has declined from a peak of 72.9% in 2007 to 62.9% in 2016. Homeownership has continued to decline through the second quarter of 2017, dropping to 59.4%.



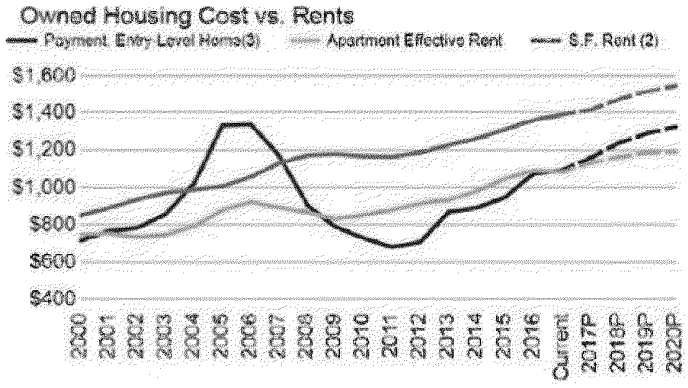
Single-Family Rental and Vacancy Rates. Single-family rental rates have increased steadily at approximately 3% per year since 2013, while vacancy has declined. After 4% annual increases in 2015 and 2016, rental growth rates flattened to 1% in 2Q17. Vacancy rates have declined from over 10% in 2013 to 8.3% in 2Q17. The average monthly asking rental rate is $1,376 as of 2Q17, up from an average of $1,360 in 2016. Tampa currently has one of the highest gross rental yields in the U.S. at 11.1%, and ranks as the 4th largest single-family rental market in the U.S. after Dallas, Nashville, and Orlando. JBREC expects single-family rents to climb to $1,546 by 2020, or an annual average increase of 3.0% from the remainder of 2017 through 2020.



Apartment Rental and Vacancy Rates. Apartment average monthly asking rents increased at an annual rate of 5% from 2013 through 2016 while vacancy rates decreased 3% during the same time period. Rental rates increased 7% in 2015 while vacancy rate increased 90bps to 5.1% in 2016, indicating market resistance to continued rent appreciation. JBREC forecasts apartment rental rates to increase to $1,192 by 2020, or an average annual increase of 2.5%. During that same time period, JBREC expects homeownership costs to increase 5.3%, which will drive typical apartments to be more affordable than homeownership by $263 per month by 2020.



Comparison of Single-family Rent vs. Multifamily Rent. Currently, the average single-family rental rate is higher than the monthly costs of owning an entry-level home in the Tampa MSA (approximately 80% of the market's median price). The monthly housing payment plus maintenance costs equals $1,217, approximately 9% less than the average single-family rental rate of $1,340. When comparing entry-level home ownership costs to the current average apartment rental rate in the Tampa MSA, monthly payments are 12% more to own rather than rent an apartment. JBREC forecasts that monthly housing costs will increase at an annual rate of 5.3% while single-family rental costs will increase at an annual rate of 3.3% through 2020, thus decreasing the premium to own a home. Conversely, JBREC forecasts moderate apartment rent increases through 2020, which will create a larger gap ($151 to $263 per month) in the monthly homeownership costs compared to apartments, and may impact the demand for apartments over the next four years.



Housing Stock. Of Tampa's 1,385,082 housing units, 53% are owner occupied, 31% are renter occupied and 16% are vacant according to the U.S. Census Bureau's 2015 American Community Survey. There are 836,993 single-family detached and attached units and 548,089 units of the housing stock that are apartments, mobile homes or other type of housing. Owners account for the overwhelming majority of single-family detached homes at 549,996 (72%) compared to 131,749 (17%) for renters. Single-family detached rental homes, which comprise about 30% of all rental homes in this market, have one of the lowest vacancy rates among the property types surveyed at 11%. Apartments, specifically 10 units or more, comprise 32% of all rental homes and have the second highest vacancy rate of 23% after mobile homes or other type of housing.

Tampa, FL (MSA)	Units	Occupied	Owner-Occupied	Renter-Occupied	Vacant	% Owner-Occupied	% Renter-Occupied	% Vacant
Total	1,385,082	1,166,704	734,307	432,397	218,378	53%	31%	16%
1-unit, detached	764,444	681,745	549,996	131,749	82,699	72%	17%	11%
1-unit, attached	72,549	66,521	44,058	22,462	6,028	61%	31%	8%
2 apartments	31,841	26,004	4,406	21,598	5,837	14%	68%	18%
3 or 4 apartments	54,060	43,930	8,077	35,853	10,130	15%	66%	19%
5 to 9 apartments	78,997	63,585	11,749	51,836	15,412	15%	66%	20%
10 or more apartments	233,391	180,214	41,121	139,093	53,177	18%	60%	23%
Mobile home or other type of housing	149,800	104,705	74,899	29,806	45,095	50%	20%	30%

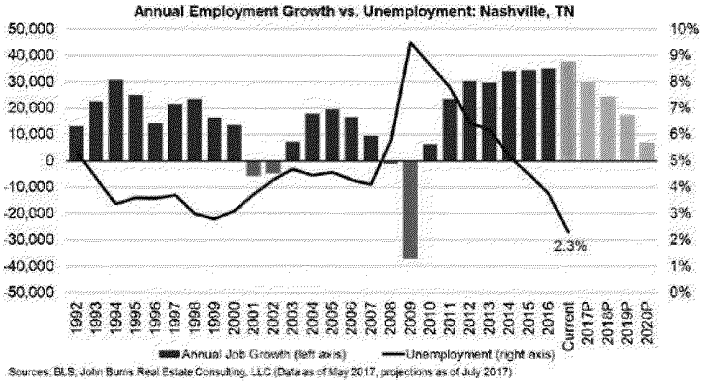
Nashville, TN Housing Market Overview
(Nashville MSA)

Nashville Economic Overview

The Nashville MSA consists of 14 counties located in Central Tennessee. According to the U.S. Census Bureau, Nashville has a population of 1,865,298, making it the largest MSA in Tennessee and the 36th most populous MSA in the United States. This market has a wide diversity of submarkets and demographics, as it covers nearly 7,500 square miles, which makes it critical for builders and developers to understand the local consumer. Williamson County is the most desirable submarket, but residential development has started to move to outlying areas with accessibility to downtown where builders can meet first-time and first-move-up demand.

The Nashville housing market has shown substantial improvement since reaching a low point in 2009, based largely on gains in new housing supply and strong demand, both which are positive signs for continued home price appreciation. The improvement in the overall fundamentals to date is the result of improving job growth, low resale supply levels, strong in-migration and the overall economic recovery. The affordability fundamentals are worse than average and are projected to weaken through 2019 due to low resale supply and rising home prices. At 6.7 on the Burns Affordability Index™ (a score below 5.0 on the 0-10 scale indicates the market is more affordable than the historical median), housing payments are a higher than normal percentage of income. Overall fundamentals should remain favorable through 2020, although they are expected to weaken slightly each year due to continued home price appreciation, additional new home supply and forecasted interest rate increases.

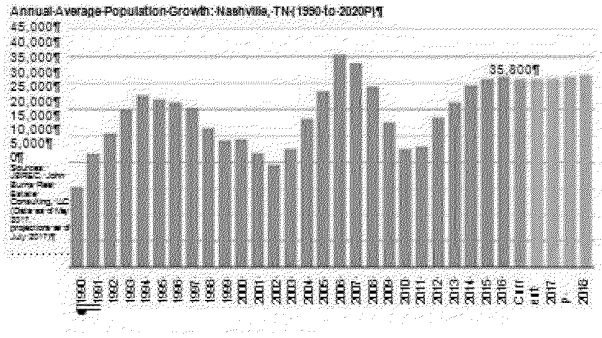
Annual Employment Growth and Unemployment Rate. There are 982,600 non-farm payroll jobs in the Nashville MSA as of May 2017. The Nashville MSA has been growing at an annual rate of 3.9% since 2012, adding 32,700 jobs per year. JBREC expects continued employment growth averaging 19,525 jobs per year (2.0% average annual growth) from the remainder of 2017 through 2020.

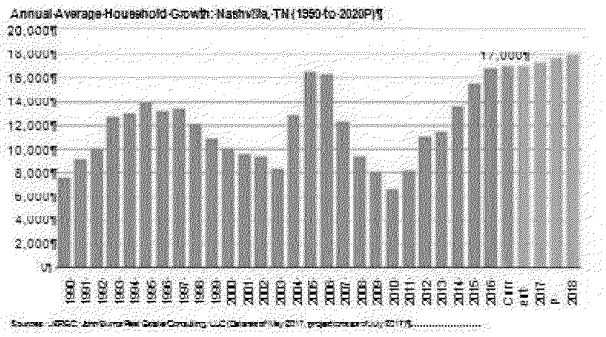


Main Economic Drivers. Nashville is experiencing strong employment growth in all sectors, particularly in Education and Health Services, as well as in the high-income Professional and Business Services sector. The largest employers in the Nashville MSA include Vanderbilt University and Medical Center, Nissan North America, HCA Holdings, Saint Thomas Health, the educational system and local government. Nashville continues to draw more Fortune 500 corporations to the area including: Dell, HCA, Bridgestone, Tractor Supply Company, UBS, and Dollar General.

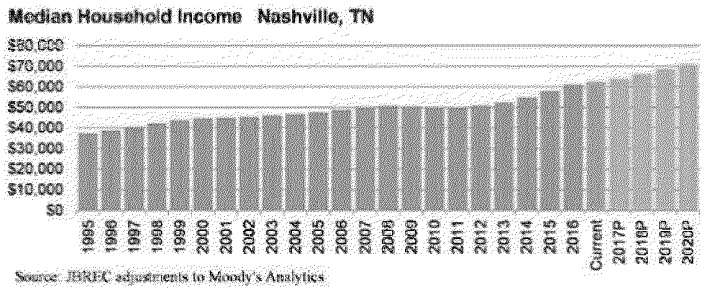
Nashville Housing Market Overview

Household and Population Growth. Nashville gained approximately 35,500 residents per year between 2014 and 2016 at an average annual growth rate of 2.0%. Households grew 2.2% to 2.4% per year during the same time period. The current population in Nashville is 1,896,500 and increased by 35,800 residents during the last twelve months. JBREC forecasts annual population growth of approximately 36,000 people and annual household growth ranging from 17,000 to 18,000 from the remainder of 2017 through 2020. Nashville currently ranks 36th in the country in terms of total population.

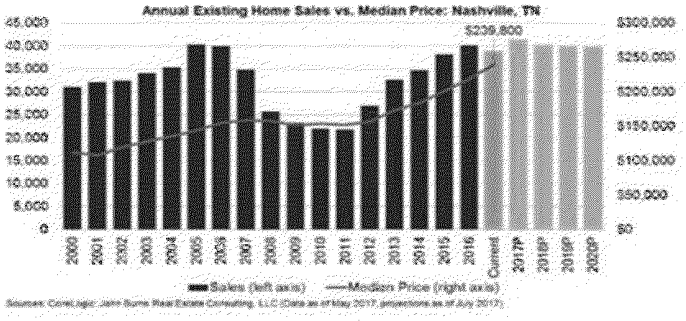


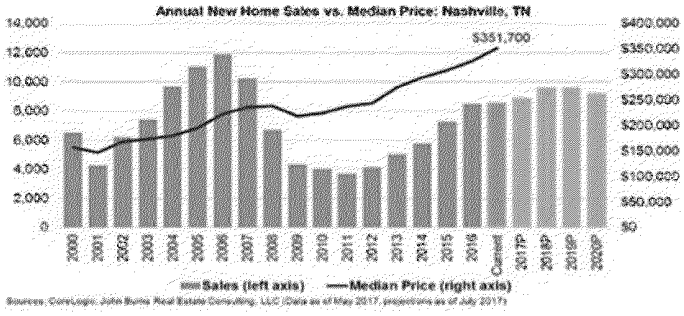


Median Household Income. Between 2014 and 2016 the median household income increased at an annual average rate of 5.2%. Over the last twelve months the median household income has increased 4.9%, well above the national growth rate of 3%. JBREC expects continued increases in incomes, with average annual growth of 3.8% from the remainder of 2017 through 2020.



Resale Home Price. Nashville's existing home sales continue to experience rapid price appreciation, ranging from 6% to 9% per year in the last three years. As of May 2017, the median single-family detached existing home price was $239,800, an 8% increase from May 2016.

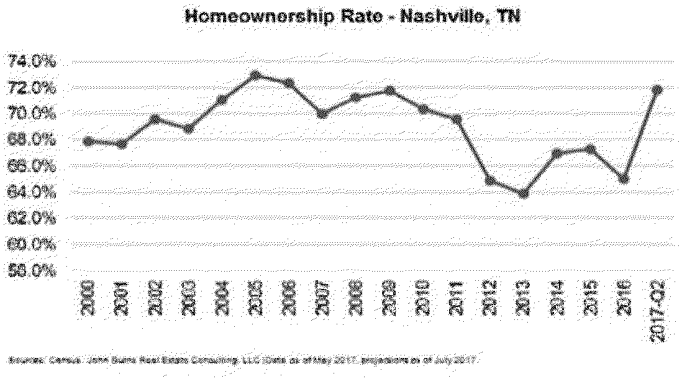




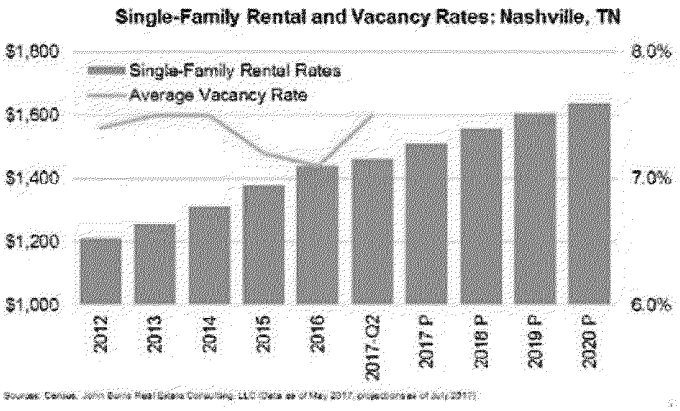
New Single-family Homes Sales by Price Point. The median new home price increased 6% to 13% between 2013 and 2016, reaching $326,500 in December of 2016. Over the last twelve months the median price increased 7%, to $351,700. JBREC forecasts annual new home sales volume to increase through 2018 followed by stable levels in 2019 and a slight decrease in 2020.

Single-Family and Multifamily Permits. Residential construction activity increased at an average annual rate of 29% from 2012 through 2016, reaching a new peak of over 21,000 permits in 2016. Multifamily construction in Nashville experienced strong growth from 2013 through 2016, although year-over-year activity is half of the prior year's volume. JBREC forecasts continued strong permit activity in Nashville, although the majority will be concentrated in the single-family sector. In the twelve months ending May 2017, single-family permits have outpaced multifamily permits by more than 3-to-1. Single-family residential property building permits have risen to 13,362 over the twelve months ended May 2017. By comparison, single-family residential property building permits topped 15,000 units in 2005 and 2006. JBREC forecasts single-family residential property building permits to rise to 13,800 in 2018, which is just below peak. Multifamily permits are projected to rise to 4,500 units by 2018 from 4,206 during the twelve months ended May 2017.

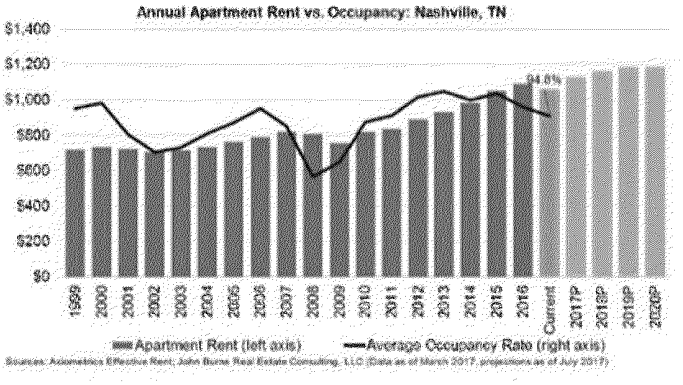
Homeownership Levels. The homeownership rate in the Nashville MSA declined from a peak of 72.8% in 2005 to an average of 65.0% in 2016. Homeownership has since rebounded through the second quarter of 2017, increasing to 71.8%.



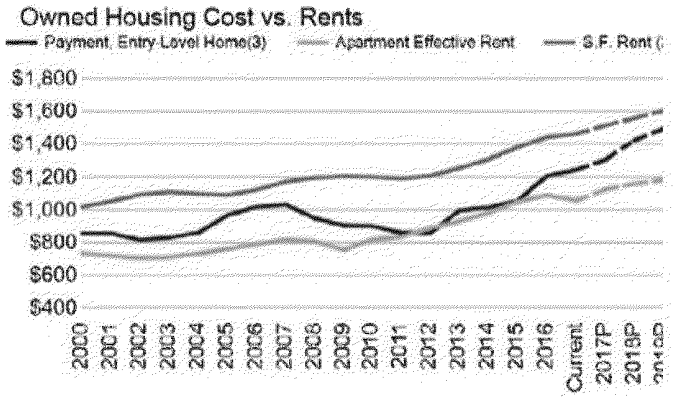
Single-Family Rental and Vacancy Rates. Average single-family rental asking rents in the Nashville MSA have increased steadily since 2012. After peaking at 7.5% in 2014, the vacancy rate decreased to 7.1% in 2016, but has since risen to 7.5% as of 2Q17. The average monthly asking rental rate as of 2Q17 is $1,462, a 9.0% increase compared to $1,390 in 2Q16. JBREC expects single-family rents to climb to $1,637 in 2020, or an annual average increase of 2.6% from 2018 to 2020.



Apartment Rental and Vacancy Rates. Apartment rents in Nashville have increased steadily since 2009. The average monthly asking rental rate is $1,059 as of 2Q17, down slightly compared to an average rate of $1,091 in 2016. After peaking at 96.0% in 2013, the occupancy rate decreased to 95.2% in 2016, and decreased further to 94.8% as of 2Q17. JBREC forecasts single-family rents to climb to $1,186 in 2020, or an average annual increase of 2.1% from 2017 to 2018.



Comparison of Single-family Rent vs. Multifamily Rent. Currently, the average single-family rental rate is nearly equal to the monthly costs plus maintenance costs of owning an entry-level home (approximately 80% of the market's median price) in the Nashville MSA. Total home ownership costs equal $1,405 compared to the average single-family rental rate of $1,411. JBREC forecasts monthly housing payment costs to increase at an annual rate of 6.1% and single-family rental costs to increase at an annual rate of 3.7% through 2020, thus widening the gap and increasing the ownership premium.



When comparing the housing costs of an entry-level home to the current average apartment rental rates in the Nashville MSA, monthly payments are approximately 33% more to own rather than rent an apartment. From the remainder of 2017 through 2020, JBREC forecasts housing costs to continue to increase at an average of 6.1% annually while apartment rent appreciation to moderate at 2.1% annually.

Housing Stock. Of Nashville's 744,743 housing units, approximately 60% are owner-occupied, 32% are renter-occupied and 8% are vacant, according to the U.S. Census Bureau's 2015 American Community Survey. There are 521,756 single-family detached and attached units, and 215,209 units that are apartments, mobile homes or other types of housing. Owners occupy 80% of single-family residential properties (392,456) while renters occupy 13% (65,949). Single-family detached rental homes, which comprise about 28% of all rental homes in this market, have one of the lowest vacancy rates at 6%, compared to all of the categorized housing units by type or building size. Apartments, specifically 10 or more apartments, comprise 34% of all rental homes and have a vacancy rate of 10%.

Definitions, Methodologies, and Data Sources Projections and Assumptions

The information prepared by JBREC contains projections regarding home price appreciation, employment growth, residential building permit activity, median household income, household formation, and housing affordability conditions. JBREC has made these projections based on studying the historical and current performance of the residential housing market and applying JBREC's qualitative knowledge about the residential housing market. The future is difficult to predict, particularly given that the economy and housing markets can be cyclical, subject to changing consumer and market psychology, and governmental policies related to mortgage regulations and interest rates. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material. JBREC does not express any form of assurance that these projections will come true.

Housing Cycle Risk Index

JBREC created the Housing Cycle Risk IndexTM (HCRI) to track the health of specific housing markets based upon their individual fundamentals (demand, supply, affordability, and US economic health). By monitoring the early signs of recovery or decline in market fundamentals, the index helps to better prepare for the future. This is a leading indicator for home price appreciation/depreciation. When the risk index increases from a D to a B, price appreciation is likely to follow, and it is a good time to consider longer-term investments. When the risk index falls from a B to a D, it indicates a higher risk of decline in the market and suggests it is a good time to lower an organization's risk profile and possibly divest some assets.

Employment Growth

JBREC forecasts the Bureau of Labor Statistics' wage and salary employment totals. Employment growth conditions vary by market, but JBREC believes that an economic recovery that involves global debt reduction is likely to be a slow-growth recovery. Among other things, JBREC has assumed that the economy is gradually expanding, albeit at a slower pace than prior economic recoveries.

Household and Population Growth

Population and households are provided by the U.S. Census Bureau and Moody's Analytics and they can be revised historically, sometime heavily.

Total households are based using estimates provided by Moody's Analytics. A household includes all the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household growth is a year-over-year change of household growth and is presented as an annual number and percentage of growth.

Population is based on a calculation using estimates provided by Moody's Analytics.

Population growth is a year-over-year change of total of population growth and is presented as an annual number and percentage of growth.

Population by age is provided by inputs from Moody's Analytics and the U.S. Census.

Median Household Income

JBREC's household income forecasts assume generally improving job growth, and assume that incomes are generally rising after declining during the recent economic downturn. As with job growth, the recovery in the rate of household income growth is generally expected to occur at a slower pace in the near term than in previous economic recoveries.

Apartment Average Rents

Average asking apartment rent is reported by Axiometrics (100+ units).

Apartment Occupancy

Data is provided by Axiometrics (100+ units).

Ownership Cost vs. Apartment Rents (Gap)

Housing gap (own vs. rent) is the difference between monthly housing costs and average apartment asking rent. The apartment market is a good indicator if conditions are getting better or worse. As the gap between after-tax homeownership costs and rental costs narrows, buyers are more likely to purchase a home. As long as landlords continue to raise rent and maintain high occupancies, we know the economy is healthy.

Existing Homes Sales Volume

Resale/Existing home sales volume are reported by DataQuick, Real Estate Center at Texas A&M, M.O.R.E., Moody's Analytics, MRIS, or the National Association of Realtors. Sales are actual closings and include attached and detached units unless otherwise noted.

Median Resale Home Price

Median resale home prices are reported by DataQuick, Real Estate Center at Texas A&M, M.O.R.E., Moody's Analytics, MRIS, or the National Association of Realtors. Resale prices are for detached single-family residences unless otherwise noted.

New Home Sales Volume

New home sales volume is reported by DataQuick and M.O.R.E. Sales include actual closings including attached and detached units unless otherwise noted. New home sales are a lagging indicator in comparison to permits.

Median New Home Price

New median home prices include attached and detached units reported by DataQuick. Historical numbers are annual averages and represent closing prices that include upgrades, these are heavily impacted by the mix of new homes sold that year.

Burns Home Value Index

The Burns Home Value Index seeks to provide a reasonable estimate of home value trends in an MSA. The index is calculated based on an Automated Valuation Model (AVM) or "electronic appraisal" of every home in the market, rather than just the small sample of homes that are actually transacting. The index provides an estimate of home value trends by analyzing transactions as they are negotiated, not closed, which eliminates the data lag embedded in other home value indices that are based only on completed transactions. An AVM calculation is not used in non-disclosure price states such as Texas, where we use other indexes to estimate home value trends. The index does not measure the change in the median price of homes sold, which may be subject to the mix of homes being sold and differences by geography. Appreciation projections are highly dependent on JBREC's assumptions of job growth by market and mortgage rates staying below 5.25% through 2016.

Annual Permit Activity

Permits are provided by the U.S. Census Bureau. Single-family permits denote permits issued for single-unit residential buildings, while multifamily permits denote permits issued for residential buildings with 2+ units. Both can be for-sale or for-rent housing and are privately constructed. Current permits are measured for the 12 months ending in the current period using the calculation described below. Condominium conversions are not included in these figures.

Current year and prior year-to-date calculations. There are 20,000+ permit offices called "places" throughout the country where builders go to get their permits. These places can be incorporated cities, Census Designated Places (CDPs), or unincorporated

areas of a county. Some of these places don't report to the Census Bureau throughout the year and report only at year end. We have factored this understatement into our permit calculations. We use the formula below to calculate permits for the last 12 months:

Annual Permits for Last Year	−	Permits Issued YTD Last Year	+	Permits Issued YTD This Year	=	Permits for Last 12 Months

Data used. The Census Bureau releases two datasets for permits every month. One set contains a monthly figure and the other a cumulative year-to-date figure for all of the "places" within the United States. The monthly figures are never restated, but the cumulative year-to-date figure includes any revisions made in the previous months. We use the cumulative year-to-date figure since it is more accurate than the sum of the monthly figures. Both datasets are typically released four weeks after the end of each month.

The Census Bureau also releases an annual figure incorporating all revisions. This dataset is typically released in May of the following year. These are the figures we use for permit history when available. Between the months of January and April (the time between year-end and the release of revised annual figures by the Census Bureau), we use the December cumulative year-to-date figure for the prior year's annual total.

Employment Growth to Building Permit Ratio (E/P Ratio)

Employment growth to building permit ratio (E/P Ratio) refers to the ratio of the average employment growth to the total building permits (single-family and multifamily).

An E/P Ratio above 1 generally suggests that housing demand is healthy. It shows that job growth is outpacing the growth of the housing stock, as measured by permits issued, and thus demand for home purchases should be strong.

An E/P Ratio below 1 is generally an indication that growth of the housing stock is outpacing job growth. Supply is building without adequate demand for consumption, which is normally spurred by job growth.

It is important to note that job growth and permits are not the only components of housing demand. There are many instances where housing demand is strong despite an E/P Ratio that is well below 1. The E/P Ratio is just one of many indicators of housing demand.

Resale Listings

Total listings are reported or gathered from a number of sources, including local MLS firms, realtor.com, or JBREC independent research. Listing totals are point-in-time or monthly counts, which include attached and detached for-sale homes, and may include new homes. If a real estate market slows, more new home listings typically appear in certain markets as builders begin to partner more with real estate agents. Totals may not encompass the entire metro area or fully match the MSA county definitions. This statistic should mainly be used as a trending indicator. The annual average listings are an average of the 12 months.

Burns Affordability IndexTM

Burns Affordability IndexTM is a proprietary metric which measures home price affordability. A value of 0.0 represents the most affordable time in history for that market, a value of 10.0 is the most expensive, and 5.0 is the median.

About this Market Overview

This "Market Overview" section was prepared in August 2017 by John Burns Real Estate Consulting, LLC ("JBREC") in connection with this offering. Founded in 2001, JBREC is an independent research provider and consulting firm focused on the housing industry. JBREC provides advisory services to Pathfinder in conjunction with certain of its residential and multifamily investments. This "Market Overview" section contains forward-looking statements which are subject to uncertainty.

The estimates, forecasts and projections prepared by JBREC are based upon numerous assumptions and may not prove to be accurate. This "Market Overview" section contains estimates, forecasts and projections that were prepared by JBREC. The estimates, forecasts and projections relate to, among other things, home value indices, payroll employment growth, median household income, housing permits and household formation. No assurance can be given that these estimates are, or that the forecasts and projections will prove to be, accurate. These estimates, forecasts and projections are based on data (including third-party data), significant

assumptions, proprietary methodologies and the experience and judgment of JBREC. No assurance can be given regarding the accuracy or appropriateness of the assumptions and judgments made, or the methodologies used, by JBREC. The application of alternative assumptions, judgments or methodologies could result in materially less favorable estimates, forecasts and projections than those contained in this "Market Overview" section. Other real estate experts have different views regarding these forecasts and projections that may be more positive or negative, including in terms of the timing, magnitude and direction of future changes.

The forecasts and projections are forward-looking statements and involve risks and uncertainties that may cause actual results to be materially different from the projections. JBREC has made these forecasts and projections based on studying the historical and current performance of the residential housing market and applying JBREC's qualitative knowledge about the residential housing market. The future is difficult to predict, particularly given that the economy and housing markets can be cyclical, subject to changing consumer and market psychology, geo-political events and governmental policies related to mortgage regulations and interest rates. There will usually be differences between projected and actual outcomes, because events and circumstances frequently do not occur as expected, and the differences may be material. Accordingly, the forecasts and projections included in this "Market Overview" section might not occur or might occur to a different extent or at a different time. For the foregoing reasons, JBREC cannot provide any assurance that the estimates, forecasts and projection, including third-party data, contained in this "Market Overview" section are accurate, actual outcomes may vary significantly from those contained or implied by the forecasts and projections, and you should not place undue reliance on these estimates, forecasts and projections.

PLAN OF OPERATION

General

We are a newly organized Maryland corporation that intends to qualify as a REIT beginning with the taxable year ending December 31, 2017. We expect to use substantially all of the net proceeds from our offering stage to acquire and manage a diverse portfolio of real estate properties, consisting primarily of single-family residential properties. Based on the current market outlook, we expect our focus in the U.S. residential market to reflect a more value-creating core strategy. We may make our investments through the acquisition of individual assets or by acquiring portfolios of assets, other REITs or real estate companies. While we generally expect to have no leverage, we may incur debt if unexpected events create extreme strains on our company or our ability to maintain and operate our portfolio, to make distributions to our stockholders to preserve our status as a REIT or to prevent other adverse consequences to the company. We plan to diversify our portfolio by geographic region, investment size and investment risk with the goal of acquiring a portfolio of income-producing assets that provides attractive and stable returns to our investors. We intend to allocate approximately 75% to 100% of our portfolio to investments in single-family residential properties. We intend to allocate approximately 0% to 25% of our portfolio to multifamily properties, resorts, land for development, commercial properties, and/or real estate-related investments, including mortgage, mezzanine, bridge and other loans; debt, including mortgage-backed securities; equity securities such as common stocks, preferred stocks and convertible preferred securities of other REITs and real estate companies. If we make investments in other public companies, we do not expect our non-controlling equity investments in other public companies to exceed 3% of the proceeds raised during our offering stage, assuming we raise substantial proceeds during our offering stage, or to represent a substantial portion of our assets at any one time. Although this is our target portfolio as of the date of this memorandum, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities. We will not forego a good investment because it does not precisely fit our expected portfolio composition. Thus, to the extent that our advisor presents us with what we believe to be good investment opportunities that allow us to meet the REIT requirements under the Internal Revenue Code, our portfolio composition may vary from what we initially expect. As of the date of this memorandum, we have not commenced operations and we do not own any real estate assets. However, we intend to purchase a significant number of single-family residential and other properties from an affiliate of our sponsor. See "Investment Objectives and Criteria – Properties from our Affiliate" for more details.

EquiAlt Capital Advisors is our advisor and will manage our day-to-day operations and our portfolio of real estate investments and make recommendations on all investments to our board of directors. EquiAlt Capital Advisors will also provide asset-management, marketing, investor-relations and other administrative services on our behalf. We have no paid employees.

We intend to make an election to be taxed as a REIT under the Internal Revenue Code, beginning with the taxable year ending December 31, 2017. If we meet the REIT qualification requirements, we generally will not be subject to federal income tax on the income that we distribute to our stockholders each year. If we fail to qualify for taxation as a REIT in any year after electing REIT status, our income will be taxed at regular corporate rates, and we may be precluded from qualifying for treatment as a REIT for the four-year period following our failure to qualify. Such an event could materially and adversely affect our net income and cash available for distribution to our stockholders. However, we believe that we will be organized and will operate in a manner that will enable us to qualify for treatment as a REIT for federal income tax purposes beginning with our taxable year ending December 31, 2017, and we intend to continue to operate so as to remain qualified as a REIT for federal income tax purposes thereafter.

We will present our financial statements and operating partnership income, expenses and depreciation on a consolidated basis with EquiAlt Secured Income Portfolio REIT Holdings and our Operating Partnership. Neither subsidiary will file a federal income tax return. All items of income, gain, deduction (including depreciation), loss and credit will flow through EquiAlt Secured Income Portfolio REIT Holdings and our Operating Partnership to us as each of these subsidiary entities will be disregarded for federal tax purposes. These tax items will not generally flow through us to our stockholders. Rather, our net income and net capital gain will effectively flow through us to our stockholders as and when we pay distributions.

Liquidity and Capital Resources

We are dependent upon the net proceeds from our offering stage to conduct our proposed operations. We will obtain the capital required to make real estate investments and conduct our operations from the proceeds of this offering and any future offerings we may conduct, from secured or unsecured financings from banks and other lenders and from any undistributed funds from our operations. As of the date of this memorandum, we have not made any investments, and our total assets consist of $500,001 of cash. For information regarding the anticipated use of proceeds from this offering, see "Estimated Use of Proceeds."

If we are unable to raise substantial funds during our offering stage, we will make fewer investments resulting in less diversification in terms of the type, number and size of investments we make and the value of an investment in us will fluctuate more

significantly with the performance of the specific assets we acquire. Further, we will have certain fixed operating expenses regardless of whether we are able to raise substantial funds during our offering stage. Our inability to raise substantial funds would increase our fixed operating expenses as a percentage of gross income, reducing our net income and cash flow and limiting our ability to make distributions to our stockholders. We do not expect to establish a permanent reserve from our offering proceeds for maintenance and repairs of real properties, as we expect the vast majority of leases for the properties we acquire will provide for tenant reimbursement of operating expenses. However, to the extent that we have insufficient funds for such purposes, we may establish reserves from gross offering proceeds, out of cash flow from operations or net cash proceeds from the sale of properties.

We currently have no outstanding debt. While we generally expect to have no leverage, we may incur debt if unexpected events create extreme strains on our company or our ability to maintain and operate our portfolio, to make distributions to our stockholders to preserve our status as a REIT or to prevent other adverse consequences to the company. Upon commencement of an initial public offering, our charter would limit our aggregate borrowings to 300% of our net assets (before deducting depreciation or other non-cash reserves), though we may exceed this limit under certain circumstances.

In addition to making investments in accordance with our investment objectives, we expect to use our capital resources to make certain payments to our advisor and the participating broker-dealers. These payments will include payments to the participating broker-dealers for Selling Commissions and Expenses and payments to our advisor for reimbursement of certain organization and offering expenses. There is no limit on the amount of Selling Commissions and Expenses and other organization and offering expenses incurred by us. During our acquisition and development stage, we expect to make payments to our advisor in connection with the selection and acquisition or origination of real estate investments, the management of our assets and costs incurred by our advisor in providing services to us. For a discussion of the compensation to be paid to our advisor see "Management Compensation" and to be paid to the participating broker-dealers, see the "Plan of Distribution." The advisory agreement will continue until terminated by either party.

We intend to elect to be taxed as a REIT and to operate as a REIT beginning with our taxable year ending December 31, 2017. To maintain our qualification as a REIT, we will be required to make aggregate annual distributions to our stockholders of at least 90% of our REIT taxable income (computed without regard to the dividends-paid deduction and excluding net capital gain). Our board of directors may authorize distributions in excess of those required for us to maintain REIT status depending on our financial condition and such other factors as our board of directors deems relevant. Provided we have sufficient available cash flow, after we begin making investments we intend to authorize and declare distributions based on daily record dates and pay distributions on a monthly basis. We have not established a minimum distribution level.

Results of Operations

We were formed on June 27, 2017 and, as of the date of this memorandum, we had not commenced operations. We expect to use substantially all of the net proceeds from our offering stage to acquire and manage a diverse portfolio of real estate properties, consisting primarily of single-family residential properties, and we intend to allocate approximately 0% to 15% of our portfolio to real estate-related investments. We may also invest in entities that make similar investments.

Critical Accounting Policies

Below is a discussion of the accounting policies that management believes will be critical once we commence operations. We consider these policies critical in that they involve significant management judgments and assumptions, require estimates about matters that will be inherently uncertain and because they are important for understanding and evaluating our reported financial results. These judgments will affect the reported amounts of assets and liabilities and our disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. With different estimates or assumptions, materially different amounts could be reported in our financial statements. Additionally, other companies may utilize different estimates that may impact the comparability of our results of operations to those of companies in similar businesses.

Revenue Recognition

Real Estate

We will recognize minimum rent, including rental abatements, lease incentives and contractual fixed increases attributable to operating leases, on a straight-line basis over the term of the related leases when collectability is reasonably assured and will record amounts expected to be received in later years as deferred rent receivable. If the lease provides for tenant improvements, we will determine whether the tenant improvements, for accounting purposes, are owned by the tenant or by us. When we are the owner of the

tenant improvements, the tenant is not considered to have taken physical possession or have control of the physical use of the leased asset until the tenant improvements are substantially completed. When the tenant is the owner of the tenant improvements, any tenant improvement allowance (including amounts that the tenant can take in the form of cash or a credit against its rent) that is funded is treated as a lease incentive and amortized as a reduction of revenue over the lease term. Tenant improvement ownership is determined based on various factors including, but not limited to:

- whether the lease stipulates how a tenant improvement allowance may be spent;
- whether the amount of a tenant improvement allowance is in excess of market rates;
- whether the tenant or landlord retains legal title to the improvements at the end of the lease term;
- whether the tenant improvements are unique to the tenant or general-purpose in nature; and
- whether the tenant improvements are expected to have any residual value at the end of the lease.

We will record property operating expense reimbursements due from tenants for common area maintenance, real estate taxes, and other recoverable costs in the period the related expenses are incurred.

We will make estimates of the collectability of our tenant receivables related to base rents, including deferred rent receivable, expense reimbursements and other revenue or income. We will specifically analyze accounts receivable, deferred rent receivable, historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. In addition, with respect to tenants in bankruptcy, we will make estimates of the expected recovery of pre-petition and post-petition claims in assessing the estimated collectability of the related receivable. In some cases, the ultimate resolution of these claims can exceed one year. When a tenant is in bankruptcy, we will record a bad debt reserve for the tenant's receivable balance and generally will not recognize subsequent rental revenue until cash is received or until the tenant is no longer in bankruptcy and has the ability to make rental payments.

Real Estate Loans Receivable

Interest income on real estate loans receivable will be recognized on an accrual basis over the life of the investment using the interest method. Direct loan origination fees and origination or acquisition costs, as well as acquisition premiums or discounts, will be capitalized and amortized over the term of the loan as an adjustment to interest income. We will place loans on nonaccrual status when any portion of principal or interest is 90 days past due, or earlier when concern exists as to the ultimate collection of principal or interest. When a loan is placed on nonaccrual status, we will reverse the accrual for unpaid interest and generally will not recognize subsequent interest income until the cash is received, or the loan returns to accrual status. We will resume the accrual of interest if we determine the collection of interest according to the contractual terms of the loan is probable.

Real Estate Securities

We will recognize interest income on real estate securities that are beneficial interests in securitized financial assets and are rated "AA" and above on an accrual basis according to the contractual terms of the securities. Discounts or premiums will be amortized to interest income over the life of the investment using the interest method.

We will recognize interest income on real estate securities that are beneficial interests in securitized financial assets that are rated below "AA" using the effective yield method, which requires us to periodically project estimated cash flows related to these securities and recognize interest income at an interest rate equivalent to the estimated yield on the security, as calculated using the security's estimated cash flows and amortized cost basis, or reference amount. Changes in the estimated cash flows will be recognized through an adjustment to the yield on the security on a prospective basis. Projecting cash flows for these types of securities will require significant judgment, which may have a significant impact on the timing of revenue recognized on these investments.

Cash and Cash Equivalents

We will recognize interest income on our cash and cash equivalents as it is earned and will record such amounts as other interest income.

Real Estate

Depreciation and Amortization

Real estate costs related to the acquisition and improvement of properties will be capitalized and amortized over the expected useful life of the asset on a straight-line basis. Repair and maintenance costs will be charged to expense as incurred and significant replacements and betterments will be capitalized. Repair and maintenance costs will include all costs that do not extend the useful life of the real estate asset. We will consider the period of future benefit of an asset to determine its appropriate useful life. Expenditures for tenant improvements will be capitalized and amortized over the shorter of the tenant's lease term or expected useful life. We anticipate the estimated useful lives of our assets by class to be generally as follows:

Buildings	27.5 years
Building improvements	27.5 years
Tenant improvements	Shorter of lease term or expected useful life
Tenant origination and absorption costs	Remaining term of related leases, including below-market renewal periods

Real Estate Acquisition Valuation

We will evaluate property acquisitions to determine whether they meet the definition of a business combination or of an asset acquisition under GAAP. For asset acquisitions, we capitalize (1) pre-acquisition costs to the extent such costs would have been capitalized had we owned the asset when the cost was incurred, and (2) closing and other direct acquisition costs. We then allocate the total cost of the property including acquisition costs, between land and building based on their relative fair values, generally utilizing the relative allocation that was contained in the property tax assessment of the same or a similar property, adjusted as deemed necessary.

For acquisitions that do not qualify as an asset acquisition, we evaluate the acquisition to determine if it qualifies as a business combination. For acquired properties where we have determined that the property has a resident with an existing lease in place, we account for the acquisition as a business combination. For acquisitions that qualify as a business combination, we (1) expense the acquisition costs in the period in which the costs were incurred and (2) assign the cost of the property among land, building and in-place lease intangibles, if any, based on their fair value.

If, at acquisition, a property needs to be renovated before it is ready for its intended use, we commence the necessary stabilization and renovation activities. During this stabilization period, we capitalize all direct and indirect costs incurred in renovating the property. If we acquire a property with an existing lease, we capitalize the cost of the initial renovation of such property following lease expiration and resident move out. Once a property is ready for its intended use, expenditures for ordinary maintenance and repairs thereafter are expensed to operations as incurred, and we capitalize expenditures that improve or extend the life of a home.

Intangible assets include the value of in-place leases, which represents the estimated value of the net cash flows of the in-place leases to be realized, as compared to the net cash flows that would have occurred had the property been vacant at the time of acquisition and subject to lease up. Acquired in place lease value will be amortized to expense over the average remaining non-cancelable terms of the respective in-place leases, including any below-market renewal periods.

We will assess the acquisition date fair values of all tangible assets, identifiable intangibles and assumed liabilities using methods similar to those used by independent appraisers, generally utilizing a discounted cash flow analysis that applies appropriate discount and/or capitalization rates and available market information. Estimates of future cash flows will be based on a number of factors, including historical operating results, known and anticipated trends, and market and economic conditions. The fair value of tangible assets of an acquired property considers the value of the property as if it were vacant.

We will record above-market and below-market in-place lease values for acquired properties based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of above-market in-place leases and for the initial term plus any extended term for any leases with below-market renewal options. We will amortize any recorded above-market or below-market lease values as a reduction or increase, respectively, to rental income over the remaining non-cancelable terms of the respective lease, including any below-market renewal periods.

We will estimate the value of tenant origination and absorption costs by considering the estimated carrying costs during hypothetical expected lease up periods, considering current market conditions. In estimating carrying costs, we will include real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease up periods.

We will amortize the value of tenant origination and absorption costs to depreciation and amortization expense over the remaining average non-cancelable term of the leases.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities will require us to make significant assumptions to estimate market lease rates, property-operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property will be held for investment. The use of inappropriate assumptions would result in an incorrect valuation of our acquired tangible assets, identifiable intangibles and assumed liabilities, which would impact the amount of our net income.

Impairment of Real Estate and Related Intangible Assets and Liabilities

We will monitor events and changes in circumstances that could indicate that the carrying amounts of our real estate and related intangible assets and liabilities may not be recoverable or realized. When indicators of potential impairment suggest that the carrying value of real estate and related intangible assets and liabilities may not be recoverable, we will assess the recoverability by estimating whether we will recover the carrying value of the real estate and related intangible assets and liabilities through its undiscounted future cash flows and its eventual disposition. If, based on this analysis, we do not believe that we will be able to recover the carrying value of the real estate and related intangible assets and liabilities, we will record an impairment loss to the extent that the carrying value exceeds the estimated fair value of the real estate and related intangible assets and liabilities.

Projecting future cash flows involves estimating expected future operating income and expenses related to the real estate and its related intangible assets and liabilities as well as market and other trends. Using inappropriate assumptions to estimate cash flows could result in incorrect fair values of the real estate and its related intangible assets and liabilities and could result in the overstatement of the carrying values of our real estate and related intangible assets and liabilities and an overstatement of our net income.

Real Estate Loans Receivable

Our real estate loans receivable will be recorded at amortized cost, net of loan loss reserves (if any), and will be evaluated for impairment at each balance sheet date. The amortized cost of a real estate loan receivable is the outstanding unpaid principal balance, net of unamortized acquisition premiums or discounts and unamortized costs and fees directly associated with the origination or acquisition of the loan. The amount of impairment, if any, will be measured by comparing the amortized cost of the loan to the present value of the expected cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent and collection of principal and interest is not assured. If a loan is deemed to be impaired, we will record a loan loss reserve and a provision for loan losses to recognize impairment.

The reserve for loan losses is a valuation allowance that will reflect our estimate of loan losses inherent in the loan portfolio as of the balance sheet date. The reserve will be adjusted through "Provision for loan losses" in our consolidated statements of operations and will be decreased by charge-offs to specific loans when losses are confirmed. The reserve for loan losses may include a portfolio-based component and an asset-specific component.

An asset-specific reserve relates to reserves for losses on loans considered impaired. We will consider a loan to be impaired when, based upon current information and events, we believe that it is probable that we will be unable to collect all amounts due under the contractual terms of the loan agreement. We will also consider a loan to be impaired if we grant the borrower a concession through a modification of the loan terms or if we expect to receive assets (including equity interests in the borrower) with fair values that are less than the carrying value of our loan in satisfaction of the loan. A reserve will be established when the present value of payments expected to be received, observable market prices, the estimated fair value of the collateral (for loans that are dependent on the collateral for repayment) or amounts expected to be received in satisfaction of a loan are lower than the carrying value of that loan.

A portfolio-based reserve covers the pool of loans that do not have asset-specific reserves. A provision for loan losses will be recorded when available information as of each balance sheet date indicates that it is probable that the pool of loans will incur a loss and the amount of the loss can be reasonably estimated. Required reserve balances for this pool of loans will be derived from estimated probabilities of default and estimated loss severities assuming a default occurs. On a quarterly basis, we will assign estimated probabilities of default and loss severities to each loan in the portfolio based on factors such as the debt service coverage of

the underlying collateral, the estimated fair value of the collateral, the significance of the borrower's investment in the collateral, the financial condition of the borrower and/or its sponsors, the likelihood that the borrower and/or its sponsors would allow the loan to default, our willingness and ability to step in as owner in the event of default, and other pertinent factors.

Failure to recognize impairments would result in the overstatement of earnings and the carrying value of our real estate loans held for investment. Actual losses, if any, could differ significantly from estimated amounts.

Derivative Instruments

We will enter into derivative instruments for risk management purposes to hedge our exposure to cash flow variability caused by changing interest rates on our variable rate notes payable. We will record these derivative instruments at fair value on our consolidated balance sheets. Derivative instruments designated and qualifying as a hedge of the exposure to variability in expected future cash flows or other types of forecasted transactions will be considered cash flow hedges. The change in fair value of the effective portion of a derivative instrument that is designated as a cash flow hedge will be recorded as other comprehensive income (loss) on our consolidated statements of comprehensive income (loss) and consolidated statements of equity. The changes in fair value for derivative instruments that are not designated as a hedge or that do not meet the hedge accounting criteria will be recorded as gain or loss on derivative instruments on our consolidated statements of operations.

We will formally document all relationships between hedging instruments and hedged items, as well as its risk-management objectives and strategy for undertaking various hedge transactions. This process will include designating all derivative instruments that are part of a hedging relationship to specific forecasted transactions or recognized obligations on the consolidated balance sheets. We also will assess and document, both at the hedging instrument's inception and on a quarterly basis thereafter, whether the derivative instruments that are used in hedging transactions are highly effective in offsetting changes in cash flows associated with the respective hedged items. When we determine that a derivative instrument ceases to be highly effective as a hedge, or that it is probable the underlying forecasted transaction will not occur, we will discontinue hedge accounting prospectively and reclassify amounts recorded in accumulated other comprehensive income (loss) to earnings.

The termination of a cash flow hedge prior to the maturity date may result in a net derivative instrument gain or loss that will continue to be reported in accumulated other comprehensive income (loss) and is reclassified into earnings over the period of the original forecasted hedged transaction (i.e. LIBOR-based debt service payments) unless it is probable that the original forecasted hedged transaction will not occur by the end of the originally specified time period (as documented at the inception of the hedging relationship) or within an additional two-month period of time thereafter. If it is probable that the hedged forecasted transaction will not occur either by the end of the originally specified time period or within the additional two-month period of time, that derivative instrument gain or loss reported in accumulated other comprehensive income (loss) will be reclassified into earnings immediately.

Fair Value Measurements

Under GAAP, we will be required to measure certain financial instruments at fair value on a recurring basis. In addition, we will be required to measure other non-financial and financial assets and liabilities at fair value on a non-recurring basis (e.g. carrying value of impaired real estate loans receivable and long-lived assets). Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The GAAP fair value framework uses a three-tiered approach. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3: prices or valuation techniques where little or no market data is available that requires inputs that are both significant to the fair value measurement and unobservable.

When available, we will utilize quoted market prices from independent third-party sources to determine fair value and will classify such items in Level 1 or Level 2. In instances where the market for a financial instrument is not active, regardless of the availability of a nonbinding quoted market price, observable inputs might not be relevant and could require us to make a significant

adjustment to derive a fair value measurement. Additionally, in an inactive market, a market price quoted from an independent third party may rely more on models with inputs based on information available only to that independent third party. When we determine the market for a financial instrument owned by us to be illiquid or when market transactions for similar instruments do not appear orderly, we will use several valuation sources (including internal valuations, discounted cash flow analysis and quoted market prices) and will establish a fair value by assigning weights to the various valuation sources. Additionally, when determining the fair value of liabilities in circumstances in which a quoted price in an active market for an identical liability is not available, we will measure fair value using (i) a valuation technique that uses the quoted price of the identical liability when traded as an asset or quoted prices for similar liabilities when traded as assets or (ii) another valuation technique that is consistent with the principles of fair value measurement, such as the income approach or the market approach.

Changes in assumptions or estimation methodologies can have a material effect on these estimated fair values. In this regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, may not be realized in an immediate settlement of the instrument.

We will consider the following factors to be indicators of an inactive market: (i) there are few recent transactions, (ii) price quotations are not based on current information, (iii) price quotations vary substantially either over time or among market makers (for example, some brokered markets), (iv) indexes that previously were highly correlated with the fair values of the asset or liability are demonstrably uncorrelated with recent indications of fair value for that asset or liability, (v) there is a significant increase in implied liquidity risk premiums, yields, or performance indicators (such as delinquency rates or loss severities) for observed transactions or quoted prices when compared with our estimate of expected cash flows, considering all available market data about credit and other nonperformance risk for the asset or liability, (vi) there is a wide bid-ask spread or significant increase in the bid-ask spread, (vii) there is a significant decline or absence of a market for new issuances (that is, a primary market) for the asset or liability or similar assets or liabilities, and (viii) little information is released publicly (for example, a principal-to-principal market).

We will consider the following factors to be indicators of non-orderly transactions: (i) there was not adequate exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities under current market conditions, (ii) there was a usual and customary marketing period, but the seller marketed the asset or liability to a single market participant, (iii) the seller is in or near bankruptcy or receivership (that is, distressed), or the seller was required to sell to meet regulatory or legal requirements (that is, forced), and (iv) the transaction price is an outlier when compared with other recent transactions for the same or similar assets or liabilities.

Income Taxes

We intend to elect to be taxed as a REIT under the Internal Revenue Code and intend to operate as such beginning with our taxable year ending December 31, 2017. We expect to have little or no taxable income prior to electing REIT status. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our annual REIT taxable income to our stockholders (which is computed without regard to the dividends-paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, we generally will not be subject to federal income tax on income that we distribute as dividends to our stockholders. If we fail to qualify for taxation as a REIT in any year after electing REIT status, our income will be taxed at regular corporate rates, and we may be precluded from qualifying for treatment as a REIT for the four-year period following our failure to qualify, unless the IRS grants us relief under certain statutory provisions. Such an event could materially and adversely affect our net income and net cash available for distribution to stockholders. However, we believe that we will be organized and operate in such a manner as to qualify for treatment as a REIT.

Industry Segments

We expect to use substantially all of the net proceeds from our offering stage to acquire and manage a diverse portfolio of real estate properties, consisting primarily of single-family residential properties. We intend to allocate approximately 75% to 100% of our portfolio to investments in single-family residential properties. We intend to allocate approximately 0% to 25% of our portfolio to multifamily properties, resorts, land for development, commercial properties, and/or real estate-related investments. As a result, we may operate in two business segments: real estate and real estate-related.

PRIOR PERFORMANCE SUMMARY

The information presented in this section represents the historical experience of real estate programs sponsored by Brian Davison. Through EquiAlt, LLC, Mr. Davison has sponsored four programs: EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP, each as defined below.

EquiAlt, LLC launched its first fund in 2011, naming it "EquiAlt Fund, LLC" ("EquiAlt Fund I"), which was followed by EquiAlt Fund II, LLC ("EquiAlt Fund II") and EquiAlt Fund III, LLC ("EquiAlt Fund III") in 2013 and EA SIP, LLC ("EA SIP") in 2016. Unlike traditional real estate funds, each of these private offerings was structured as a debenture offering, with the investors acquiring an unsecured promissory note with a fixed yield rather than an equity interest.

As of July 31, 2017, EquiAlt had raised $64,932,490 in EquiAlt Fund I, $21,032,095 in EquiAlt Fund II, $2,897,231 in EquiAlt Fund III, and $8,131,780 in EA SIP. In the aggregate, EquiAlt raised this capital from 976 investors. EquiAlt used the proceeds of these offerings to acquire and rehabilitate 264 properties in the U.S., with an emphasis on single-family residential properties in the greater Tampa, Florida market. All of the acquired properties were residential, including a limited number of resort properties and land, and were located within the State of Florida. EquiAlt did not use any debt financing secured by the properties. As of the date of this memorandum, EquiAlt has entered into contracts to purchase 5 single-family homes in the greater Nashville, Tennessee area and has closed on the first of these acquisitions.

EquiAlt Fund I and EquiAlt Fund II terminated their offerings as of the date of this memorandum. EquiAlt Fund III successfully completed its operations in 2016, and EA SIP is still offering debentures to investors.

EquiAlt Fund III, which was offering investors debentures with a 9% annual return, stopped offering debentures and concluded its operations largely because the other EquiAlt-sponsored programs were able to obtain investors at a lower 8% annual return. The investors in EquiAlt Fund III all received their principal plus the contracted 9% annual return. In addition, EquiAlt, LLC, which acted as both sponsor and sole equity holder of EquiAlt Fund III, realized a net profit of approximately $300,000 on the total capital of just $2,897,231 over a 24-month period.

Investors in EquiAlt Fund I, EquiAlt Fund II and EA SIP have received their contracted debenture payments, which average 8% per annum. In addition, EquiAlt, LLC acting as sponsor and sole equity holder of these funds, has accrued an estimated unrealized profit of $18 million over the life of the funds.

The number of properties held by these EquiAlt-sponsored programs has grown from 113 in the first quarter of 2014 to 254 as of September 30, 2017. The existing property portfolio consists of approximately 390 units as of September 30, 2017. In the aggregate, the EquiAlt funds have sold or otherwise disposed of 29 properties, including sales between funds. Of these, three properties were donated to charitable organizations in 2015, and only seven properties have been sold to third parties. The remaining properties were conveyed by EquiAlt Fund III to the remaining funds at fair market value. For more details on the prior performance of EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP see the "Prior Performance Tables" in Appendix C.

Only two properties held by EquiAlt-sponsored programs were purchased as newly built homes, representing less than one percent (1%) of the portfolio (based on number of properties and purchase price).

FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax consequences of an investment in our common stock. The law firm of DLA Piper LLP (US) has acted as our tax counsel and reviewed this summary. For purposes of this section under the heading "Federal Income Tax Considerations," references to "EquiAlt Secured Income Portfolio REIT, Inc.," "we," "our" and "us" mean only EquiAlt Secured Income Portfolio REIT, Inc. and not its subsidiaries or other lower-tier entities, except as otherwise indicated. This summary is based upon the Internal Revenue Code, the regulations promulgated by the U.S. Treasury Department, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. The summary is also based upon the assumption that we will operate EquiAlt Secured Income Portfolio REIT, Inc. and its subsidiaries and affiliated entities in accordance with their applicable organizational documents. This summary is for general information only and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular investor in light of its investment or tax circumstances or to investors subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies;
- partnerships and trusts;
- persons who hold our stock on behalf of other persons as nominees;
- persons who receive our stock through the exercise of employee stock options (if we ever have employees) or otherwise as compensation;
- persons holding our stock as part of a "straddle," "hedge," "conversion transaction," "constructive ownership transaction," "synthetic security" or other integrated investment;
- "S" corporations;

and, except to the extent discussed below:

- tax-exempt organizations; and
- foreign investors.

This summary assumes that investors will hold their common stock as a capital asset, which generally means as property held for investment.

The federal income tax treatment of holders of our common stock depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular stockholder of holding our common stock will depend on the stockholder's particular tax circumstances. For example, a stockholder that is a partnership or trust that has issued an equity interest to certain types of tax-exempt organizations may be subject to a special entity-level tax if we make distributions attributable to "excess inclusion income." See "—Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Taxable Mortgage Pools and Excess Inclusion Income." A similar tax may be payable by persons who hold our stock as nominees on behalf of tax-exempt organizations. You are urged to consult your tax advisor regarding the federal, state, local and foreign income and other tax consequences to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging, or otherwise disposing of our common stock.

Taxation of EquiAlt Secured Income Portfolio REIT, Inc.

We intend to elect to be taxed as a REIT commencing with our taxable year ending December 31, 2017. We believe that we have been organized and expect to operate in such a manner as to qualify for taxation as a REIT.

The law firm of DLA Piper LLP (US), acting as our tax counsel in connection with this offering, has rendered an opinion that we will be organized in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code and that our proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT beginning with our taxable year ending December 31, 2017. It must be emphasized that the opinion of DLA Piper LLP (US) was based on various assumptions relating to our organization and proposed operation and will be conditioned upon fact-based representations and covenants made by our management regarding our organization, assets, and income, and the past, present and future conduct of our business operations. While we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by DLA Piper LLP (US) or by us that we will qualify as a REIT for any particular year. The opinion will be expressed as of the date issued and will not cover subsequent periods. Counsel will have no obligation to advise us or our stockholders of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Qualification and taxation as a REIT depends on our ability to meet on a continuing basis, through actual operating results, distribution levels, and diversity of stock and asset ownership, various qualification requirements imposed upon REITs by the Internal Revenue Code, the compliance with which will not be reviewed by DLA Piper LLP (US). Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets that we own directly or indirectly. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

Taxation of REITs in General

As indicated above, our qualification and taxation as a REIT depends upon our ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Internal Revenue Code. The material qualification requirements are summarized below under "—Requirements for Qualification—General." While we intend to operate so that we qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification, or that we will be able to operate in accordance with the REIT requirements in the future. See "—Failure to Qualify."

Provided that we qualify as a REIT, generally we will be entitled to a deduction for distributions that we pay to our stockholders and therefore will not be subject to federal corporate income tax on our taxable income that is distributed to our stockholders. This treatment substantially eliminates the "double taxation" at the corporate and stockholder levels that generally results from investment in a corporation. In general, the income that we generate is taxed only at the stockholder level upon distribution to our stockholders.

Certain domestic stockholders that are individuals, trusts or estates are taxed on corporate distributions at a maximum rate of 20% (the same as long-term capital gains). With limited exceptions, however, distributions from us or from other entities that are taxed as REITs are generally not eligible for this rate and will continue to be taxed at rates applicable to ordinary income, which will be as high as 39.6%. See "—Taxation of Stockholders—Taxation of Taxable Domestic Stockholders—Distributions."

Any net operating losses and other tax attributes generally do not pass through to our stockholders, subject to special rules for certain items such as the capital gains that we recognize. See "—Taxation of Stockholders."

If we qualify as a REIT, we will nonetheless be subject to federal tax in the following circumstances:

- We will be taxed at regular corporate rates on any undistributed taxable income, including undistributed net capital gains.
- We may be subject to the "alternative minimum tax" on our items of tax preference, including any deductions of net operating losses.
- If we have net income from prohibited transactions, which are, in general, sales or other dispositions of inventory or property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax. See "—Prohibited Transactions" and "—Foreclosure Property" below.
- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as "foreclosure property," we may thereby avoid the 100% tax on gain from a resale of that property (if

the sale would otherwise constitute a prohibited transaction), but the income from the sale or operation of the property may be subject to corporate income tax at the highest applicable rate (currently 35%).

- If we derive "excess inclusion income" from an interest in certain mortgage loan securitization structures (i.e. a "taxable mortgage pool" or a residual interest in a real estate mortgage investment conduit, or REMIC), we could be subject to corporate level federal income tax at a 35% rate to the extent that such income is allocable to specified types of tax-exempt stockholders known as "disqualified organizations" that are not subject to unrelated business income tax. See "—Taxable Mortgage Pools and Excess Inclusion Income" below. "Disqualified organizations" are any organization described in Section 860E (e)(5) of the Internal Revenue Code, including: (i) the United States; (ii) any state or political subdivision of the United States; (iii) any foreign government; and (iv) certain other organizations.

- If we should fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but nonetheless maintain our qualification as a REIT because we satisfy other requirements, we will be subject to a 100% tax on an amount based on the magnitude of the failure, as adjusted to reflect the profit margin associated with our gross income.

- If we should violate the asset tests (other than certain de minimis violations) or other requirements applicable to REITs, as described below, and yet maintain our qualification as a REIT because there is reasonable cause for the failure and other applicable requirements are met, we may be subject to an excise tax. In that case, the amount of the excise tax will be at least $50,000 per failure and, in the case of certain asset test failures, will be determined as the amount of net income generated by the assets in question multiplied by the highest corporate tax rate (currently 35%) if that amount exceeds $50,000 per failure.

- If we should fail to distribute during each calendar year at least the sum of (i) 85% of our REIT ordinary income for such year; (ii) 95% of our REIT capital gain net income for such year; and (iii) any undistributed taxable income from prior periods, we would be subject to a nondeductible 4% excise tax on the excess of the required distribution over the sum of (a) the amounts that we actually distributed and (b) the amounts we retained and upon which we paid income tax at the corporate level.

- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's stockholders, as described below in "—Requirements for Qualification—General."

- A 100% tax may be imposed on transactions between us and a TRS (as described below) that do not reflect arm's-length terms.

- If we acquire appreciated assets from a corporation that is not a REIT (i.e. a corporation taxable under subchapter C of the Internal Revenue Code) in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, we may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of any such assets during the five-year period following their acquisition from the subchapter C corporation.

- The earnings of our subsidiaries, including any subsidiary we may elect to treat as a TRS (as discussed below), are subject to federal corporate income tax to the extent that such subsidiaries are subchapter C corporations.

In addition, we and our subsidiaries may be subject to a variety of taxes, including payroll taxes and state and local and foreign income, property and other taxes on our assets and operations. We could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification—General

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

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

(ii) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(iii) that would be taxable as a domestic corporation but for its election to be subject to tax as a REIT;

(iv) that is neither a financial institution nor an insurance company subject to specific provisions of the Internal Revenue Code;

(v) the beneficial ownership of which is held by 100 or more persons;

(vi) in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Internal Revenue Code to include specified tax-exempt entities);

(vii) that elects to be taxed as a REIT, or has made such election for a previous taxable year, and satisfies all relevant filing and other administrative requirements that must be met to elect and maintain REIT qualification; and

(viii) that meets other tests described below, including with respect to the nature of its income and assets.

The Internal Revenue Code provides that conditions (i) through (iv) must be met during the entire taxable year, and that condition (v) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (v) and (vi) need not be met during a corporation's initial tax year as a REIT. (In our case, we intend to elect to be taxed as a REIT commencing with our taxable year ending December 31, 2017.)

We believe that we will issue common stock with sufficient diversity of ownership to satisfy conditions (v) and (vi) In addition, our charter restricts the ownership and transfer of our stock so that we should continue to satisfy these requirements. The provisions of our charter restricting the ownership and transfer of our common stock are described in "Description of Shares—Restriction on Ownership of Shares."

To monitor compliance with the share ownership requirements, we generally are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of significant percentages of our stock pursuant to which the record holders must disclose the actual owners of the shares (i.e. the persons required to include our distributions in their gross income). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these record-keeping requirements. If record holders fail or refuse to comply with the demands, such record holders will be required by Treasury regulations to submit a statement with their tax return disclosing their actual ownership of our shares and other information.

In addition, a corporation generally may not elect to become a REIT unless its taxable year is the calendar year. We have adopted December 31 as our year-end, and thereby satisfy this requirement.

The Internal Revenue Code provides relief from violations of the REIT gross income requirements, as described below under "—Income Tests," in cases where a violation is due to reasonable cause and not to willful neglect, and other requirements are met, including the payment of a penalty tax that is based upon the magnitude of the violation. In addition, certain provisions of the Internal Revenue Code extend similar relief in the case of certain violations of the REIT asset requirements (see "—Asset Tests" below) and other REIT requirements, again provided that the violation is due to reasonable cause and not willful neglect, and other conditions are met, including the payment of a penalty tax. If we fail to satisfy any of the various REIT requirements, there can be no assurance that these relief provisions would be available to enable us to maintain our qualification as a REIT and, if such relief provisions are available, the amount of any resultant penalty tax could be substantial.

Effect of Subsidiary Entities

Ownership of Partnership Interests. An unincorporated domestic entity, such as a partnership, limited liability company, or trust, that has a single owner generally is not treated as an entity separate from its parent for federal income tax purposes. An unincorporated domestic entity with two or more owners generally is treated as a partnership for federal income tax purposes. If we are a partner in an entity that is treated as a partnership for federal income tax purposes, Treasury regulations provide that we are deemed to own our proportionate share of the partnership's assets, and to earn our proportionate share of the partnership's income, for purposes of the asset and gross income tests applicable to REITs. Our proportionate share of a partnership's assets and income is based on our capital interest in the partnership (except that for purposes of the 10% value test, our proportionate share of the partnership's assets is based on our proportionate interest in the equity and certain debt securities issued by the partnership). In addition, the assets and gross income of the partnership are deemed to retain the same character in our hands. Thus, our proportionate share of the assets and items of income of any of our subsidiary partnerships will be treated as our assets and items of income for purposes of applying the REIT requirements. For any period of time that we own 100% of our Operating Partnership, all of our Operating Partnership's assets and income will be deemed to be ours for federal income tax purposes.

Effective for taxable years beginning after December 31, 2017, the Bipartisan Budget Act of 2015 changes the rules applicable to U.S. federal income tax audits of partnerships. Under the new rules, 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 the Operating Partnership being required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we 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.

Disregarded Subsidiaries. If we own a corporate subsidiary that is a "qualified REIT subsidiary," that subsidiary is generally disregarded for federal income tax purposes, and all of the subsidiary's assets, liabilities and items of income, deduction and credit are treated as our assets, liabilities and items of income, deduction and credit, including for purposes of the gross income and asset tests applicable to REITs. A qualified REIT subsidiary is any corporation, other than a TRS (as described below), that is directly or indirectly wholly owned by a REIT. Thus, in applying the requirements described herein, any qualified REIT subsidiary that we own will be ignored, and all assets, liabilities, and items of income, deduction and credit of such subsidiary will be treated as our assets, liabilities, and items of income, deduction and credit. Other entities that are wholly owned by us, including single member limited liability companies that have not elected to be taxed as corporations for federal income tax purposes, are also generally disregarded as separate entities for federal income tax purposes, including for purposes of the REIT income and asset tests. Disregarded subsidiaries, along with any partnerships in which we hold an equity interest, are sometimes referred to herein as "pass-through subsidiaries."

In the event that a disregarded subsidiary of ours ceases to be wholly owned—for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of ours—the subsidiary's separate existence would no longer be disregarded for federal income tax purposes. Instead, the subsidiary would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income requirements applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the securities of another corporation. See "—Asset Tests" and "—Income Tests."

Taxable Corporate Subsidiaries. In the future we may jointly elect with any of our subsidiary corporations, whether or not wholly owned, to treat such subsidiary corporations as taxable REIT subsidiaries, or TRSs. A REIT is permitted to own up to 100% of the stock of one or more TRSs. A domestic TRS is a fully taxable corporation that may earn income that would not be qualifying income if earned directly by the parent REIT. The subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation with respect to which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. We generally may not own more than 10% of the securities of a taxable corporation, as measured by voting power or value, unless we and such corporation elect to treat such corporation as a TRS. Overall, no more than 25% (20% for taxable years after December 31, 2017) of the value of a REIT's assets may consist of stock or securities of one or more TRSs.

The separate existence of a TRS or other taxable corporation is not ignored for federal income tax purposes. Accordingly, a TRS or other taxable corporation generally would be subject to corporate income tax on its earnings, which may reduce the cash flow that we and our subsidiaries generate in the aggregate and may reduce our ability to make distributions to our stockholders.

We are not treated as holding the assets of a TRS or other taxable subsidiary corporation or as receiving any income that the subsidiary earns. Rather, the stock issued by a taxable subsidiary to us is an asset in our hands, and we treat the distributions paid to us

from such taxable subsidiary, if any, as income. This treatment can affect our income and asset test calculations, as described below. Because we do not include the assets and income of TRSs or other taxable subsidiary corporations in determining our compliance with the REIT requirements, we may use such entities to undertake indirectly activities that the REIT rules might otherwise preclude us from doing directly or through pass-through subsidiaries. For example, we may use TRSs or other taxable subsidiary corporations to conduct activities that give rise to certain categories of income such as management fees or activities that would be treated in our hands as prohibited transactions.

Certain restrictions imposed on TRSs are intended to ensure that such entities will be subject to appropriate levels of U.S. federal income taxation. First, a TRS with a debt-equity ratio in excess of 1.5 to 1 may not deduct interest payments made in any year to an affiliated REIT to the extent that such payments exceed, generally, 50% of the TRS's adjusted taxable income for that year (although the TRS may carry forward to, and deduct in, a succeeding year the disallowed interest amount if the 50% test is satisfied in that year). In addition, if amounts are paid to a REIT or deducted by a TRS due to transactions between the REIT and a TRS that exceed the amount that would be paid to or deducted by a party in an arm's-length transaction, the REIT generally will be subject to an excise tax equal to 100% of such excess. We intend to scrutinize all of our transactions with any of our subsidiaries that are treated as a TRS in an effort to ensure that we do not become subject to this excise tax; however, we cannot assure you that we will be successful in avoiding this excise tax.

We may own TRSs that are organized outside of the United States. For example, we may hold certain investments and instruments through TRSs to the extent that direct ownership by us could jeopardize our compliance with the REIT qualification requirements, and we may make TRS elections with respect to certain offshore issuers of certain instruments to the extent that we do not own 100% of the offshore issuer's equity. Special rules apply in the case of income earned by a taxable subsidiary corporation that is organized outside of the United States. Depending upon the nature of the subsidiary's income, the parent REIT may be required to include in its taxable income an amount equal to its share of the subsidiary's income, without regard to whether, or when, such income is distributed by the subsidiary. See "—Income Tests" below. A TRS that is organized outside of the United States may, depending upon the nature of its operations, be subject to little or no federal income tax. There is a specific exemption from federal income tax for non-U.S. corporations that restrict their activities in the United States to trading stock and securities (or any activity closely related thereto) for their own account, whether such trading (or such other activity) is conducted by the corporation or its employees through a resident broker, commission agent, custodian or other agent. We currently expect that any offshore TRSs will rely on that exemption or otherwise operate in a manner so that they will generally not be subject to federal income tax on their net income at the entity level.

Income Tests

In order to qualify as a REIT, we must satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or dealer property in "prohibited transactions," generally must be derived from investments relating to real property or mortgages on real property, including interest income derived from mortgage loans secured by real property or on interests in real property (including certain types of mortgage-backed securities), "rents from real property," distributions received from other REITs and gains from the sale of real estate assets (other than a nonqualified publicly offered REIT debt instrument), as well as specified income from temporary investments. Second, at least 95% of our gross income in each taxable year, excluding gross income from prohibited transactions and certain hedging transactions, must be derived from some combination of such income from investments in real property (i.e., generally income that qualifies under the 75% income test described above), as well as other distributions, interest and gain from the sale or disposition of stock or securities, which need not have any relation to real property.

Gross income from the sale of inventory property is excluded from both the numerator and the denominator in both income tests. Income and gain from hedging transactions that we enter into to hedge indebtedness incurred or to be incurred to acquire or carry real estate assets will generally be excluded from both the numerator and the denominator for purposes of both gross income tests. We intend to monitor the amount of our non-qualifying income and manage our investment portfolio to comply at all times with the gross income tests but we cannot assure you that we will be successful in this effort.

The term "interest," as defined for purposes of both gross income tests, generally excludes any amount that is based in whole or in part on the income or profits of any person. However, interest generally includes the following: (i) an amount that is based on a fixed percentage or percentages of gross receipts or sales and (ii) an amount that is based on the income or profits of a borrower where the borrower derives substantially all of its income from the real property securing the debt by leasing substantially all of its interest in the property, but only to the extent that the amounts received by the borrower would be qualifying "rents from real property" if received directly by a REIT.

If a loan contains a provision that entitles a REIT to a percentage of the borrower's gain upon the sale of the real property securing the loan or a percentage of the appreciation in the property's value as of a specific date, income attributable to that loan provision will be treated as gain from the sale of the property securing the loan, which generally is qualifying income for purposes of both gross income tests.

Interest on debt secured by a mortgage on real property or on interests in real property is generally qualifying income for purposes of the 75% gross income test. However, if the highest principal amount of a loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan as of the date the REIT agreed to originate or acquire the loan, a portion of the interest income from such loan will not be qualifying income for purposes of the 75% gross income test, but will be qualifying income for purposes of the 95% gross income test. Note that a "significant modification" of a debt instrument will result in a new debt instrument that requires new tests of the value of the underlying real estate. The portion of the interest income that will not be qualifying income for purposes of the 75% gross income test will be equal to the portion of the principal amount of the loan that is not secured by real property (i.e. the amount by which the loan exceeds the value of the real estate that is security for the loan). A debt obligation secured by a mortgage on both real and personal property will be treated as a real estate asset for purposes of the 75% asset test, and interest thereon will be treated as interest on an obligation secured by real property, if the fair market value of the personal property does not exceed 15% of the fair market value of all property securing the debt. Thus, there would be no apportionment for purposes of the asset tests or the gross income tests if the fair market value of personal property securing the loan does not exceed 15% of the fair market value of all property securing the loan.

To the extent that the terms of a loan provide for contingent interest that is based on the cash proceeds realized upon the sale of the property securing the loan (a "shared appreciation provision"), income attributable to the participation feature will be treated as gain from sale of the underlying property, which generally will be qualifying income for purposes of both the 75% and 95% gross income tests provided that the real property is not held as inventory or dealer property or primarily for sale to customers in the ordinary course of business. To the extent that we derive interest income from a mortgage loan or income from the rental of real property (discussed below) where all or a portion of the amount of interest or rental income payable is contingent, such income generally will qualify for purposes of the gross income tests only if it is based upon the gross receipts or sales and not on the net income or profits of the borrower or lessee. This limitation does not apply, however, where the borrower or lessee leases substantially all of its interest in the property to tenants or subtenants to the extent that the rental income derived by the borrower or lessee, as the case may be, would qualify as rents from real property had we earned the income directly.

We and our subsidiaries may invest in mezzanine loans, which are loans secured by equity interests in an entity that directly or indirectly owns real property, rather than by a direct mortgage of the real property. The IRS has issued Revenue Procedure 2003-65, which provides a safe harbor applicable to mezzanine loans. Under the Revenue Procedure, if a mezzanine loan meets each of the requirements contained in the Revenue Procedure, (i) the mezzanine loan will be treated by the IRS as a real estate asset for purposes of the asset tests described below and (ii) interest derived from the mezzanine loan will be treated as qualifying mortgage interest for purposes of the 75% income test. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. We intend to structure any investments in mezzanine loans in a manner that generally complies with the various requirements applicable to our qualification as a REIT. However, the extent that any of our mezzanine loans do not meet all of the requirements for reliance on the safe harbor set forth in the Revenue Procedure, there can be no assurance that the IRS will not challenge the tax treatment of these loans.

We and our subsidiaries may also invest in real estate mortgage investment conduits, or REMICs, and we may invest in other types of commercial mortgage-backed securities, or CMBS. See below under "—Asset Tests" for a discussion of the effect of such investments on our qualification as a REIT.

Rents received by us will qualify as "rents from real property" in satisfying the gross income requirements described above only if several conditions are met. If rent is partly attributable to personal property leased in connection with a lease of real property, the portion of the rent that is attributable to the personal property will not qualify as "rents from real property" unless it constitutes 15% or less of the total rent received under the lease. To the extent rent attributable to personal property is treated as "rents from real property" the personal property will be treated as a real estate asset for purposes of the 75% asset test. In addition, the amount of rent must not be based in whole or in part on the income or profits of any person. Amounts received as rent, however, generally will not be excluded from rents from real property solely by reason of being based on fixed percentages of gross receipts or sales. Moreover, for rents received to qualify as "rents from real property," we generally must not operate or manage the property or furnish or render services to the tenants of such property, other than through an "independent contractor" from which we derive no revenue. We are permitted, however, to perform services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and which are not otherwise considered rendered to the occupant of the property. In addition, we may directly or indirectly provide noncustomary services to tenants of our properties without disqualifying all of the rent from the property if the

payments for such services do not exceed 1% of the total gross income from the properties. For purposes of this test, we are deemed to have received income from such non-customary services in an amount at least 150% of the direct cost of providing the services. Moreover, we are generally permitted to provide services to tenants or others through a TRS without disqualifying the rental income received from tenants for purposes of the income tests. Also, rental income will qualify as rents from real property only to the extent that we do not directly or constructively hold a 10% or greater interest, as measured by vote or value, in the lessee's equity.

We may directly or indirectly receive distributions from TRSs or other corporations that are not REITs or qualified REIT subsidiaries. These distributions generally are treated as dividend income to the extent of the earnings and profits of the distributing corporation. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. Any distributions that we receive from a REIT, however, will be qualifying income for purposes of both the 95% and 75% income tests.

We may receive various fees in connection with our operations relating to the acquisition or origination of whole loans secured by first mortgages and other loans secured by real property. The fees will generally be qualifying income for purposes of both the 75% and 95% gross income tests if they are received in consideration for entering into an agreement to make a loan secured by real property and the fees are not determined by income and profits. Other fees generally are not qualifying income for purposes of either gross income test and will not be favorably counted for purposes of either gross income test. Any fees earned by any TRS will not be included for purposes of the gross income tests.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may still qualify as a REIT for such year if we are entitled to relief under applicable provisions of the Internal Revenue Code. These relief provisions will be generally available if (i) our failure to meet these tests was due to reasonable cause and not due to willful neglect and (ii) following our identification of the failure to meet the 75% or 95% gross income test 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 test for such taxable year in accordance with Treasury regulations yet to be issued. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. If these relief provisions are inapplicable to a particular set of circumstances, we will not qualify as a REIT. As discussed above under "—Taxation of REITs in General," even where these relief provisions apply, the Internal Revenue Code imposes a tax based upon the amount by which we fail to satisfy the particular gross income test.

Asset Tests

At the close of each calendar quarter, we must also satisfy four tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash, cash items, U.S. government securities and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, "real estate assets" include interests in real property, such as land, buildings, leasehold interests in real property, stock of other corporations that qualify as REITs and some kinds of mortgage-backed securities and mortgage loans. Assets that do not qualify for purposes of the 75% test are subject to the additional asset tests described below.

Second, the value of any one issuer's securities that we own may not exceed 5% of the value of our total assets.

Third, we may not own more than 10% of any one issuer's outstanding securities, as measured by either voting power or value. The 5% and 10% asset tests do not apply to securities of TRSs and qualified REIT subsidiaries and the 10% asset test does not apply to "straight debt" having specified characteristics and to certain other securities described below. Solely for purposes of the 10% asset 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 Internal Revenue Code.

Fourth, the aggregate value of all securities of taxable REIT subsidiaries that we hold may not exceed 25% (20% for taxable years after December 31, 2017) of the value of our total assets.

Fifth, not more than 25% of the value of a REIT's assets may consist of debt instruments of publicly offered REITs.

To the extent rent attributable to personal property is treated as rents from real property, the personal property will be treated as a real estate asset for purposes of the 75% asset test. Similarly, a debt obligation secured by a mortgage on both real and personal property will be treated as a real estate asset for purposes of the 75% asset test, and interest thereon will be treated as interest on an obligation secured by real property, if the fair market value of the personal property does not exceed 15% of the fair market value of

all property securing the debt. Thus, there would be no apportionment for purposes of the asset tests or the gross income tests if the fair market value of personal property securing the loan does not exceed 15% of the fair market value of all property securing the loan.

Notwithstanding the general rule, as noted above, that for purposes of the REIT income and asset tests we are treated as owning our proportionate share of the underlying assets of a subsidiary partnership, if we hold indebtedness issued by a partnership, the indebtedness will be subject to, and may cause a violation of, the asset tests unless the indebtedness is a qualifying mortgage asset or other conditions are met. Similarly, although stock of another REIT is a qualifying asset for purposes of the REIT asset tests, any non-mortgage debt that is issued by another REIT may not so qualify (such debt, however, will not be treated as "securities" for purposes of the 10% asset test, as explained below).

Certain relief provisions are available to REITs to satisfy the asset requirements or to maintain REIT qualification notwithstanding certain violations of the asset and other requirements. One such provision allows a REIT which fails one or more of the asset requirements to nevertheless maintain its REIT qualification if (i) the REIT provides the IRS with a description of each asset causing the failure; (ii) the failure is due to reasonable cause and not willful neglect; (iii) the REIT pays a tax equal to the greater of (a) $50,000 per failure and (b) the product of the net income generated by the assets that caused the failure multiplied by the highest applicable corporate tax rate (currently 35%); and (iv) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset tests within that time frame.

In the case of de minimis violations of the 10% and 5% asset tests, a REIT may maintain its qualification despite a violation of such requirements if (i) the value of the assets causing the violation does not exceed the lesser of 1% of the REIT's total assets and $10,000,000, and (ii) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or the relevant tests are otherwise satisfied within that time frame.

Certain securities will not cause a violation of the 10% asset test described above. Such securities include instruments that constitute "straight debt," which includes, among other things, securities having certain contingency features. A security does not qualify as "straight debt" where a REIT (or a controlled TRS of the REIT) owns other securities of the same issuer which do not qualify as straight debt, unless the value of those other securities constitute, in the aggregate, 1% or less of the total value of that issuer's outstanding securities. In addition to straight debt, the Internal Revenue Code provides that certain other securities will not violate the 10% asset test. Such securities include (i) any loan made to an individual or an estate; (ii) certain rental agreements pursuant to which one or more payments are to be made in subsequent years (other than agreements between a REIT and certain persons related to the REIT under attribution rules); (iii) any obligation to pay rents from real property; (iv) securities issued by governmental entities that are not dependent in whole or in part on the profits of (or payments made by) a non-governmental entity; (v) any security (including debt securities) issued by another REIT; and (vi) any debt instrument issued by a partnership if the partnership's income is of a nature that it would satisfy the 75% gross income test described above under "—Income Tests. In applying the 10% asset test, a debt security issued by a partnership is not taken into account to the extent, if any, of the REIT's proportionate interest in the equity and certain debt securities issued by that partnership.

Any interests that we hold in a REMIC will generally qualify as real estate assets and income derived from REMIC interests will generally be treated as qualifying income for purposes of the REIT income tests described above. If less than 95% of the assets of a REMIC are real estate assets, however, then only a proportionate part of our interest in the REMIC and income derived from the interest qualifies for purposes of the REIT asset and income tests. If we hold a "residual interest" in a REMIC from which we derive "excess inclusion income," we will be required to either distribute the excess inclusion income or pay tax on it (or a combination of the two), even though we may not receive the income in cash. To the extent that distributed excess inclusion income is allocable to a particular stockholder, the income (i) would not be allowed to be offset by any net operating losses otherwise available to the stockholder; (ii) would be subject to tax as unrelated business taxable income in the hands of most types of stockholders that are otherwise generally exempt from federal income tax; and (iii) would result in the application of U.S. federal income tax withholding at the maximum rate (30%), without reduction of any otherwise applicable income tax treaty, to the extent allocable to most types of foreign stockholders. Moreover, any excess inclusion income that we receive that is allocable to specified categories of tax-exempt investors which are not subject to unrelated business income tax, such as government entities, may be subject to corporate-level income tax in our hands, whether or not it is distributed. See "—Taxable Mortgage Pools and Excess Inclusion Income."

To the extent that we hold mortgage participations or CMBS that do not represent REMIC interests, such assets may not qualify as real estate assets, and the income generated from them might not qualify for purposes of either or both of the REIT income tests, depending upon the circumstances and the specific structure of the investment.

We believe that our holdings of securities and other assets will comply with the foregoing REIT asset requirements, and we intend to monitor compliance on an ongoing basis. Certain mezzanine loans we make or acquire may qualify for the safe harbor in

Revenue Procedure 2003-65 pursuant to which certain loans secured by a first priority security interest in ownership interests in a partnership or limited liability company will be treated as qualifying assets for purposes of the 75% real estate asset test and the 10% vote or value test. See "—Income Tests." We may make some mezzanine loans that do not qualify for that safe harbor and that do not qualify as "straight debt" securities or for one of the other exclusions from the definition of "securities" for purposes of the 10% value test. We intend to make such investments in such a manner as not to fail the asset tests described above.

No independent appraisals will be obtained to support our conclusions as to the value of our total assets or the value of any particular security or securities. Moreover, values of some assets, including instruments issued in securitization transactions, may not be susceptible to a precise determination, and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset requirements. Accordingly, there can be no assurance that the IRS will not contend that our interests in our subsidiaries or in the securities of other issuers will not cause a violation of the REIT asset tests.

If we should fail to satisfy the asset tests at the end of a calendar quarter, such a failure would not cause us to lose our REIT qualification if we (i) satisfied the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of our assets and the asset requirements was not wholly or partly caused by an acquisition of non-qualifying assets, but instead arose from changes in the market value of our assets. If the condition described in (ii) were not satisfied, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose or by making use of relief provisions described below.

Annual Distribution Requirements

In order to qualify as a REIT, we are required to make distributions, other than capital gain distributions, to our stockholders in an amount at least equal to:

(i) the sum of

(a) 90% of our "REIT taxable income," computed without regard to our net capital gains and the dividends-paid deduction, and

(b) 90% of our net income, if any, (after tax) from foreclosure property (as described below), minus

(ii) the sum of specified items of non-cash income.

We generally must make these distributions in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the year and if paid with or before the first regular distribution payment after such declaration. In order for distributions to be counted for this purpose, and to provide a tax deduction for us, the distributions must not be "preferential dividends. A distribution is not a preferential dividend if the distribution is (i) pro rata among all outstanding shares of stock within a particular class and (ii) in accordance with the preferences among different classes of stock as set forth in our organizational documents. We generally must make these distributions in the taxable year to which they relate, or in the following taxable year if either (i) declared before we timely file our tax return for the year and if paid with or before the first regular distribution payment after such declaration; or (ii) declared in October November or December of the taxable year, payable to stockholders of record on a specified day in any such month, and actually paid before the end of January of the following year. The distributions under clause (i) are taxable to the holders of our common stock in the year in which paid, and the distributions in clause (ii) are treated as paid on December 31 of the prior taxable year. In both instances, these distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

To the extent that we distribute at least 90%, but less than 100%, of our "REIT taxable income," as adjusted, we will be subject to tax at ordinary corporate tax rates on the retained portion. We may elect to retain, rather than distribute, our net long-term capital gains and pay tax on such gains. In this case, we could elect for our stockholders to include their proportionate shares of such undistributed long-term capital gains in income, and to receive a corresponding credit for their share of the tax that we paid. Our stockholders would then increase their adjusted basis of their stock by the difference between (i) the amounts of capital gain distributions that we designated and that they include in their taxable income minus (ii) the tax that we paid on their behalf with respect to that income.

To the extent that we have available net operating losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. Such losses, however, will generally not affect the character, in the hands of our stockholders, of any distributions that are actually made as ordinary dividends or capital gains. See "—Taxation of Stockholders—Taxation of Taxable Domestic Stockholders—Distributions."

If we should fail to distribute during each calendar year at least the sum of (i) 85% of our REIT ordinary income for such year; (ii) 95% of our REIT capital gain net income for such year; and (iii) any undistributed taxable income from prior periods, we would be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (a) the amounts actually distributed plus (b) the amounts of income we retained and on which we have paid corporate income tax.

It is possible that, from time to time, we may not have sufficient cash to meet the distribution requirements due to timing differences between (i) our actual receipt of cash, including receipt of distributions from our subsidiaries and (ii) our inclusion of items in income for federal income tax purposes. Other potential sources of non-cash taxable income include:

- "residual interests" in REMICs or taxable mortgage pools;
- loans or mortgage-backed securities held as assets that are issued at a discount and require the accrual of taxable economic interest in advance of receipt in cash; and
- loans on which the borrower is permitted to defer cash payments of interest, and distressed loans on which we may be required to accrue taxable interest income even though the borrower is unable to make current servicing payments in cash.

In the event that such timing differences occur, in order to meet the distribution requirements, it might be necessary for us to arrange for short-term, or possibly long-term, borrowings, or to pay distributions in the form of taxable in-kind distributions of property.

We may be able to rectify a failure to meet the distribution requirements for a year by paying "deficiency dividends" to stockholders in a later year, which may be included in our deduction for distributions paid for the earlier year. In this case, we may be able to avoid losing REIT qualification or being taxed on amounts distributed as deficiency dividends. We will be required to pay interest and a penalty based on the amount of any deduction taken for deficiency dividends.

Failure to Qualify

If we fail to satisfy one or more requirements for REIT qualification other than the gross income or asset tests, we could avoid disqualification if our failure is due to reasonable cause and not to willful neglect and we pay a penalty of $50,000 for each such failure. Relief provisions are available for failures of the gross income tests and asset tests, as described above in "—Income Tests" and "—Asset Tests."

If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions described above do not apply, we would be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. We cannot deduct distributions to stockholders in any year in which we are not a REIT, nor would we be required to make distributions in such a year. In this situation, to the extent of current and accumulated earnings and profits, distributions to domestic stockholders that are individuals, trusts and estates will generally be taxable at capital gains rates. In addition, subject to the limitations of the Internal Revenue Code, corporate distributees may be eligible for the dividends received deduction. Unless we are entitled to relief under specific statutory provisions, we would also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which we lost qualification. It is not possible to state whether, in all circumstances, we would be entitled to this statutory relief.

Prohibited Transactions

Net income that we derive from a "prohibited transaction" is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other disposition of property (other than foreclosure property, as discussed below) that is held primarily for sale to customers in the ordinary course of a trade or business. We intend to conduct our operations so that no asset that we own (or are treated as owning) will be treated as, or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our business. Whether property is held "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances. No assurance can be given that any property that we sell will not be treated as property held for sale to customers, or that we can comply with certain safe-harbor provisions of the Internal Revenue Code that would prevent such treatment. The 100% tax does not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will potentially be subject to tax in the hands of the corporation at regular corporate rates, nor does the 100% tax apply to sales that qualify for a safe harbor as described in Section 857(b)(6) of the Internal Revenue Code.

Foreclosure Property

Foreclosure property is real property and any personal property incident to such real property (i) that we acquire as the result of having bid on the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after a default (or upon imminent default) on a lease of the property or a mortgage loan held by us and secured by the property; (ii) for which we acquired the related loan or lease at a time when default was not imminent or anticipated; and (iii) with respect to which we made a proper election to treat the property as foreclosure property. We generally will be subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property. To the extent that we receive any income from foreclosure property that does not qualify for purposes of the 75% gross income test, we intend to make an election to treat the related property as foreclosure property.

Derivatives and Hedging Transactions

We and our subsidiaries may enter into hedging transactions with respect to interest rate exposure on one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including the use of derivative instruments such as interest rate swap agreements, interest rate cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by Treasury regulations, any income from a hedging transaction we entered into (i) in the normal course of our business primarily to manage risk of interest rate, inflation and/or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, which is clearly identified as specified in Treasury regulations before the closing of the day on which it was acquired, originated or entered into, including gain from the sale or disposition of such a transaction, (ii) primarily to manage risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests which is clearly identified as such before the closing of the day on which it was acquired, originated, or entered into and (iii) to hedge certain existing hedging positions after a portion of the hedged indebtedness or property is disposed of (subject to the identification requirements), will not constitute gross income for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of the 75% or 95% gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT. We may conduct some or all of our hedging activities through our TRS or other corporate entity, the income from which may be subject to federal income tax, rather than by participating in the arrangements directly or through pass-through subsidiaries. No assurance can be given, however, that our hedging activities will not give rise to income that does not qualify for purposes of either or both of the REIT gross income tests, or that our hedging activities will not adversely affect our ability to satisfy the REIT qualification requirements.

Taxable Mortgage Pools and Excess Inclusion Income

An entity, or a portion of an entity, may be classified as a taxable mortgage pool, or TMP, under the Internal Revenue Code if:

- substantially all of its assets consist of debt obligations or interests in debt obligations;
- more than 50% of those debt obligations are real estate mortgages or interests in real estate mortgages as of specified testing dates;
- the entity has issued debt obligations (liabilities) that have two or more maturities; and
- the payments required to be made by the entity on its debt obligations (liabilities) "bear a relationship" to the payments to be received by the entity on the debt obligations that it holds as assets.

Under regulations issued by the U.S. Treasury Department, if less than 80% of the assets of an entity (or a portion of an entity) consist of debt obligations, these debt obligations are considered not to comprise "substantially all" of its assets and therefore the entity would not be treated as a TMP. Our financing and securitization arrangements may give rise to TMPs with the consequences as described below.

Where an entity, or a portion of an entity, is classified as a TMP, it is generally treated as a taxable corporation for federal income tax purposes. In the case of a REIT, a portion of a REIT or a disregarded subsidiary of a REIT that is a TMP, however, special

rules apply. The TMP is not treated as a corporation that is subject to corporate income tax, and the TMP classification does not directly affect the tax qualification of the REIT. Rather, the consequences of the TMP classification would, in general, except as described below, be limited to the stockholders of the REIT.

A portion of the REIT's income from the TMP, which might be non-cash accrued income, could be treated as excess inclusion income. Section 860E(c) of the Internal Revenue Code defines the term "excess inclusion" with respect to a residual interest in a REMIC. The IRS, however, has yet to issue guidance on the computation of excess inclusion income on equity interests in a TMP held by a REIT. Generally, however, excess inclusion income with respect to our investment in any TMP in any taxable year will equal the excess of (i) the amount of income we accrue on our investment in the TMP over (ii) the amount of income we would have accrued if our investment were a debt instrument having an issue price equal to the fair market value of our investment on the day we acquired it and a yield to maturity equal to 120% of the long-term applicable federal rate in effect on the date we acquired our interest. The term "applicable federal rate" refers to rates that are based on weighted average yields for treasury securities and are published monthly by the IRS for use in various tax calculations. If we undertake securitization transactions that are TMPs, the amount of excess inclusion income we recognize in any taxable year could represent a significant portion of our total taxable income for that year. Under IRS guidance, the REIT's excess inclusion income, including any excess inclusion income from a residual interest in a REMIC, must be allocated among its stockholders in proportion to distributions paid. We are required to notify our stockholders of the amount of "excess inclusion income" allocated to them. A stockholder's share of our excess inclusion income:

- cannot be offset by any net operating losses otherwise available to the stockholder;
- is subject to tax as unrelated business taxable income in the hands of most types of stockholders that are otherwise generally exempt from federal income tax; and
- results in the application of U.S. federal income tax withholding at the maximum rate (30%), without reduction for any otherwise applicable income tax treaty or other exemption, to the extent allocable to most types of foreign stockholders.

See "—Taxation of Stockholders." To the extent that excess inclusion income is allocated from a TMP to a tax-exempt stockholder of a REIT that is not subject to unrelated business income tax (such as a government entity), the REIT will be subject to tax on this income at the highest applicable corporate tax rate (currently 35%). In this case, we are authorized to reduce and intend to reduce distributions to such stockholders by the amount of such tax paid by the REIT that is attributable to such stockholder's ownership. Treasury regulations provide that such a reduction in distributions does not give rise to a preferential dividend that could adversely affect the REIT's compliance with its distribution requirements. See "—Annual Distribution Requirements." The manner in which excess inclusion income is calculated, or would be allocated to stockholders, including allocations among shares of different classes of stock, remains unclear under current law. As required by IRS guidance, we intend to make such determinations using a reasonable method. Tax-exempt investors, foreign investors and taxpayers with net operating losses should carefully consider the tax consequences described above, and are urged to consult their tax advisors.

If a subsidiary partnership of ours that we do not wholly own, directly or through one or more disregarded entities, were a TMP, the foregoing rules would not apply. Rather, the partnership that is a TMP would be treated as a corporation for federal income tax purposes and potentially could be subject to corporate income tax or withholding tax. In addition, this characterization would alter our income and asset test calculations and could adversely affect our compliance with those requirements. We intend to monitor the structure of any TMPs (including whether a TRS election might be made in respect of any such TMP) in which we have an interest to ensure that they will not adversely affect our qualification as a REIT.

Taxation of Stockholders

Taxation of Taxable Domestic Stockholders

Definitions. In this section, the phrase "domestic stockholder" means a holder of our common stock that for federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States or of any political subdivision thereof;

- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. person.

If a partnership, including for this purpose any entity that is treated as a partnership for U.S. federal income tax purposes, holds our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the acquisition, ownership and disposition of our common stock.

Distributions. So long as we qualify as a REIT, the distributions that we make to our taxable domestic stockholders out of current or accumulated earnings and profits that we do not designate as capital gain distributions will generally be taken into account by stockholders as ordinary income and will not be eligible for the dividends received deduction for corporations. With limited exceptions, our distributions are not eligible for taxation at the preferential income tax rates (i.e. the 20% maximum federal rate) for qualified distributions received by domestic stockholders that are individuals, trusts and estates from taxable C corporations. Such stockholders, however, are taxed at the preferential rates on distributions designated by and received from REITs to the extent that the distributions are attributable to:

- income retained by the REIT in the prior taxable year on which the REIT was subject to corporate level income tax (less the amount of tax);
- distributions received by the REIT from TRSs or other taxable C corporations; or
- income in the prior taxable year from the sales of "built-in gain" property acquired by the REIT from C corporations in carryover basis transactions (less the amount of corporate tax on such income).

Distributions that we designate as capital gain dividends will generally be taxed to our stockholders as long-term capital gains, to the extent that such distributions do not exceed our actual net capital gain for the taxable year, without regard to the period for which the stockholder that receives such distribution has held its stock. We may elect to retain and pay taxes on some or all of our net long-term capital gains, in which case provisions of the Internal Revenue Code will treat our stockholders as having received, solely for tax purposes, our undistributed capital gains, and the stockholders will receive a corresponding credit for taxes that we paid on such undistributed capital gains. See "—Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Annual Distribution Requirements." Corporate stockholders may be required to treat up to 20% of some capital gain distributions as ordinary income. Long-term capital gains are generally taxable at maximum federal rates of 20% in the case of stockholders that are individuals, trusts and estates, and 35% in the case of stockholders that are corporations. Capital gains attributable to the sale of depreciable real property held for more than 12 months are subject to a 25% maximum federal income tax rate for taxpayers who are taxed as individuals, to the extent of previously claimed depreciation deductions.

Distributions in excess of our current and accumulated earnings and profits will generally represent a return of capital and will not be taxable to a stockholder to the extent that the amount of such distributions do not exceed the adjusted basis of the stockholder's shares with respect to which the distributions were made. Rather, the distributions will reduce the adjusted basis of the stockholder's shares. To the extent that such distributions exceed the adjusted basis of a stockholder's shares, the stockholder generally must include such distributions in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. In addition, any distribution that we declare in October November or December of any year and that is payable to a stockholder of record on a specified date in any such month will be treated as both paid by us and received by the stockholder on December 31 of such year, provided that we actually pay the distribution before the end of January of the following calendar year.

We may elect to designate a portion of our distributions as "qualified dividend income." A portion of a distribution that is properly designated as qualified dividend income is taxable to non-corporate U.S. stockholders as net capital gain, provided that the U.S. stockholder has held the common stock with respect to which the distribution is made for more than 60 days during the 121 day period beginning on the date that is 60 days before the date on which such common stock became ex-dividend with respect to the relevant distribution. The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

(1) the qualified dividend income received by us during such taxable year from C corporations (including any taxable REIT subsidiary);

(2) the excess of any "undistributed" REIT taxable income recognized during the immediately preceding year over the federal income tax paid by us with respect to such undistributed REIT taxable income; and

(3) the excess of any income recognized during the immediately preceding year attributable to the sale of a built-in-gain asset that was acquired in a carry-over basis transaction from a C corporation over the federal income tax paid by us with respect to such built-in gain.

To the extent that we have available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. See "—Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Annual Distribution Requirements." Such losses, however, are not passed through to stockholders and do not offset income of stockholders from other sources, nor would such losses affect the character of any distributions that we make, which are generally subject to tax in the hands of stockholders to the extent that we have current or accumulated earnings and profits.

If excess inclusion income from a taxable mortgage pool or REMIC residual interest is allocated to any stockholder, that income will be taxable in the hands of the stockholder and would not be offset by any net operating losses of the stockholder that would otherwise be available. See "Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Taxable Mortgage Pools and Excess Inclusion Income." As required by IRS guidance, we intend to notify our stockholders if a portion of a distribution paid by us is attributable to excess inclusion income.

Dispositions of Our Stock. In general, capital gains recognized by individuals, trusts and estates upon the sale or disposition of our stock will be subject to a maximum federal income tax rate of 20% if the stock is held for more than one year, and will be taxed at ordinary income rates (of up to 39.6%) if the stock is held for one year or less. Gains recognized by stockholders that are corporations are subject to federal income tax at a maximum rate of 35%, whether or not such gains are classified as long-term capital gains. Capital losses recognized by a stockholder upon the disposition of our stock that was held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the stockholder but not ordinary income (except in the case of individuals, who may offset up to $3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of shares of our stock by a stockholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions that we make that are required to be treated by the stockholder as long-term capital gain.

If an investor recognizes a loss upon a subsequent disposition of our stock or other securities in an amount that exceeds a prescribed threshold, it is possible that the provisions of Treasury regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss-generating transaction to the IRS. These regulations, though directed towards "tax shelters," are broadly written and apply to transactions that would not typically be considered tax shelters. The Internal Revenue Code imposes significant penalties for failure to comply with these requirements. Our stockholders should consult their tax advisor concerning any possible disclosure obligation with respect to the receipt or disposition of our stock or securities or transactions that we might undertake directly or indirectly. Moreover, our stockholders should be aware that we and other participants in the transactions in which we are involved (including their advisors) might be subject to disclosure or other requirements pursuant to these regulations.

Tax rates. The maximum tax rate for non-corporate taxpayers for (i) capital gains, including certain "capital gain dividends," is 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 (ii) "qualified dividend income" is 20%. In general, 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 TRSs) 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 are properly designated by the REIT as "capital gain dividends."

Redemptions of Our Common Stock. A redemption of our common stock will be treated as a distribution in exchange for the redeemed shares and taxed in the same manner as other taxable share sales discussed above, provided that the redemption satisfies one of the tests to be treated as a sale or exchange. A redemption will be treated as a sale or exchange if it (1) is "substantially disproportionate" with respect to the stockholder, (2) results in a "complete termination" of the stockholder's interest in our shares or (3) is "not essentially equivalent to a dividend" with respect to the stockholder, all within the meaning of applicable provisions of the Code. In determining whether any of these tests have been met, shares considered to be owned by the stockholder by reason of certain constructive ownership rules, as well as shares actually owned, must generally be taken into account. A redemption that does not qualify as an exchange under such tests will constitute a dividend that is taxed in the same manner as regular distributions (*i.e.*, ordinary dividend income to the extent paid out of earnings and profits unless properly designated as a capital gain dividend). In

addition, although guidance is sparse, the IRS could take the position that a stockholder who does not participate in any redemption treated as a dividend should be treated as receiving a constructive share distribution taxable as a dividend in the amount of their increased percentage ownership of our shares as a result of the redemption, even though the stockholder did not actually receive cash or other property as a result of the redemption.

To avoid certain issues related to our ability to comply with the REIT distribution requirements and utilize the deficiency dividend procedure (see "—Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Annual Distribution Requirements" above), we intend to implement procedures designed to track our stockholders' percentage interests in our common stock in order to identify any such dividend equivalent redemptions and will decline to effect a redemption to the extent that we believe that it would constitute a dividend equivalent redemption. We cannot assure you, however, that we will be successful in preventing all dividend equivalent redemptions.

Passive Activity Losses and Investment Interest Limitations. Distributions that we make and gain arising from the sale or exchange by a domestic stockholder of our stock will not be treated as passive activity income. As a result, stockholders will not be able to apply any "passive losses" against income or gain relating to our stock. To the extent that distributions we make do not constitute a return of capital, they will be treated as investment income for purposes of computing the investment interest limitation.

Medicare Contribution Tax. Certain U.S. stockholders who are individuals, estates or certain trusts are generally required to pay a 3.8% Medicare tax on their net investment income (including dividends and gains from the disposition of our stock), or in the case of estates and trusts on their net investment income that is not distributed, in each case to the extent that their total adjusted income exceeds applicable thresholds.

Taxation of Foreign Stockholders

The following is a summary of certain U.S. federal income and estate tax consequences of the ownership and disposition of our stock applicable to non-U.S. holders. A "non-U.S. holder" is any person other than:

- a citizen or resident of the United States;
- a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, or of any state thereof, or the District of Columbia;
- an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust.

If a partnership, including for this purpose any entity that is treated as a partnership for U.S. federal income tax purposes, holds our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the acquisition, ownership and disposition of our common stock.

The following discussion is based on current law, and is for general information only. It addresses only selected, and not all, aspects of U.S. federal income and estate taxation.

Ordinary Dividends. The portion of distributions received by non-U.S. holders (i) that is payable out of our earnings and profits; (ii) which is not attributable to our capital gains; and (iii) which is not effectively connected with a U.S. trade or business of the non-U.S. holder, will be subject to U.S. withholding tax at the rate of 30%, unless reduced or eliminated by treaty. Reduced treaty rates and other exemptions are not available to the extent that income is attributable to excess inclusion income allocable to the foreign stockholder. Accordingly, we will withhold at a rate of 30% on any portion of a distribution that is paid to a non-U.S. holder and attributable to that holder's share of our excess inclusion income. See "—Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Taxable Mortgage Pools and Excess Inclusion Income." As required by IRS guidance, we intend to notify our stockholders if a portion of a distribution paid by us is attributable to excess inclusion income.

In general, non-U.S. holders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of our stock. In cases where the dividend income from a non-U.S. holder's investment in our stock is, or is treated as,

effectively connected with the non-U.S. holder's conduct of a U.S. trade or business, the non-U.S. holder generally will be subject to U.S. federal income tax at graduated rates, in the same manner as domestic stockholders are taxed with respect to such distributions. Such income must generally be reported on a U.S. income tax return filed by or on behalf of the non-U.S. holder. The income may also be subject to the 30% branch profits tax in the case of a non-U.S. holder that is a corporation.

Non-Dividend Distributions. Unless our stock constitutes a U.S. real property interest, or USRPI, distributions that we make that are not out of our earnings and profits will not be subject to U.S. income tax. If we cannot determine at the time a distribution is made whether or not the distribution will exceed current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to ordinary dividends. The non-U.S. holder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits. If our stock constitutes a USRPI, as described below, distributions that we make in excess of the sum of (i) the stockholder's proportionate share of our earnings and profits, plus (ii) the stockholder's basis in its stock, will be taxed under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, at the rate of tax, including any applicable capital gains rates, that would apply to a domestic stockholder of the same type (e.g. an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding at a rate of 15% of the amount by which the distribution exceeds the stockholder's share of our earnings and profits.

Capital Gain Distributions. Under FIRPTA, a distribution that we make to a non-U.S. holder, to the extent attributable to gains from dispositions of USRPIs that we held directly or through pass-through subsidiaries, or USRPI capital gains, will, except as described below, be considered effectively connected with a U.S. trade or business of the non-U.S. holder and will be subject to U.S. income tax at the rates applicable to U.S. individuals or corporations, without regard to whether we designate the distribution as a capital gain distribution. See above under "—Taxation of Foreign Stockholders—Ordinary Dividends," for a discussion of the consequences of income that is effectively connected with a U.S. trade or business. In addition, we will be required to withhold tax equal to 35% of the amount of distributions to the extent the distributions constitute USRPI capital gains. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax in the hands of a non-U.S. holder that is a corporation. A distribution is not a USRPI capital gain if we held an interest in the underlying asset solely as a creditor. Capital gain distributions received by a non-U.S. holder that are attributable to dispositions of our assets other than USRPIs are not subject to U.S. federal income or withholding tax, unless (i) the gain is effectively connected with the non-U.S. holder's U.S. trade or business, in which case the non-U.S. holder would be subject to the same treatment as U.S. holders with respect to such gain or (ii) the non-U.S. holder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, in which case the non-U.S. holder will incur a 30% tax on his or her capital gains.

A capital gain distribution that would otherwise have been treated as a USRPI capital gain will not be so treated or be subject to FIRPTA, and generally will not be treated as income that is effectively connected with a U.S. trade or business, and instead will be treated in the same manner as an ordinary dividend (see "—Taxation of Foreign Stockholders—Ordinary Dividends"), if (i) the capital gain distribution is received with respect to a class of stock that is regularly traded on an established securities market located in the United States and (ii) the recipient non-U.S. holder does not own more than 10% of that class of stock at any time during the year ending on the date on which the capital gain distribution is received. At the time you purchase shares in this offering, our shares will not be publicly traded and we can give you no assurance that our shares will ever be publicly traded on an established securities market. Therefore, these rules will not apply to our capital gain distributions.

Dispositions of Our Stock. Unless our stock constitutes a USRPI, a sale of our stock by a non-U.S. holder generally will not be subject to U.S. taxation under FIRPTA. Our stock will not be treated as a USRPI if less than 50% of our assets throughout a prescribed testing period consist of interests in real property located within the United States, excluding, for this purpose, interests in real property solely in a capacity as a creditor.

Even if the foregoing 50% test is not met, our stock nonetheless will not constitute a USRPI if we are a "domestically-controlled qualified investment entity. A domestically-controlled qualified investment entity includes a REIT, less than 50% of value of which is held directly or indirectly by non-U.S. holders at all times during a specified testing period. We believe that we will be a domestically-controlled qualified investment entity, and that a sale of our stock should not be subject to taxation under FIRPTA. If our stock constitutes a USRPI and we do not constitute a domestically-controlled qualified investment entity, but our stock becomes "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, a non-U.S. holder's sale of our common stock nonetheless would not be subject to tax under FIRPTA as a sale of a USRPI, provided that the selling non-U.S. holder held 10% or less of our outstanding common stock at all times during a specified testing period. However, as mentioned above, we can give you no assurance that our common stock will ever be publicly traded on an established securities market.

A redemption of shares generally will be taxable under FIRPTA to the extent the distribution in the redemption of the shares is attributable to gains from our dispositions of U.S. real property interests. To the extent the distribution is not attributable to gains from our dispositions of U.S. real property interests, the excess of the amount of money received in the redemption over the non-U.S. stockholder's basis in the redeemed shares will be taxable if we are not a domestically controlled REIT. The IRS has recently confirmed that redemption payments may be attributable to gains from dispositions of U.S. real property interests (except when the 10% publicly traded exception would apply), but has not provided any guidance to determine when and what portion of a redemption payment is a distribution that is attributable to gains from our dispositions of U.S. real property interests. Due to the uncertainty, we may withhold at the 35% rate from all or a portion of redemption payments to non-U.S. stockholders. To the extent the amount of tax we withhold exceeds the amount of a non-U.S. stockholder's U.S. federal income tax liability, the non-U.S. stockholder may file a U.S. federal income tax return and claim a refund.

If gain on the sale of our stock were subject to taxation under FIRPTA, the non-U.S. holder would be required to file a U.S. federal income tax return and would be subject to the same treatment as a U.S. stockholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals, and the purchaser of the stock could be required to withhold 15% of the purchase price and remit such amount to the IRS.

Gain from the sale of our stock that would not otherwise be subject to FIRPTA will nonetheless be taxable in the United States to a non-U.S. holder in two cases: (i) if the non-U.S. holder's investment in our stock is effectively connected with a U.S. trade or business conducted by such non-U.S. holder, the non-U.S. holder will be subject to the same treatment as a U.S. stockholder with respect to such gain or (ii) if the non-U.S. holder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, the nonresident alien individual will be subject to a 30% tax on the individual's capital gain. In addition, even if we are a domestically controlled qualified investment entity, upon disposition of our stock, a non-U.S. holder may be treated as having gain from the sale or exchange of a USRPI if the non-U.S. holder (a) disposes of our common 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 (b) acquires, or enters into a contract or option to acquire, other shares of our common stock within 30 days after such ex-dividend date.

FIRPTA Exception for Qualified Shareholders - Stock of a REIT held (directly or through partnerships) by a "qualified shareholder" will not be a USRPI, and capital gain dividends from such a REIT will not be treated as gain from the sale of a USRPI, unless a person (other than a qualified shareholder) that holds an interest (other than an interest solely as a creditor) in such qualified shareholder owns, taking into account applicable constructive ownership rules, more than 10% of the stock of the REIT. If the qualified shareholder has such an "applicable investor," the portion of REIT stock held by the qualified shareholder indirectly owned through the qualified shareholder by the applicable investor will be treated as a USRPI, and the portion of capital gain dividends allocable to the applicable shareholder through the qualified investor will be treated as gains from sales of USRPIs. For these purposes, a "qualified shareholder" is foreign person which is in a treaty jurisdiction and satisfies certain publicly traded requirements, is a "qualified collective investment vehicle," and maintains records on the identity of certain 5% owners. A "qualified collective investment vehicle" is a foreign person that is eligible for a reduced withholding rate with respect to ordinary REIT dividends even if such person holds more than 10% of the REIT's stock, a publicly traded partnership that is a withholding foreign partnership that would be a U.S. real property holding corporation if it were a U.S. corporation, or is designated as a qualified collective investment vehicle by the Secretary of the Treasury and is either fiscally transparent within the meaning of Section 894 or required to include dividends in its gross income but entitled to a deduction for distributions to its investors. Finally, capital gain dividends and non-dividend redemption and liquidating distributions to a qualified shareholder that are not allocable to an applicable investor will be treated as ordinary dividends.

FIRPTA Exception for USRPIs Held by Foreign Retirement or Pension Funds. "Qualified foreign pension funds" and entities that are wholly owned by a qualified foreign pension fund are exempted from FIRPTA and FIRPTA withholding. For these purposes, a "qualified foreign pension fund" is any trust, corporation, or other organization or arrangement if (i) it was created or organized under foreign law, (ii) it was established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (iii) it does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) it is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (v) under the laws of the country in which it is established or operates, either contributions to such fund which would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such fund or taxed at a reduced rate, or taxation of any investment income of such fund is deferred or such income is taxed at a reduced rate.

Estate Tax. If our stock is owned or treated as owned by an individual who is not a citizen or resident (as specially defined for U.S. federal estate tax purposes) of the United States at the time of such individual's death, the stock will be includable in the

individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise, and may therefore be subject to U.S. federal estate tax.

Information Reporting Requirements and Backup Withholding for Non-U.S. Stockholders. Payments of dividends or of proceeds from the disposition of stock made to a non-U.S. holder may be subject to information reporting and backup withholding unless such holder establishes an exemption, for example, by properly certifying its non-U.S. status on an Internal Revenue Service Form W-8BEN or another appropriate version of Internal Revenue Service Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we have, or our paying agent has actual knowledge or reason to know, that a non-U.S. holder is a United States person. Backup withholding is not an additional tax. Rather, the United States income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained, provided that the required information is furnished to the IRS.

Foreign Accounts. The Hiring Incentives to Restore Employment Act (the "HIRE Act"), which was enacted in 2010, imposes a 30% withholding tax on certain types of payments made to "foreign financial institutions" and certain other non-U.S. entities unless certain due diligence, reporting, withholding, and certification obligations requirements are satisfied. The portion of the HIRE Act that provides for this withholding tax and related provisions is known as the "Foreign Account Tax Compliance Act" or "FATCA."

As a general matter, FATCA (i) currently imposes a 30% withholding tax on dividends on our shares if paid to a foreign entity, and (ii) beginning January 1, 2019 will impose a 30% withholding tax on gross proceeds from the sale or other disposition of, our shares if paid to a foreign entity, unless (in each case) either (i) the foreign entity is a "foreign financial institution" that undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) the foreign entity is not a "foreign financial institution" and identifies certain of its U.S. investors, or (iii) the foreign entity otherwise is excepted under FATCA.

If withholding is required under FATCA on a payment related to our stock, investors that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) generally will be required to seek a refund or credit from the IRS to obtain the benefit of such exemption or reduction (provided that such benefit is available). We will not pay any additional amounts in respect of amounts withheld under FATCA. Prospective investors should consult their tax advisors regarding the effect of FATCA in their particular circumstances.

Taxation of Tax-Exempt Stockholders

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from federal income taxation. However, they may be subject to taxation on their unrelated business taxable income, or UBTI. While some investments in real estate may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt entity do not constitute UBTI. Based on that ruling, and provided that (i) a tax-exempt stockholder has not held our stock as "debt financed property" within the meaning of the Internal Revenue Code (i.e. where the acquisition or holding of the property is financed through a borrowing by the tax-exempt stockholder) and (ii) our stock is not otherwise used in an unrelated trade or business, distributions that we make and income from the sale of our stock generally should not give rise to UBTI to a tax-exempt stockholder.

To the extent, however, that we are (or a part of us, or a disregarded subsidiary of ours is) deemed to be a TMP, or if we hold residual interests in a REMIC, a portion of the distributions paid to a tax-exempt stockholder that is allocable to excess inclusion income may be treated as UBTI. We anticipate that our investments may generate excess inclusion income. If excess inclusion income is allocable to some categories of tax-exempt stockholders that are not subject to UBTI, such as governmental investors, we will be subject to corporate level tax on such income and in that case, we are authorized to reduce and intend to reduce the amount of distributions to those stockholders whose ownership gave rise to the tax. See "—Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Taxable Mortgage Pools and Excess Inclusion Income." As required by IRS guidance, we intend to notify our stockholders if a portion of a distribution paid by us is attributable to excess inclusion income.

Tax-exempt stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Internal Revenue Code are subject to different UBTI rules, which generally require such stockholders to characterize distributions that we make as UBTI.

In certain circumstances, a pension trust that owns more than 10% of our stock (by value) could be required to treat a percentage of its distributions as UBTI, if we are a "pension-held REIT." We will not be a pension-held REIT unless either (i) one pension trust owns more than 25% of the value of our stock or (ii) a group of pension trusts, each individually holding more than 10%

of the value of our stock, collectively owns more than 50% of our stock. Certain restrictions on ownership and transfer of our stock should generally prevent a tax-exempt entity from owning more than 10% of the value of our stock and should generally prevent us from becoming a pension-held REIT.

Tax-exempt stockholders are urged to consult their tax advisors regarding the federal, state, local and foreign income and other tax consequences of owning our stock.

Backup Withholding and Information Reporting

We will report to our domestic stockholders and the IRS the amount of dividends paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a domestic stockholder may be subject to backup withholding with respect to dividends paid unless the holder is a corporation or comes within other exempt categories and, when required, demonstrates this fact or provides a taxpayer identification number or social security number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A domestic stockholder that does not provide his or her correct taxpayer identification number or social security number may also be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. In addition, we may be required to withhold a portion of a capital gain distribution to any domestic stockholder who fails to certify its non-foreign status.

We must report annually to the IRS and to each non-U.S. stockholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. stockholder resides under the provisions of an applicable income tax treaty. A non-U.S. stockholder may be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of our common stock within the United States is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a non-U.S. stockholder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or the holder otherwise establishes an exemption. Payment of the proceeds of a sale of our common stock conducted through certain U.S.-related financial intermediaries is subject to information reporting (but not backup withholding) unless the financial intermediary has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

Other Tax Considerations

Legislative or Other Actions Affecting REITs

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to the federal tax laws and interpretations thereof could adversely affect an investment in our stock.

State, Local and Foreign Taxes

We and our subsidiaries and stockholders may be subject to state, local or foreign taxation in various jurisdictions including those in which we or they transact business, own property or reside. We may own real property assets located in numerous jurisdictions, and may be required to file tax returns in some or all of those jurisdictions. Our state, local or foreign tax treatment and that of our stockholders may not conform to the federal income tax treatment discussed above. We may own foreign real estate assets and pay foreign property taxes, and dispositions of foreign property or operations involving, or investments in, foreign real estate assets may give rise to foreign income or other tax liability in amounts that could be substantial. Any foreign taxes that we incur do not pass through to stockholders as a credit against their U.S. federal income tax liability. Prospective investors should consult their tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in our stock.

ERISA CONSIDERATIONS

The following is a summary of some considerations associated with an investment in our shares by a qualified employee pension benefit plan or an individual retirement account, or IRA. This summary is based on provisions of the Employee Retirement Income Security Act of 1974, or ERISA, and the Internal Revenue Code, each as amended through the date of this memorandum, and the relevant regulations, opinions and other authority issued by the Department of Labor and the IRS. We cannot assure our stockholders that there will not be adverse tax or labor decisions or legislative, regulatory or administrative changes in the future that would significantly modify the statements expressed herein. Any such changes may apply to transactions entered into prior to the date of their enactment.

Each fiduciary of an employee pension benefit plan subject to ERISA (such as a profit sharing, Section 401(k) or pension plan) or any other retirement plan or account subject to Section 4975 of the Internal Revenue Code, such as an IRA, seeking to invest plan assets in our shares must consider, taking into account the facts and circumstances of each such plan or IRA (a "Benefit Plan"), among other matters:

- whether the investment is consistent with the applicable provisions of ERISA and the Internal Revenue Code;
- whether, under the facts and circumstances pertaining to the Benefit Plan in question, the fiduciary's responsibility to the plan has been satisfied;
- whether the investment will produce an unacceptable amount of "unrelated business taxable income," or UBTI, to the Benefit Plan (see "Federal Income Tax Considerations—Taxation of Stockholders—Taxation of Tax-Exempt Stockholders"); and
- the need to value the assets of the Benefit Plan annually.

Under ERISA, a plan fiduciary's responsibilities include the following duties:

- to act solely in the interest of plan participants and beneficiaries and for the exclusive purpose of providing benefits to them, as well as defraying reasonable expenses of plan administration;
- to invest plan assets prudently;
- to diversify the investments of the plan, unless it is clearly prudent not to do so;
- to ensure sufficient liquidity for the plan;
- to ensure that plan investments are made in accordance with plan documents; and
- to consider whether an investment would constitute or give rise to a prohibited transaction under ERISA or the Internal Revenue Code.

ERISA also requires that, with certain exceptions, the assets of an employee Benefit Plan be held in trust and that the trustee, or a duly authorized named fiduciary or investment manager, have exclusive authority and discretion to manage and control the assets of the plan.

Prohibited Transactions

Generally, both ERISA and the Internal Revenue Code prohibit Benefit Plans from engaging in certain transactions involving plan assets with specified parties, such as sales or exchanges or leasing of property, loans or other extensions of credit, furnishing goods or services, or transfers to, or use of, plan assets. The specified parties are referred to as "parties in interest" under ERISA and as "disqualified persons" under the Internal Revenue Code. These definitions generally include both parties owning threshold percentage interests in an investment entity and "persons providing services" to the Benefit Plan, as well as employer sponsors of the Benefit Plan, fiduciaries and other individuals or entities affiliated with the foregoing. For this purpose, a person generally is a fiduciary with respect to a Benefit Plan if, among other things, the person has discretionary authority or control with respect to plan assets or provides investment advice for a fee with respect to plan assets. The United States Department of Labor ("DOL") published new regulations that modify the definition of fiduciary under ERISA in connection with the provision of investment advice. The regulations became effective June 7, 2016 and became applicable on June 9, 2017. Under the new regulations the definition of

fiduciary under ERISA includes anyone who renders (or has authority to render) investment advice for a fee or other compensation, direct or indirect, with respect to the money or property of a benefit plan that is subject to ERISA or the Code (including IRAs. The new regulations clarify that "investment advice" includes, among other things, any communication that (1) is about the advisability of an investment, (2) is directed to a specific recipient, and (3) would, based on the applicable facts and circumstances, reasonably be viewed as a suggestion to take (or refrain from taking) a particular course of action. A series of actions may amount to advice when considered in the aggregate. Investment advice provided to concerning investments in our common stock, whether publically placed or privately offered will fall within this rule when provided for a fee or other compensation. EquiAlt Capital Advisors and its affiliates are not providing investment advice or fiduciary advice (impartial or otherwise) in connection with the offering or purchase of our common stock. EquiAlt Capital Advisors and its affiliates have financial interests associated with the purchase of common stock as described in the herein including fees, expense reimbursements and other payments to be received from third parties in connection with the purchase of common stock.

Benefit Plan investors must consult their own financial advisors in connection with any decision to make an investment, and any investment decision on behalf of a Benefit Plan investor must be made by a sophisticated fiduciary that qualifies as one of the following: (i) a bank as defined in section 202 of the Investment Advisers Act, as amended, or similar institution that is regulated and supervised and subject to periodic examination by a state or federal agency; (ii) an insurance carrier that is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan; (iii) an investment adviser registered under the Investment Advisers Act, as amended, or, if not registered an as investment adviser under the Investment Advisers Act, as amended, by reason of paragraph (1) of section 203A of the Investment Advisers Act, as amended, is registered as an investment adviser under the laws of the State (referred to in such paragraph (1)) in which it maintains its principal office and place of business; (iv) a broker-dealer registered under the Exchange Act; or (v) an independent fiduciary that holds, or has under management or control, total assets of at least $50 million. A fiduciary acting on behalf of a Benefit Plan in connection with an investment in our common stock will be required to represent that such fiduciary is (A) a fiduciary under ERISA or the Code, or both, with respect to the transaction and is responsible for exercising independent judgment in evaluating the transaction; (B) capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies; and (C) no fee or other compensation is being paid directly to the EquiAlt Capital Advisors or its affiliates for investment advice (as opposed to other services) in connection with the transaction.

If we are deemed to be providing investment advice for a fee or if we are deemed to hold plan assets, our management could be characterized as fiduciaries with respect to such assets, and each would be deemed to be a party in interest under ERISA and a disqualified person under the Internal Revenue Code with respect to investing Benefit Plans. Whether or not we are deemed to hold plan assets, if we or our affiliates are affiliated with a Benefit Plan investor, we might be a disqualified person or party in interest with respect to such Benefit Plan investor, resulting in a prohibited transaction merely upon investment by such Benefit Plan in our shares.

If a prohibited transaction were to occur, the Internal Revenue Code imposes an excise tax equal to 15% of the amount involved and authorizes the IRS to impose an additional 100% excise tax if the prohibited transaction is not "corrected" in a timely manner. These taxes would be imposed on any disqualified person who participates in the prohibited transaction. In addition, EquiAlt Capital Advisors and possibly other fiduciaries of Benefit Plan stockholders subject to ERISA who permitted the prohibited transaction to occur or who otherwise breached their fiduciary responsibilities (or a non fiduciary participating in a prohibited transaction) could be required to restore to the Benefit Plan any profits they realized as a result of the transaction or breach and make good to the Benefit Plan any losses incurred by the Benefit Plan as a result of the transaction or breach. With respect to an IRA that invests in our shares, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiary, would cause the IRA to lose its tax exempt status under Section 408(e)(2) of the Internal Revenue Code.

Plan Asset Considerations

In order to determine whether an investment in our shares by a Benefit Plan creates or gives rise to the potential for either prohibited transactions or a commingling of assets as referred to above, a fiduciary must consider whether an investment in our shares will cause our assets to be treated as assets of the investing Benefit Plan. Neither ERISA nor the Internal Revenue Code defines the term "plan assets"; however, regulations promulgated by the Department of Labor provide guidelines as to whether, and under what circumstances, the underlying assets of an entity will be deemed to constitute assets of a Benefit Plan when the plan invests in that entity. We refer to this regulation as the "Plan Assets Regulation." Under the Plan Assets Regulation, the assets of an entity in which a Benefit Plan makes an equity investment will generally be deemed to be assets of the Benefit Plan, unless one of the exceptions to this general rule applies.

In the event that our underlying assets were treated as the assets of investing Benefit Plans, our management would be treated as fiduciaries with respect to each Benefit Plan stockholder and an investment in our shares might constitute an ineffective delegation

of fiduciary responsibility to EquiAlt Capital Advisors and expose the fiduciary of the Benefit Plan to co-fiduciary liability under ERISA for any breach by EquiAlt Capital Advisors of the fiduciary duties mandated under ERISA. Further, if our assets are deemed to be "plan assets," an investment by an IRA in our shares might be deemed to result in an impermissible commingling of IRA assets with other property.

If EquiAlt Capital Advisors or its affiliates were treated as fiduciaries with respect to Benefit Plan stockholders, the prohibited transaction restrictions of ERISA and the Internal Revenue Code would apply to any transaction involving our assets. These restrictions could, for example, require that we avoid transactions with persons that are affiliated with or related to us or our affiliates or require that we restructure our activities in order to obtain an administrative exemption from the prohibited transaction restrictions. Alternatively, we might have to provide Benefit Plan stockholders with the opportunity to sell their shares to us or we might dissolve.

The Plan Assets Regulation provides that the underlying assets of an entity such as a REIT will be treated as assets of a Benefit Plan investing therein unless the entity satisfies one of the exceptions to the general rule. We believe that we will satisfy one or more of the exceptions.

Exception for Insignificant Participation by Benefit Plan Investors. The Plan Assets Regulation provides that the assets of an entity will not be deemed to be the assets of a Benefit Plan if equity participation in the entity by employee Benefit Plans, including Benefit Plans, is not significant. The Plan Assets Regulation provides that equity participation in an entity by Benefit Plan investors is "significant" if at any time 25% or more of the value of any class of equity interest is held by Benefit Plan investors. The term "Benefit Plan investors" is defined for this purpose under ERISA Section 3(42) and includes any employee Benefit Plan subject to Part 4 of Subtitle B of Title I of ERISA, any plan subject Section 4975 of the Internal Revenue Code, and any entity whose underlying assets include plan assets by reasons of a plan's investment in such entity. In calculating the value of a class of equity interests, the value of any equity interests held by our affiliates must be excluded.

Until we register our common stock under the Exchange Act (which we expect to do upon commencement of an initial public offering) and can satisfy the "publicly-offered securities" exception described below, we intend to limit participation in this offering by Benefit Plan investors to no more than 24% of the total shares of our common stock outstanding (excluding from both the numerator and denominator of this test any shares held by our affiliates) so we satisfy the exception available for insignificant participation by Benefit Plan investors. Thus, prior to the time we can satisfy the exception described below, we will not admit any Benefit Plan investors as stockholders to the extent such admission would cause us to exceed a 24% threshold on Benefit Plan investor participation in this offering. All subscription payments from Benefit Plan investors initially will be placed in an account held by the escrow agent, UMB Bank, N.A., in trust for Benefit Plan investors' benefit pending release to us to ensure that we can satisfy this restriction on investments by Benefit Plans. Upon our reaching the minimum amount necessary to sell shares in this offering and thereafter on a weekly basis, we will request that our escrow agent release to us any funds received from Benefit Plan investors up to an amount that would not exceed 24% of the total shares of our common stock outstanding, excluding from both the numerator and denominator of this test any shares held by our affiliates. See "Plan of Distribution – Special Notice to Benefit Plan Investors" for a discussion of the specific escrow procedures applicable to Benefit Plan investors. After we can satisfy the exception described below, we will no longer limit participation by Benefit Plan investors and any funds held in escrow for the benefit of Benefit Plan investors will be released to us.

Exception for "Publicly-Offered Securities. If a Benefit Plan acquires "publicly-offered securities," the assets of the issuer of the securities will not be deemed to be "plan assets" under the Plan Assets Regulation. A publicly-offered security must be:

- either (a) part of a class of securities registered under the Exchange Act, or (b) sold as part of a public offering registered under the Securities Act, and be part of a class of securities registered under the Exchange Act, within a specified time period;
- part of a class of securities that is owned by 100 or more persons who are independent of the issuer and one another; and
- "freely transferable."

Whether a security is "freely transferable" depends upon the particular facts and circumstances. The Plan Assets Regulation provides several examples of restrictions on transferability that, absent unusual circumstances, will not prevent the rights of ownership in question from being considered "freely transferable" if the minimum investment is $10,000 or less. Where the minimum investment

in an offering of securities is $10,000 or less, the presence of the following restrictions on transfer will not ordinarily affect a determination that such securities are "freely transferable":

- any restriction on, or prohibition against, any transfer or assignment that would either result in a termination or reclassification of the entity for federal or state tax purposes or that would violate any state or federal statute, regulation, court order, judicial decree or rule of law;
- any requirement that not less than a minimum number of shares or units of such security be transferred or assigned by any investor, provided that such requirement does not prevent transfer of all of the then remaining shares or units held by an investor;
- any prohibition against transfer or assignment of such security or rights in respect thereof to an ineligible or unsuitable investor; and
- any requirement that reasonable transfer or administrative fees be paid in connection with a transfer or assignment.

Our structure has been established with the intent to satisfy the "freely transferable" requirement set forth in the Plan Assets Regulation with respect to our shares, although there is no assurance that our shares will meet such requirement. Our shares are subject to certain restrictions on transfer intended to ensure that we continue to qualify for federal income tax treatment as a REIT and to comply with state securities laws and regulations with respect to investor suitability. The minimum initial investment in our shares is generally $25,000; provided, however, qualified accounts (as defined herein) must initially invest at least $5,000 in our shares to be eligible to participate in this offering. However, each share has a value substantially below $10,000 and, after they are purchased, such shares can be sold or otherwise disposed of in a block of any number of shares. Because the shares may be sold in amounts less than $10,000 after the initial purchase, and because there are no restrictions on who may purchase such shares after the initial purchase (subject to state securities laws and regulations), we believe the restrictions on these shares should also be disregarded in determining whether such shares are "freely transferable." Although there can be no assurance that the freely transferable requirement will be met with respect to these classes of shares, we believe that these shares should be treated as "freely transferable."

If we commence an initial public offering, we expect to register the shares of common stock sold in this offering under the Exchange Act. Further, provided our common stock is held by 100 or more independent stockholders and assuming that no other facts and circumstances other than those referred to in the preceding paragraph exist that restrict transferability of shares of our common stock, we expect shares of our common stock to constitute "publicly-offered securities."

Other Prohibited Transactions

Regardless of whether the shares qualify for one of the exceptions of the Plan Assets Regulation, a prohibited transaction could occur if we, EquiAlt Capital Advisors, any selected broker-dealer or any of their affiliates is a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to any Benefit Plan purchasing our shares. Accordingly, unless an administrative or statutory exemption applies, shares should not be purchased by a Benefit Plan with respect to which any of the above persons is a fiduciary. A person is a fiduciary with respect to a Benefit Plan under Section 3(21) of ERISA if, among other things, the person has discretionary authority or control with respect to the Benefit Plan or "plan assets" or provides investment advice for a fee with respect to ERISA plan or IRA account assets. Under the new DOL regulations the definition of fiduciary under ERISA includes anyone who renders (or has authority to render) investment advice for a fee or other compensation, direct or indirect, with respect to the money or property of a benefit plan that is subject to ERISA or the Code including IRAs. The new regulations clarify that "investment advice" includes, among other things, any communication that (1) is about the advisability of an investment, (2) is directed to a specific recipient, and (3) would, based on the applicable facts and circumstances, reasonably be viewed as a suggestion to take (or refrain from taking) a particular course of action. A series of actions may amount to advice when considered in the aggregate.

Annual Valuation

A fiduciary of an employee Benefit Plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan's fiscal year and to file a report reflecting that value with the Department of Labor. When the fair market value of any particular asset is not available, the fiduciary is required to make a good faith determination of that asset's fair market value, assuming an orderly liquidation at the time the determination is made. In addition, an IRA fiduciary must provide an IRA participant with a statement of the value of the IRA each year. Failure to satisfy these requirements may result in penalties, damages or other sanctions.

Unless and until our shares are listed on a national securities exchange, we do not expect that a public market for our shares will develop. To date, neither the IRS nor the Department of Labor has promulgated regulations specifying how a plan fiduciary or IRA fiduciary should determine the fair market value of shares when the fair market value of such shares is not determined in the marketplace.

Until we commence an initial public offering, we intend to use the gross offering price of shares in this offering (ignoring purchase price discounts for certain categories of purchasers), or $10.00 per share, as the estimated per share value of our shares. If we commence an initial public offering, we expect to calculate and disclose an estimated NAV per share in order to help us establish the public offering price. Once we announce an estimated NAV per share we generally expect to update the estimated NAV per share at least once per calendar year. If we do not commence an initial public offering we are not required to report an estimated NAV per share.

Until we report an estimated NAV, the initial reported values will likely differ from the price that a stockholder would receive in the near term upon a resale of his or her shares or upon a liquidation of our company because (i) there is no public trading market for the shares at this time; (ii) when based solely on the offering price, the primary offering price includes the payment of underwriting compensation and other directed selling efforts, which payments and efforts are likely to produce a higher sale price than could otherwise be obtained; (iii) the estimated value will not reflect, and will not be derived from, the fair market value of our assets, nor will it represent the amount of net proceeds that would result from an immediate liquidation of our assets; (iv) the estimated value will not take into account how market fluctuations affect the value of our investments; and (v) the estimated value will not take into account how developments related to individual assets may increase or decrease the value of our portfolio.

Once we report an estimated NAV our stockholders should be aware of the following:

- the estimated values may not be realized by us or by our stockholders upon liquidation (in part because estimated values do not necessarily indicate the price at which assets could be sold and because the estimates may not take into account the expenses of selling our assets);
- our stockholders may not realize these values if they were to attempt to sell their shares because there is not expected to be an active trading market for the shares; and
- the estimated values, or the method used to establish values, may not be sufficient to enable an ERISA fiduciary or an IRA fiduciary to comply with the ERISA or IRA requirements described above. The Department of Labor or the IRS may determine that a plan fiduciary or an IRA fiduciary is required to take further steps to determine the value of our shares.

The foregoing requirements of ERISA and the Internal Revenue Code are complex and subject to change. Plan fiduciaries and the beneficial owners of IRAs are urged to consult with their own advisors regarding an investment in our shares.

DESCRIPTION OF SHARES

Our charter authorizes the issuance of 1,010,000,000 shares of capital stock, of which 1,000,000,000 shares are designated as common stock with a par value of $0.01 per share and 10,000,000 shares are designated as preferred stock with a par value of $0.01 per share. Of the total shares of common stock authorized, 500,000,000 shares are classified as Class A shares with a par value of $0.01 per share, which are the shares we are offering in this memorandum. In addition, our board of directors may amend our charter to increase or decrease the amount of our authorized shares. As of the date of this memorandum, 55,248 shares of our common stock were issued and outstanding, and no shares of preferred stock were issued and outstanding.

Common Stock

The holders of our common stock are entitled to one vote per share on all matters submitted to a stockholder vote, including the election of our directors. Our charter does not provide for cumulative voting in the election of our directors. Therefore, the holders of a majority of our outstanding shares of common stock can elect our entire board of directors. Unless applicable law requires otherwise, and except as our charter may provide with respect to any series of preferred stock that we may issue in the future, the holders of our common stock will possess exclusive voting power.

Holders of our common stock will be entitled to receive such distributions as declared from time to time by our board of directors out of legally available funds, subject to any preferential rights of any preferred stock that we issue in the future. In any liquidation, each outstanding share of common stock entitles its holder to share (based on the percentage of shares held) in the assets that remain after we pay our liabilities and any preferential distributions owed to preferred stockholders. Holders of shares of our common stock will not have preemptive rights, which means that you will not have an automatic option to purchase any new shares that we issue, nor will holders of our shares of common stock have any preference, conversion, exchange, sinking fund, redemption or appraisal rights. Our common stock shall be non-assessable by us upon our receipt of the consideration for which our board of directors authorized its issuance.

Our board of directors has authorized the issuance of shares of our capital stock without certificates. We do not expect to issue shares in certificated form. Information regarding restrictions on the transferability of our shares that, under Maryland law, would otherwise have been required to appear on our share certificates will instead be furnished to stockholders upon request and without charge. These requests should be delivered or mailed to:

- *Mail:* EquiAlt Secured Income Portfolio REIT, Inc., 720 E. Henderson Avenue, Tampa, Florida 33602.
- *Telephone:* (855) EquiAlt.

We maintain a stock ledger that contains the name and address of each stockholder and the number of shares that the stockholder holds. With respect to uncertificated stock, we will continue to treat the stockholder registered on our stock ledger as the owner of the shares until the new owner delivers a properly executed form to us, which form we will provide to any registered holder upon request.

Preferred Stock

Our charter authorizes our board of directors to designate and issue one or more classes or series of preferred stock without approval of our common stockholders. Our board of directors may determine the relative rights, preferences and privileges of each class or series of preferred stock so issued, which may be more beneficial than the rights, preferences and privileges attributable to our common stock. The issuance of preferred stock could have the effect of delaying or preventing a change in control. Our board of directors has no present plans to issue preferred stock but may do so at any time in the future without stockholder approval.

Meetings and Special Voting Requirements

An annual meeting of our stockholders will be held each year, at least 30 days after delivery of our annual report (if we are required under our charter to deliver an annual report). Special meetings of stockholders may be called only upon the request of a majority of our directors, a majority of our independent directors (when, if ever, we appoint any independent directors), our chief executive officer, our president or, upon commencement of an initial public offering, upon the written request of stockholders holding shares representing at least 10% of the votes entitled to be cast on any issue proposed to be considered at the special meeting. Prior to commencement of an initial public offering, special meetings may only be called by stockholders holding at least a majority of the shares of common stock entitled to be cast on any issue proposed to be considered at the special meeting. Upon commencement of an initial public offering, upon receipt of a written request of common stockholders holding shares representing at least 10% of the votes entitled to be cast stating the purpose of the special meeting, our secretary, within ten days of receipt of such request, will provide all

of our stockholders written notice of the meeting and the purpose of such meeting. The meeting must be held not less than 15 days or more than 60 days after the distribution of the notice of the meeting. The presence in person or by proxy of stockholders entitled to cast 50% of the votes entitled to be cast on any matter at any stockholder meeting constitutes a quorum. Unless otherwise provided by the Maryland General Corporation Law or our charter, the affirmative vote of a majority of all votes cast is necessary to take stockholder action. Under our charter, a majority of the shares entitled to vote and present in person or by proxy at a meeting of stockholders at which a quorum is present is required for the election of the directors at a meeting of stockholders called for that purpose. This means that, of the shares entitled to vote and present in person or by proxy, a director nominee needs to receive affirmative votes from a majority of such shares in order to be elected to our board of directors. Therefore, if a nominee receives fewer "for" votes than "withhold" votes in an election, then the nominee will not be elected.

Upon commencement of an initial public offering, our charter would provide that the concurrence of our board is not required in order for the common stockholders to amend the charter, dissolve the corporation or remove directors. However, we have been advised that the Maryland General Corporation Law does require board approval in order to amend our charter or dissolve. Upon commencement of an initial public offering, in addition to the requirements of the Maryland General Corporation Law, our charter would provide that without the approval of a majority of the shares of common stock entitled to vote on the matter, our board of directors may not:

- amend the charter to adversely affect the rights, preferences and privileges of the common stockholders;
- amend charter provisions relating to director qualifications, fiduciary duties, liability and indemnification, conflicts of interest, investment policies or investment restrictions;
- cause our liquidation or dissolution after our initial investment;
- sell all or substantially all of our assets other than in the ordinary course of business; or
- cause our merger or reorganization.

The term of our advisory agreement with EquiAlt Capital Advisors will continue in effect until terminated by either party. Upon commencement of an initial public offering our charter would provide that the term of the advisory agreement may not exceed one year but may be renewed for an unlimited number of successive one-year periods. Upon commencement of an initial public offering, our independent directors would annually review our advisory agreement with EquiAlt Capital Advisors. While the stockholders do not have the ability to vote to replace EquiAlt Capital Advisors or to select a new advisor, any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote on the election of directors at any meeting of stockholders called expressly for the purpose of removing a director.

Advance Notice for Stockholder Nominations for Directors and Proposals of New Business

In order for a stockholder to nominate a director or propose new business at the annual stockholders' meeting, our bylaws generally require that the stockholder give notice of the nomination or proposal not more than 150 days or less than 120 days prior to the first anniversary of the date of the proxy statement for the preceding year's annual stockholders' meeting, unless such nomination or proposal is made pursuant to the company's notice of the meeting or by or at the direction of our board of directors. Our bylaws contain a similar notice requirement in connection with nominations for directors at a special meeting of stockholders called for the purpose of electing one or more directors. Failure to comply with the notice provisions will make stockholders unable to nominate directors or propose new business.

Restriction on Ownership of Shares

Ownership Limit

To maintain our REIT qualification, not more than 50% in value of our outstanding shares may be owned, directly or indirectly, by five or fewer individuals (including certain entities treated as individuals under the Internal Revenue Code) during the last half of each taxable year. In addition, at least 100 persons who are independent of us and each other must beneficially own our outstanding shares for at least 335 days per 12-month taxable year or during a proportionate part of a shorter taxable year. Each of the requirements specified in the two preceding sentences shall not apply to any period prior to the second year for which we elect to be taxed as a REIT. We may prohibit certain acquisitions and transfers of shares so as to ensure our continued qualification as a REIT under the Internal Revenue Code. However, we cannot assure our stockholders that this prohibition will be effective.

To help ensure that we meet these tests, our charter prohibits any person or group of persons from acquiring, directly or indirectly, beneficial ownership of more than 9.8% of our aggregate outstanding shares unless exempted by our board of directors. Our board of directors may waive this ownership limit with respect to a particular person if our board receives evidence that ownership in excess of the limit will not jeopardize our REIT status. For purposes of this provision, we treat corporations, partnerships and other entities as single persons.

Any attempted transfer of our shares that, if effective, would result in a violation of our ownership limit or would result in our shares being owned by fewer than 100 persons will be null and void and will cause the number of shares causing the violation to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries. The prohibited transferee will not acquire any rights in the shares. The automatic transfer will be deemed to be effective as of the close of business on the business day prior to the date of the attempted transfer. We will designate a trustee of the trust that will not be affiliated with us or the prohibited transferee. We will also name one or more charitable organizations as a beneficiary of the share trust.

Shares held in trust will remain issued and outstanding and will be entitled to the same rights and privileges as all other shares of the same class or series. The prohibited transferee will not benefit economically from any of the shares held in trust, will not have any rights to dividends or distributions and will not have the right to vote or any other rights attributable to the shares held in the trust. The trustee will receive all dividends and distributions on the shares held in trust and will hold such dividends or distributions in trust for the benefit of the charitable beneficiary. The trustee may vote any shares held in trust.

Within 20 days of receiving notice from us that any of our shares have been transferred to the trust for the charitable beneficiary, the trustee will sell those shares to a person designated by the trustee whose ownership of the shares will not violate the above restrictions. Upon the sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited transferee and to the charitable beneficiary as follows. The prohibited transferee will receive the lesser of (i) the price paid by the prohibited transferee for the shares or, if the prohibited transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g. a gift, devise or other similar transaction), the market price (as defined in our charter) of the shares on the day of the event causing the shares to be held in the trust and (ii) the price received by the trustee from the sale or other disposition of the shares. Any net sale proceeds in excess of the amount payable to the prohibited transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that shares have been transferred to the trust, the shares are sold by the prohibited transferee, then (a) the shares shall be deemed to have been sold on behalf of the trust and (b) to the extent that the prohibited transferee received an amount for the shares that exceeds the amount he was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, shares held in the trust for the charitable beneficiary will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a devise or gift, the market price at the time of the devise or gift) and (ii) the market price on the date we, or our designee, accept the offer. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited transferee.

Any person who acquires or attempts to acquire shares in violation of the foregoing restrictions or who would have owned the shares that were transferred to any such trust must give us immediate written notice of such event, and any person who proposes or attempts to acquire or receive shares in violation of the foregoing restrictions must give us at least 15 days' written notice prior to such transaction. In both cases, such persons shall provide to us such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT.

The foregoing restrictions will continue to apply until our board of directors determines it is no longer in our best interest to continue to qualify as a REIT. The ownership limit does not apply to any underwriter in an offering of our shares or to a person or persons exempted from the ownership limit by our board of directors based upon appropriate assurances that our qualification as a REIT would not be jeopardized.

Within 30 days after the end of each taxable year, every owner of 5% or more of our outstanding capital stock will be asked to deliver to us a statement setting forth the number of shares owned directly or indirectly by such person and a description of how such person holds the shares. Each such owner shall also provide us with such additional information as we may request in order to determine the effect, if any, of his or her beneficial ownership on our status as a REIT and to ensure compliance with our ownership limit.

These restrictions could delay, defer or prevent a transaction or change in control of our company that might involve a premium price for our shares of common stock or otherwise be in the best interests of our stockholders.

Suitability Standards and Minimum Purchase Requirements

The shares we are offering through this memorandum are being offered and sold in reliance on an exemption from the registration requirements of the Securities Act. Accordingly, purchasers in this offering will be strictly limited to persons who meet the requirements and make the representations set forth at "Who May Invest" immediately following the cover page of this memorandum. Information regarding minimum purchase requirements are described below at "Plan of Distribution – Minimum Purchase Requirements."

Restrictions on Resale and Transfer of Shares

The shares will not be registered under the Securities Act or the securities law of any state and are being offered and sold in reliance on exemptions from the registration requirements of such laws. The shares are "restricted securities" as defined in Rule 144 promulgated under the Securities Act and cannot be transferred for value and must be held indefinitely unless they can be sold in reliance on Rule 144 or they are subsequently registered under the Securities Act and any applicable state securities law or an exemption from the registration requirements of such laws is available. Upon commencement of an initial public offering, transferees will be required to meet certain suitability standards consistent with our charter.

In addition, upon commencement of an initial public offering, unless you are transferring all of your shares of common stock, you would not be permitted to transfer your shares in a manner that causes you or your transferee to own fewer than the number of shares required to meet the minimum purchase requirements in our currently effective public offering, except for the following transfers without consideration: transfers by gift, transfers by inheritance, intrafamily transfers, family dissolutions, transfers to affiliates and transfers by operation of law. These suitability and minimum purchase requirements are applicable if we commence an initial public offering and until our shares of common stock are listed on a national securities exchange, and these requirements may make it more difficult for you to sell your shares.

Distributions

After we begin making investments, we expect to authorize and declare distributions based on daily record dates, and we expect to pay distributions on a monthly basis. The rate will be determined by our board of directors based on our financial condition and such other factors as our board of directors deems relevant. Our board of directors has not pre-established a percentage range of return for distributions to stockholders. We have not established a minimum distribution level, and our charter does not require that we make distributions to our stockholders.

We may authorize and declare cash and stock distributions. Generally, our policy will be to pay distributions from cash flow from operations. However, we expect to have little, if any, cash flow from operations available for distribution until we make substantial investments. During our offering stage, when we may raise capital in this offering (and possibly future offerings) more quickly than we acquire income-producing assets, and for some period after our offering stage, we may not pay distributions solely from our cash flow from operations. Further, because we may receive income from interest or rents at various times during our fiscal year and because we may need cash flow from operations during a particular period to fund capital expenditures and other expenses, we expect that at least during the early stages of our development and from time to time during our operational stage, we will declare distributions in anticipation of cash flow that we expect to receive during a later period and we will pay these distributions in advance of our actual receipt of these funds. In these instances, we expect to utilize offering proceeds, if necessary, to fund at least a portion of our distributions. We may also fund such distributions from the sale of assets or from the maturity, payoff or settlement of debt investments. We may fund distributions from any source, including, without limitation, offering proceeds. If we pay distributions from sources other than our cash flow from operations, we will have less funds available for investment in assets, the overall return to our stockholders may be reduced and subsequent investors will experience dilution.

Our board of directors may declare stock distributions from time to time. For instance, if our board of directors believes assets in our portfolio have appreciated in value after acquisition our board of directors may declare a stock distribution. To the extent we pay stock distributions the return on invested capital for investors purchasing our stock after payment of the stock distribution will be below the return on invested capital of investors who received the stock distribution. Especially during the early stages of our operations, our board of directors may determine that a stock distribution in lieu of a cash distribution is in our best interest because it will allow us to focus on our investment strategy of investing in more value-creating single-family residential properties that may not generate a substantial level of cash flow from operations at acquisition, but have the potential for increased cash flow from operations and long-term appreciation. We believe such properties will experience an increase in value. For example, in most instances, we will

bring financial stability to the property, which reduces uncertainty in the market and alleviates concerns regarding the property's management, ownership and future. We also may have more capital available for investment in these properties than their prior owners and operators were willing to invest, and as such, we will be able to invest in tenant improvements and capital expenditures with respect to such properties, which enables us to attract substantially increased interest from brokers and tenants.

To maintain our qualification as a REIT, we must make aggregate annual distributions to our stockholders of at least 90% of our REIT taxable income (which is computed without regard to the dividends-paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP). If we meet the REIT qualification requirements, we generally will not be subject to federal income tax on the income that we distribute to our stockholders each year. See "Federal Income Tax Considerations—Taxation of EquiAlt Secured Income Portfolio REIT, Inc.—Annual Distribution Requirements." Our board of directors may authorize distributions in excess of those required for us to maintain REIT status depending on our financial condition and such other factors as our board of directors deems relevant.

Distributions that our stockholders receive will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. To the extent any portion of a stockholder's distribution is not from current or accumulated earnings and profits, it will not be subject to tax immediately; it will be considered a return of capital for tax purposes and will reduce the tax basis of the stockholder's investment (and potentially result in taxable gain upon the stockholder's sale of the stock). Distributions that constitute a return of capital, in effect, defer a portion of a stockholder's tax until the stockholder's investment is sold or we are liquidated, at which time the stockholder will be taxed at capital gains rates. However, because each investor's tax considerations are different, we suggest that stockholders consult with their tax advisor.

Inspection of Books and Records

Under Maryland law, a stockholder is entitled to inspect and copy (at all reasonable times) the following corporate documents: bylaws, minutes of the proceedings of stockholders, annual statements of affairs, voting trust agreements and stock records for certain specified periods. In addition, within seven days after a request for such documents is presented to an officer or our resident agent, we will have the requested documents available on file at our principal office. Upon commencement of an initial public offering, as a part of our books and records, we will maintain at our principal office an alphabetical list of the names of our common stockholders, along with their addresses and telephone numbers and the number of shares of common stock held by each of them. We will update this stockholder list at least quarterly and it will be available for inspection at our principal office by a common stockholder or his or her designated agent upon request of the stockholder. We will also mail this list to any common stockholder within ten days of receipt of his or her request. We may impose a reasonable charge for expenses incurred in reproducing such list. Stockholders, however, may not sell or use this list for commercial purposes. The purposes for which stockholders may request this list include matters relating to their voting rights.

Upon commencement of an initial public offering, if our advisor or our board of directors neglects or refuses to exhibit, produce or mail a copy of the stockholder list as requested, our advisor and/or board, as the case may be, would be liable to the common stockholder requesting the list for the costs, including attorneys' fees, incurred by that stockholder for compelling the production of the stockholder list and any actual damages suffered by any common stockholder for the neglect or refusal to produce the list. It shall be a defense that the actual purpose and reason for the requests for inspection or for a copy of the stockholder list is not for a proper purpose but is instead for the purpose of securing such list of stockholders or other information for the purpose of selling such list or copies thereof, or of using the same for a commercial purpose other than in the interest of the applicant as a stockholder relative to the affairs of our company. We could require that the stockholder requesting the stockholder list represent that the request is not for a commercial purpose unrelated to the stockholder's interest in our company. The remedies that would be provided by our charter upon commencement of an initial public offering to stockholders requesting copies of the stockholder list are in addition to, and do not in any way limit, other remedies available to stockholders under federal law, or the law of any state.

Business Combinations

Under the Maryland General Corporation Law, business combinations between a Maryland corporation and an interested stockholder or the interested stockholder's affiliate are prohibited for five years after the most recent date on which the stockholder becomes an interested stockholder. For this purpose, the term "business combination" includes mergers, consolidations, share exchanges, asset transfers and issuances or reclassifications of equity securities. An "interested stockholder" is defined for this purpose as: (i) any person who beneficially owns 10% or more of the voting power of the corporation's shares or (ii) an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting shares of the corporation. A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he otherwise would have become an interested

stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least: (i) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation and (ii) two-thirds of the votes entitled to be cast by holders of voting shares of the corporation other than shares held by the interested stockholder or its affiliate with whom the business combination is to be effected, or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under the Maryland General Corporation Law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

None of these provisions of the Maryland General Corporation Law will apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the interested stockholder becomes an interested stockholder. We have opted out of these provisions by resolution of our board of directors. However, our board of directors may, by resolution, opt in to the business combination statute in the future.

Control Share Acquisitions

The Maryland General Corporation Law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquirer, an officer of the corporation or an employee of the corporation who is also a director of the corporation are excluded from the vote on whether to accord voting rights to the control shares. "Control shares" are voting shares that, if aggregated with all other shares owned by the acquirer or with respect to which the acquirer has the right to vote or to direct the voting of, other than solely by virtue of revocable proxy, would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. Except as otherwise specified in the statute, a "control share acquisition" means the acquisition of control shares.

Once a person who has made or proposes to make a control share acquisition has undertaken to pay expenses and has satisfied other required conditions, the person may compel the board of directors to call a special meeting of stockholders to be held within 50 days of the demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved for the control shares at the meeting or if the acquiring person does not deliver an "acquiring person statement" for the control shares as required by the statute, the corporation may redeem any or all of the control shares for their fair value, except for control shares for which voting rights have previously been approved. Fair value is to be determined for this purpose without regard to the absence of voting rights for the control shares, and is to be determined as of the date of the last control share acquisition or of any meeting of stockholders at which the voting rights for control shares are considered and not approved.

If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of these appraisal rights may not be less than the highest price per share paid in the control share acquisition. Some of the limitations and restrictions otherwise applicable to the exercise of dissenters' rights do not apply in the context of a control share acquisition.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our stock. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Exchange Act, and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the five provisions of the statute:

- a classified board,
- a two-thirds vote requirement for removing a director,
- a requirement that the number of directors be fixed only by vote of the directors,
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred, and
- a majority requirement for the calling of a special meeting of stockholders.

Through provisions in our bylaws unrelated to Subtitle 8, we already vest in our board of directors the exclusive power to fix the number of directorships. Our bylaws may be amended by our stockholders or our board of directors.

Tender Offers by Stockholders

Our charter provides that any tender offer made by a stockholder, including any "mini-tender" offer, must comply with certain notice and disclosure requirements. These procedural requirements with respect to tender offers apply to any widespread solicitation for shares of our stock at firm prices for a limited time period.

In order for one of our stockholders to conduct a tender offer to another stockholder, our charter requires that the stockholder comply with Regulation 14D of the Exchange Act, and provide us notice of such tender offer at least 10 business days before initiating the tender offer. Pursuant to our charter, Regulation 14D would require any stockholder initiating a tender offer to provide:

- Specific disclosure to stockholders focusing on the terms of the offer and information about the bidder;
- The ability to allow stockholders to withdraw tendered shares while the offer remains open;
- The right to have tendered shares accepted on a pro rata basis throughout the term of the offer if the offer is for less than all of our shares; and
- That all stockholders of the subject class of shares be treated equally.

In addition to the foregoing, there are certain ramifications to stockholders should they attempt to conduct a noncompliant tender offer. If any stockholder initiates a tender offer without complying with the provisions set forth above, all tendering stockholders will have the opportunity to rescind the tender of their shares to the non-complying offeror within 30 days of our provision of a position statement on such non-compliant tender offer to stockholder. The noncomplying stockholder shall also be responsible for all of our expenses in connection with that stockholder's noncompliance.

Share Redemption Program

Our share redemption program may enable our stockholders to sell their shares of common stock to us in limited circumstances. In its sole discretion, our board of directors could choose to terminate or suspend the program or to amend its provisions without stockholder approval. The following discussion summarizes the principal terms of our share redemption program.

Redemption Price

If and when we do have funds available for redemption, with respect to redemptions submitted other than in connection with a stockholder's death, "qualifying disability", or "determination of incompetence" ("Ordinary Redemptions"), for those shares held by

the redeeming stockholder for at least one year, we expect to initially redeem shares submitted for redemption at 95.0% of the price paid to acquire the shares from us. For purposes of the foregoing, the price paid to acquire shares received as a stock distribution will be deemed to be the purchase price for shares in our primary offering in effect on the date of the issuance of the stock distribution. Once we establish an estimated NAV per share of our common stock, for those shares held by the redeeming stockholder for at least one year, we will redeem all shares submitted in connection with an Ordinary Redemption at 95.0% of our estimated NAV per share as of the applicable redemption date.

Limitations on Redemption

There are several limitations on our ability to redeem shares under the program:

- With respect to Ordinary Redemptions, we may not redeem shares unless the stockholder has held the shares for one year provided that for purposes of determining whether a redeeming stockholder has held the share submitted for redemption for at least one year, the time period begins as of the date the stockholder acquired the share; provided, that shares purchased by the redeeming stockholder pursuant to a distribution reinvestment plan or received as a stock distribution will be deemed to have been acquired on the same date as the initial share to which the distribution reinvestment plan shares or stock distribution shares relate. The date of the share's original issuance by us is not determinative.

- During any calendar year, redemptions will be limited to an amount equal to 1% of our cash flows from operating activities in the prior calendar year. However, we may increase or decrease the funding available for the redemption of shares pursuant to the program upon 10 business days' notice to our stockholders. We may provide notice by including such information (i) in a periodic or current report publicly filed with the SEC if we become a public reporting company or (ii) in a separate mailing to our stockholders.

- During any calendar year, we may redeem no more than 5% of the weighted-average number of shares outstanding during the prior calendar year.

- We have no obligation to redeem shares if the redemption would violate the restrictions on distributions under Maryland law, which prohibits distributions that would cause a corporation to fail to meet statutory tests of solvency.

Procedures for Redemption

We will redeem shares on the last business day of each month, except that the first redemption date following our establishment of an estimated NAV per share shall be no less than 10 business days after our notification to stockholders of such estimated NAV per share and the redemption date shall be set forth in such notice. We must receive our stockholders' written request for redemption at least five business days before the redemption date in order for us to repurchase their shares on the redemption date. If we could not repurchase all shares presented for redemption in any month, we would attempt to honor redemption requests on a pro rata basis, except that if a pro rata redemption would result in the stockholder owning less than the minimum purchase amount described in our current offering document, or our most current offering document, as such offering document has been amended or supplemented, then we would redeem all of such stockholder's shares.

If we did not completely satisfy a stockholder's redemption request on a redemption date because we did not receive the request in time, because of the limitations on redemptions set forth in the program or because of a suspension of the program, we would treat the unsatisfied portion of the redemption request as a request for redemption at the next redemption date funds are available for redemption or at the next redemption date after the resumption of our share redemption program unless the stockholder withdrew his or her request before the next date for redemptions. Any stockholder could withdraw a redemption request upon written notice to the company if such notice were received by us at least five business days before the redemption date.

Special Redemptions

In several respects we would treat redemptions sought upon a stockholder's death, qualifying disability or determination of incompetence (each as defined in the program and collectively, "Special Redemptions"), differently from other redemptions:

- there is no one-year holding requirement;

- until we establish an estimated NAV per share, the redemption price is the amount paid to acquire the shares from us, provided that, for purposes of the foregoing, the price paid to acquire shares received as a stock distribution will be deemed to be the purchase price for shares in our primary offering in effect on the date of the issuance of the stock distribution; and

- once we have established an estimated NAV per share, the redemption price for all shares will be the estimated NAV per share as of the redemption date.

In order for a disability to entitle a stockholder to the special redemption terms described above (i.e. to be a "qualifying disability"), (i) the stockholder would have to receive a determination of disability based upon a physical or mental condition or impairment arising after the date the stockholder acquired the shares to be redeemed and (ii) such determination of disability would have to be made by the governmental agency responsible for reviewing the disability retirement benefits that the stockholder could be eligible to receive, which we refer to as the applicable governmental agencies. The applicable governmental agencies would be limited to the following: (a) if the stockholder paid Social Security taxes and, therefore, could be eligible to receive Social Security disability benefits, then the applicable governmental agency would be the Social Security Administration or the agency charged with responsibility for administering Social Security disability benefits at that time if other than the Social Security Administration; (b) if the stockholder did not pay Social Security taxes and, therefore, could not be eligible to receive Social Security disability benefits, but the stockholder could be eligible to receive disability benefits under the Civil Service Retirement System, or CSRS, then the applicable governmental agency would be the U.S. Office of Personnel Management or the agency charged with responsibility for administering CSRS benefits at that time if other than the Office of Personnel Management; or (c) if the stockholder did not pay Social Security taxes and therefore could not be eligible to receive Social Security benefits but suffered a disability that resulted in the stockholder's discharge from military service under conditions that were other than dishonorable and, therefore, could be eligible to receive military disability benefits, then the applicable governmental agency would be the Department of Veterans Affairs or the agency charged with the responsibility for administering military disability benefits at that time if other than the Department of Veterans Affairs.

Disability determinations by governmental agencies for purposes other than those listed above, including but not limited to worker's compensation insurance, administration or enforcement of the Rehabilitation Act or Americans with Disabilities Act, or waiver of insurance premiums would not entitle a stockholder to the special redemption terms described above. Redemption requests following an award by the applicable governmental agency of disability benefits would have to be accompanied by: (i) the investor's initial application for disability benefits and (ii) a Social Security Administration Notice of Award, a U.S. Office of Personnel Management determination of disability under CSRS, a Department of Veterans Affairs record of disability-related discharge or such other documentation issued by the applicable governmental agency that we would deem acceptable and would demonstrate an award of the disability benefits.

We understand that the following disabilities do not entitle a worker to Social Security disability benefits:

- disabilities occurring after the legal retirement age; and

- disabilities that do not render a worker incapable of performing substantial gainful activity.

Therefore, such disabilities would not qualify for the special redemption terms, except in the limited circumstances when the investor would be awarded disability benefits by the other applicable governmental agencies described above.

In order for a determination of incompetence or incapacitation, which we refer to as a "determination of incompetence," to entitle a stockholder to the special redemption terms, a state or federal court located in the United States must declare, determine or find the stockholder to be (i) mentally incompetent to enter into a contract, to prepare a will or to make medical decisions or (ii) mentally incapacitated. In both cases such determination must be made by the court after the date the stockholder acquired the shares to be redeemed. A determination of incompetence or incapacitation by any other person or entity, or for any purpose other than those listed above, will not entitle a stockholder to the special redemption terms. Redemption requests following a determination of incompetence must be accompanied by the court order, determination or certificate declaring the stockholder incompetent or incapacitated.

Amendment, Suspension or Termination of Program and Notice

In its sole discretion, our board of directors may amend, suspend or terminate our share redemption program without stockholder approval upon 30 days' notice, provided that we may increase or decrease the funding available for the redemption of

shares pursuant to the program upon 10 business days' notice. We may provide notice by including such information (a) in a periodic or current report publicly filed with the SEC if we become a public reporting company or (b) in a separate mailing to the stockholders. During this offering, we would also include this information in a supplement.

Our share redemption program provides stockholders only a limited ability to redeem shares for cash until a secondary market develops for our shares, at which time the program would terminate. No such market presently exists, and we cannot assure our stockholders that any market for their shares will ever develop.

Qualifying stockholders who desire to redeem their shares would have to give written notice to us by completing a redemption request form and returning it as follows:

- *Mail:* EquiAlt Secured Income Portfolio REIT, Inc., 720 E. Henderson Avenue, Tampa, Florida 33602 (855) EquiAlt.

Redemption request forms are available by contacting a financial advisor or by calling (855) EquiAlt.

Restrictions on Roll-Up Transactions

A Roll-up Transaction is a transaction involving the acquisition, merger, conversion or consolidation, directly or indirectly, of us and the issuance of securities of an entity that is created or would survive after the successful completion of a Roll-up Transaction, which we refer to as a Roll-up Entity. This term does not include:

- a transaction involving our securities that have been for at least 12 months listed on a national securities exchange or traded through the National Association of Securities Dealers Automated Quotation National Market System; or
- a transaction involving only our conversion into a trust or association if, as a consequence of the transaction, there will be no significant adverse change in the voting rights of our common stockholders, the term of our existence, the compensation to our advisor or our investment objectives.

Upon commencement of an initial public offering, our charter would provide that, in connection with any proposed Roll-up Transaction, an appraisal of all our assets would be obtained from a competent independent appraiser. Our assets would be appraised on a consistent basis, and the appraisal will be based on an evaluation of all relevant information and would indicate the value of our assets as of a date immediately preceding the announcement of the proposed Roll-up Transaction. If the appraisal will be included in a prospectus used to offer the securities of a Roll-Up Entity, the appraisal will be filed with the SEC and, if applicable, the states in which registration of such securities is sought, as an exhibit to the registration statement for the offering. The appraisal will assume an orderly liquidation of assets over a 12-month period. The terms of the engagement of the independent appraiser will clearly state that the engagement is for our benefit and the benefit of our stockholders. A summary of the appraisal, indicating all material assumptions underlying the appraisal, will be included in a report to our stockholders in connection with any proposed Roll-up Transaction. For these purposes, a broker opinion of value or any other reasonable valuation means as determined by the board of directors will constitute an appraisal with respect to a single-family residential property or a portfolio of single-family residential properties.

Upon commencement of an initial public offering, our charter would provide that, in connection with a proposed Roll-up Transaction, the person sponsoring the Roll-up Transaction must offer to our common stockholders who vote "no" on the proposal the choice of:

(i) accepting the securities of the Roll-up Entity offered in the proposed Roll-up Transaction; or

(ii) one of the following:

  (a) remaining as common stockholders of us and preserving their interests in us on the same terms and conditions as existed previously; or

  (b) receiving cash in an amount equal to the stockholders' pro rata share of the appraised value of our net assets.

Upon commencement of an initial public offering, our charter would prohibit us from participating in any proposed Roll-up Transaction:

- that would result in our common stockholders having democracy rights in a Roll-up Entity that are less than those provided in our charter and bylaws with respect to the election and removal of directors and the other voting rights of our common stockholders, annual reports, annual and special meetings of common stockholders, the amendment of our charter and our dissolution;

- that includes provisions that would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the Roll-up Entity, except to the minimum extent necessary to preserve the tax status of the Roll-up Entity, or that would limit the ability of an investor to exercise the voting rights of its securities of the Roll-up Entity on the basis of the number of shares of common stock that such investor had held in us;

- in which investors' rights of access to the records of the Roll-up Entity would be less than those provided in our charter and described in the section of this memorandum entitled "Description of Shares—Meetings and Special Voting Requirements"; or

- in which any of the costs of the Roll-up Transaction would be borne by us if the Roll-up Transaction would not be approved by our common stockholders.

THE OPERATING PARTNERSHIP AGREEMENT

General

EquiAlt Secured Income Portfolio Limited Partnership, which we refer to as our Operating Partnership, is a newly formed Delaware limited partnership. We expect to own substantially all of our assets and conduct our operations through our Operating Partnership. We are the sole general partner of our Operating Partnership and, as of the date of this memorandum, our wholly owned subsidiary, EquiAlt Secured Income Portfolio REIT Holdings LLC, was the sole limited partner of our Operating Partnership. As the sole general partner, we have the exclusive power to manage and conduct the business of our Operating Partnership.

As we accept subscriptions for shares in this offering, we will transfer substantially all of the net proceeds of the offering to our Operating Partnership as a capital contribution in exchange for units of limited partnership interest that will be held by our wholly owned subsidiary, EquiAlt Secured Income Portfolio REIT Holdings LLC; however, we will be deemed to have made capital contributions in the amount of the gross offering proceeds received from investors. The Operating Partnership will be deemed to have simultaneously paid the selling commissions and other costs associated with the offering.

As a result of this structure, we will be considered an UPREIT, or an umbrella partnership real estate investment trust. An UPREIT is a structure that REITs often use to acquire real property from sellers on a tax-deferred basis because the sellers can generally accept partnership units and defer taxable gain otherwise required to be recognized by them upon the disposition of their properties. Such sellers may also desire to achieve diversity in their investment and other benefits afforded to stockholders in a REIT. For purposes of satisfying the asset and income tests for qualification as a REIT, the REIT's proportionate share of the assets and income of our Operating Partnership will be deemed to be assets and income of the REIT.

If we ever decide to acquire properties in exchange for units of limited partnership interest in our Operating Partnership, we expect to amend and restate the partnership agreement to provide substantially as set forth below.

Capital Contributions

We would expect the partnership agreement to require us to contribute the proceeds of any offering of our shares of stock to our Operating Partnership as an additional capital contribution. If we did contribute additional capital to our Operating Partnership, we would receive additional partnership units and our percentage interest in our Operating Partnership would be increased on a proportionate basis based upon the amount of such additional capital contributions and the value of our Operating Partnership at the time of such contributions. We also expect that the partnership agreement would allow us to cause our Operating Partnership to issue partnership interests for less than their fair market value if we conclude in good faith that such issuance is in the best interest of our Operating Partnership and us. Our Operating Partnership would also be able to issue preferred partnership interests in connection with acquisitions of property or otherwise. These preferred partnership interests could have priority over common partnership interests with respect to distributions from our Operating Partnership, including priority over the partnership interests that we would own as a limited partner. If our Operating Partnership would require additional funds at any time in excess of capital contributions made by us or from borrowing, we could borrow funds from a financial institution or other lender and lend such funds to our Operating Partnership on the same terms and conditions as are applicable to our borrowing of such funds.

Operations

We would expect the partnership agreement to provide that, so long as we remain qualified as a REIT, our Operating Partnership would be operated in a manner that would enable us to satisfy the requirements for being classified as a REIT for tax purposes. We would also have the power to take actions to ensure that our Operating Partnership would not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Internal Revenue Code. Classification as a publicly traded partnership could result in our Operating Partnership being taxed as a corporation, rather than as a partnership.

Distributions and Allocations of Profits and Losses

The partnership agreement would provide that our Operating Partnership would distribute cash flow from operations to its partners in accordance with their respective percentage interests on at least a monthly basis in amounts that we determine. The effect of these distributions would be that a holder of one unit of limited partnership interest in our Operating Partnership would receive the same amount of annual cash flow distributions as the amount of annual distributions paid to the holder of one of our shares of common stock.

Similarly, the partnership agreement would provide that our Operating Partnership would allocate taxable income to its partners in accordance with their respective percentage interests. Subject to compliance with the provisions of Sections 704(b) and

704(c) of the Internal Revenue Code and the corresponding Treasury regulations, the effect of these allocations would be that a holder of one unit of limited partnership interest in our Operating Partnership would be allocated taxable income for each taxable year in an amount equal to the amount of taxable income to be recognized by a holder of one of our shares of common stock. Losses, if any, would generally be allocated among the partners in accordance with their respective percentage interests in our Operating Partnership. Losses could not be passed through to our stockholders.

Upon liquidation of our Operating Partnership, after payment of, or adequate provision for, debts and obligations of our Operating Partnership, including partner loans, any remaining assets of our Operating Partnership would be distributed to its partners in accordance with their respective positive capital account balances.

Rights, Obligations and Powers of the General Partner

We would expect to be the sole general partner of our Operating Partnership. As sole general partner, we generally would have complete and exclusive discretion to manage and control our Operating Partnership's business and to make all decisions affecting its assets. We would also expect to have the authority to:

- acquire, purchase, own, operate, lease, manage and dispose of any real property and any other assets;
- construct buildings and make other improvements on owned or leased properties;
- authorize, issue, sell, redeem or otherwise purchase any debt or other securities;
- borrow or loan money;
- originate loans;
- make or revoke any tax election;
- maintain insurance coverage in amounts and types as we determine is necessary;
- retain employees or other service providers;
- form or acquire interests in joint ventures; and
- merge, consolidate or combine our Operating Partnership with another entity.

We expect that our Operating Partnership would continue to pay all of the administrative and operating costs and expenses it incurs in acquiring or originating and operating and managing our investments. Our Operating Partnership would also pay all of our administrative costs and expenses and such expenses would be treated as expenses of our Operating Partnership. Such expenses would include:

- all expenses relating to our continuity of existence;
- if we commence an initial public offering, all expenses associated with the preparation and filing of our periodic reports under federal, state or local laws or regulations;
- all expenses associated with our compliance with applicable laws, rules and regulations; and
- all of our other operating or administrative costs incurred in the ordinary course of business.

The only costs and expenses we could incur that our Operating Partnership would not reimburse would be costs and expenses relating to assets we may own outside of our Operating Partnership. We would pay the expenses relating to such assets directly.

Exchange Rights

We expect that an amended and restated partnership agreement would also provide for exchange rights. We expect the limited partners of our Operating Partnership would have the right to cause our Operating Partnership to redeem their units of limited partnership interest for cash equal to the value of an equivalent number of our shares or, at our option, we could purchase their units of

limited partnership interest for cash or by issuing one share of our common stock for each unit redeemed. Limited partners, however, would not be able to exercise this exchange right if and to the extent that the delivery of our shares upon such exercise would:

- result in any person owning shares in excess of the ownership limit in our charter (unless exempted by our board of directors);
- result in our shares being owned by fewer than 100 persons;
- result in our shares being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code; or
- cause us to own 10% or more of the ownership interests in a tenant within the meaning of Section 856(d)(2)(B) of the Internal Revenue Code.

Furthermore, limited partners could exercise their exchange rights only after their units of limited partnership interest had been outstanding for one year. A limited partner could not deliver more than two exchange notices each calendar year and would not be able to exercise an exchange right for less than 1,000 units of limited partnership interest, unless such limited partner held less than 1,000 units. In that case, he would be required to exercise his exchange right for all of his units.

Change in General Partner

We expect that we generally would not be able to withdraw as the general partner of our Operating Partnership or transfer our general partnership interest in our Operating Partnership (unless we transferred our interest to a wholly owned subsidiary). The principal exception to this would be if we merged with another entity and (i) the holders of a majority of partnership units (including those we held) approved the transaction; (ii) the limited partners received or had the right to receive an amount of cash, securities or other property equal in value to the amount they would have received if they had exercised their exchange rights immediately before such transaction; (iii) we were the surviving entity and our stockholders did not receive cash, securities or other property in the transaction; or (iv) the successor entity contributed substantially all of its assets to our Operating Partnership in return for an interest in our Operating Partnership and agreed to assume all obligations of the general partner of our Operating Partnership. If we voluntarily sought protection under bankruptcy or state insolvency laws, or if we were involuntarily placed under such protection for more than 90 days, we would be deemed to be automatically removed as the general partner. Otherwise, the limited partners would not have the right to remove us as general partner.

Transferability of Interests

With certain exceptions, the limited partners would not be able to transfer their interests in our Operating Partnership, in whole or in part, without our written consent as the general partner.

Amendment of Limited Partnership Agreement

We expect amendments to the amended and restated partnership agreement would require the consent of the holders of a majority of the partnership units including the partnership units we and our affiliates held. Additionally, we, as general partner, would be required to approve any amendment. We expect that certain amendments would have to be approved by a majority of the units held by third-party limited partners.

PLAN OF DISTRIBUTION

General

We are offering up to $100,000,000 of Class A shares of our common stock to accredited investors on a fixed price and "best efforts" basis through broker-dealers who are members of the Financial Industry Regulatory Authority, Inc. ("FINRA"), which we refer to as "participating broker-dealers." Because this is a "best efforts" offering, participating broker-dealers must use only their best efforts to sell the shares and will have no firm commitment or obligation to purchase any of our shares. We are offering up to $100,000,000 of shares in our primary offering at an initial purchase price of $10.00 per share. We may also make issuer-direct sales without a participating broker-dealer. Discounts will be available to some categories of purchasers as described below.

We currently expect our primary offering to terminate no later than (i) six months after commencement of an initial public offering and (ii) upon our acceptance of subscriptions with an aggregate purchase price of $100,000,000; however, in our sole discretion and without notice to you, we may increase the size of this offering and offer additional shares of our common stock on the same or different terms and conditions and thereby extend the term of this offering or otherwise extend the term beyond six months from the commencement of an initial public offering. If we decide to increase the size of our primary offering or otherwise extend the term of this offering, we will provide that information in a supplement to this memorandum. We may terminate this offering at any time.

Compensation of Participating Broker-Dealers

We will pay commissions, allowances and expense reimbursements (collectively, the "Selling Commissions and Expenses") in connection with the primary offering of our shares as described below.

Participating broker-dealers will receive selling commissions in an amount up to 6.5% of the purchase price of the shares sold by participating broker-dealers in the primary offering. Reduced selling commissions will be paid for shares with respect to sales through certain distribution channels.

Participating broker-dealers will receive a non-accountable marketing and due diligence allowance of up to 1% of the purchase price of the shares sold by participating broker-dealers in the primary offering.

We may sell our shares at a discount to the primary offering price through the following distribution channels in the event that the investor:

- purchases the shares directly from us, as issuer-dealer;
- pays a broker a single fee, e.g. a percentage of assets under management, for investment advisory and broker services, which is frequently referred to as a "wrap fee";
- has engaged the services of a registered investment adviser with whom the investor has agreed to pay compensation for investment advisory services or other financial or investment advice (other than a registered investment adviser that is also registered as a broker-dealer who does not have a fixed or wrap fee feature or other asset fee arrangement with the investor); or
- is investing through a bank acting as trustee or fiduciary.

If an investor purchases shares directly from us, as issuer-dealer, we will sell the shares at a 7.5% discount, reflecting that selling commissions and the non-accountable marketing and due diligence allowance will not be paid in connection with such purchase. In addition, from time to time we may agree to pay reduced selling commissions and/or non-accountable marketing and due diligence allowances in connection with certain purchases, in which case we will reduce the purchase price accordingly. We will receive substantially the same net proceeds for sales of shares in all cases.

Neither we nor our affiliates will compensate any person engaged as an investment adviser by a potential investor as an inducement for such investment adviser to advise favorably for an investment in us.

In addition to the fees set forth above, participating broker-dealers may receive additional compensation from us which comprise part of our organization and other offering expenses, which include all expenses (other than Selling Commissions and Expenses) to be paid by us in connection with the offering. Such expenses include our legal, accounting, printing, mailing and filing fees, charges of our escrow holder, charges of our advisor for administrative services related to the issuance of shares in this offering, reimbursement of due diligence expenses of broker dealers, reimbursement of our advisor for costs in connection with preparing

supplemental sales materials, the cost of training and education meetings held by us (primarily the travel, meal and lodging costs of registered representatives of broker-dealers), attendance and sponsorship fees and travel, meal and lodging costs for officers and employees of our affiliates to attend retail seminars conducted by broker-dealers. If we raise the maximum offering amount, we expect our organization and other offering expenses to be 2% of gross offering proceeds; however, there is no limit on the amount of organization and other offering expenses we may incur. If we only raise $2,000,000, we expect our organization and other offering expenses to be 30% of gross offering proceeds.

To the extent permitted by law and our charter, we will indemnify the participating broker-dealers against some civil liabilities, including certain liabilities under the Securities Act and liabilities arising from breaches of our representations and warranties contained in the selected dealer agreements. See "Management—Limited Liability and Indemnification of Directors, Officers, Employees and Other Agents."

Subscription Procedures

We will not sell any shares in this offering unless we raise a minimum of $2,000,000 from the sale of common stock whether in this offering or in a separate private transaction outside of this offering. Investments from persons who are affiliated with us, our sponsor and our advisor will count toward the $2,000,000 threshold. Until we have raised this minimum amount, all subscription payments will be placed in an account held by the escrow agent, UMB Bank, N.A., in trust for subscribers' benefit, pending release to us. Once we have raised $2,000,000 in gross proceeds and instructed the escrow agent to disburse the funds in the account, funds representing the gross purchase price for the shares will be distributed to us and the escrow agent will disburse directly to you, without reduction for fees, any interest earned on your subscription payment while it was held in the escrow account. If we do not raise at least $2,000,000 prior to the termination of this offering, we will promptly return all funds in the escrow account (including interest). We will not deduct any fees if we return funds from the escrow account because we are unable to raise $2,000,000. Different escrow procedures apply to Benefit Plan investors. Because of the different escrow procedures applicable to Benefit Plan investors, only subscription payments made by Benefit Plan investors in an amount such that shares purchased would not exceed 24% of the total shares of our common stock outstanding (excluding from both the numerator and denominator of this test any shares held by our affiliates) as of the break-escrow date will count towards the $2,000,000 threshold. See "—Special Notice to Benefit Plan Investors" below.

To purchase shares in this offering, you must complete and sign a subscription agreement (in the form attached to this memorandum as Appendix A) for a specific dollar amount of shares and pay for the shares at the time of your subscription. Shares in this offering will be purchased at the offering price in effect on the date your subscription agreement is received in good order and either (i) processed by us or our advisor, or (ii) confirmed for acceptance into the escrow account applicable to subscription proceeds received from Benefit Plan investors, as applicable to your shares. Until such time as we have raised the minimum amount necessary to sell shares in this offering, you should make your check payable to "UMB Bank, N.A., as Escrow Agent for EquiAlt Secured Income Portfolio REIT, Inc." Further, until we have raised the minimum amount necessary to sell shares in this offering, completed subscription agreements and payments should be sent by your broker dealer or registered investment adviser, as applicable, to the escrow agent, UMB Bank, N.A., at the address set forth in the subscription agreement. Once we have raised $2,000,000, and unless you are a Benefit Plan investor, you should make your check payable to "EquiAlt Secured Income Portfolio REIT, Inc." Subscriptions will be effective only upon our acceptance, and we reserve the right to reject any subscription in whole or in part.

Any subscription payments not subject to an escrow will be deposited into a special account in our name until such time as we have accepted or rejected the subscriptions. We will accept or reject subscriptions within 30 days of our receipt of such subscriptions and, if rejected, we will return all funds to the rejected subscribers within ten business days. If accepted, the funds will be transferred into our general account. You will receive a confirmation of your purchase. We generally admit stockholders on a daily basis.

In this memorandum, we describe our investment objectives, borrowing policy, distribution policy, our charter and other governing documents, compensation to our advisor and its affiliates, and other aspects of our company and an investment in our shares. We also describe how we expect these will change at the time of an initial public offering if we were to commence such an offering. However, except for certain charter amendments, we may change any of these aspects of our company and an investment in our shares without stockholder approval, whether for business, regulatory or other reasons. Accordingly, there is no assurance that such aspects of our company and an investment in our shares that are in effect now will remain as described in this memorandum. In addition, there is no assurance as to when or whether we will conduct an initial public offering at all.

Irrevocable Proxy upon Subscription

If you subscribe for shares in this private offering, you will grant an irrevocable authorization for our advisor, EquiAlt Capital Advisors LLC, to be your proxy at a meeting of our stockholders with permission to vote your shares on any proposal put to a stockholder vote that our board of directors believes is necessary to comply with any state or federal rule, law or regulation or to comply with any request made by a state or federal administrative body in connection with the registration of an initial public offering of shares of our common stock. Such proposals may include, among other things, amendments to our charter. This irrevocable proxy authorization will continue until our shares of common stock are initially registered (unless otherwise withdrawn) in all jurisdictions in which we have applied to register an initial public offering. You may not agree with the votes cast by EquiAlt Capital Advisors LLC pursuant to this irrevocable proxy authorization.

Special Notice to Benefit Plan Investors

As a result of plan asset considerations related to ERISA we expect to initially limit participation by Benefit Plan investors to no more than 24% of the total shares of our common stock outstanding, excluding from both the numerator and denominator of this test any shares held by our affiliates. Thus, all subscription payments received from Benefit Plan investors initially will be placed in an account held by the escrow agent, UMB Bank, N.A., in trust for Benefit Plan investors' benefit pending release to us to ensure that we can satisfy this restriction on investments by Benefit Plan investors. Upon our reaching the minimum amount necessary to sell shares in this offering and thereafter on a weekly basis, we will request that our escrow agent release to us any funds received from Benefit Plan investors up to an amount that would not exceed 24% of the total shares of our common stock outstanding, excluding from both the numerator and denominator of this test any shares held by our affiliates. Any funds from Benefit Plan investors that would cause us to exceed the 24% threshold will continue to be held in escrow until we sell additional shares of our common stock to non-Benefit Plan investors such that the admission of the Benefit Plan investor would not cause us to exceed the participation limit. Benefit Plan investors whose funds are held in escrow because of this limitation will be admitted on a "first-in-escrow, first-admitted" basis and will purchase shares at the price in effect on the date their subscription agreement was received in good order and confirmed for acceptance into the escrow account, notwithstanding the price in effect on the date the funds are released from escrow and the investors are admitted as stockholders.

Until we have determined that it is no longer necessary to limit participation by Benefit Plan investors, investors should make their checks payable to "UMB Bank, N.A., as Escrow Agent for EquiAlt Secured Income Portfolio REIT, Inc." Once we have determined it is no longer necessary to limit participation by Benefit Plan investors, Benefit Plan investors should make their checks payable to "EquiAlt Secured Income Portfolio REIT, Inc." See "ERISA Considerations – Plan Asset Considerations – Exception for Insignificant Participation by Benefit Plan Investors" for additional information about this restriction on participation by Benefit Plan investors.

Suitability Standards

As a proposed investor in the shares, you must represent in writing that you meet, among others, all of the following suitability standards:

a. You are aware that an investment in the shares involves a high degree of risk, including the possible loss of your entire investment, and you understand and take full cognizance of the risk factors related to the purchase of the shares, including, but not limited to, those set forth in the section entitled "Risk Factors" in this memorandum.
b. You are aware that the shares are restricted securities, and may not be transferred or resold except as permitted under the Securities Act, and applicable state securities laws, pursuant to registration or exemption therefrom; no public market for the shares exists and none is expected to develop; and it may not be possible for you to liquidate your investment in the shares.
c. You have received and carefully read and understand this memorandum, the subscription agreement, and all other documents in connection therewith, and you confirm that all documents, records and books pertaining to the investment in the company through the shares have been made available to you and/or your purchaser representative or other personal investment, tax and legal advisers, if such advisers were utilized by yourself, and you agree to be bound by the terms of the subscription agreement and all such other documents.
d. You are the sole party in interest as to the shares subscribed for and are acquiring the shares for your own account, for investment only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the shares and you have adequate means of providing for your current needs and personal contingencies, and do not anticipate that you will have a need to liquidate or transfer the shares during the term of the company.

e. You are capable of bearing the high degree of economic risk of this investment including, but not limited to, the possibility of complete loss of investment and the lack of a public market that may make it impossible to readily liquidate the investment whenever desired, and your overall commitment to investments that are not readily marketable is not disproportionate to your net worth, and your investment in the shares will not cause such overall commitment to become excessive.

f. You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in your investment in the shares.

g. You have knowledge and experience in financial and business matters (either alone or with the aid of a purchaser representative), are capable of evaluating the merits and risks of an investment in the company and its proposed activities, have the ability to protect your interests in connection with such investment and have carefully considered the suitability of an investment in the company for your particular financial situation, and have determined that the shares are a suitable investment.

h. You are an Accredited Investor. Generally, to be an "accredited investor," an investor who is a natural person must, at the time of his or her purchase, (i) have a net worth, individually or jointly with one's spouse, in excess of $1,000,000 or (ii) have had an individual income in excess of $200,000 in each of the two most recent years, or joint income with one's spouse in excess of $300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year. In determining net worth, the value of the investor's principal residence, and debt secured thereby, is excluded from the calculation, provided, that if the debt exceeds the fair market value of the principal residence, then the excess of such debt is included in total liabilities.

An organization or entity may qualify as an "accredited investor" if it is (i) a corporation, an organization described in Section 501 (c)(3) of the Internal Revenue Code, Massachusetts or similar business trusts or partnership not formed for the specific purpose of acquiring shares, with total assets in excess of $5,000,000; (ii) a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring shares, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in a share; (iii) a broker-dealer registered pursuant to Section 15 of the Exchange Act; (iv) an insurance company as defined in Section 2(13) of the Securities Act; (v) an investment company registered under the Investment Company Act of 1940 (the "Investment Company Act"); (vi) a business development company as defined in Section 2(a)(48) of the Investment Company Act; (vii) any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; (viii) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, if such plan has total assets in excess $5,000,000; (ix) an employee Benefit Plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee Benefit Plan has total assets in excess of $5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; (x) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940; (xi) a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; or (xii) an entity all of the equity owners of which are accredited investors.

Those selling shares on our behalf and participating broker-dealers and registered investment advisers recommending the purchase of shares in this offering have the responsibility to make every reasonable effort to determine that your purchase of shares in this offering is a suitable and appropriate investment for you based on information provided by you regarding your financial situation and investment objectives. In making this determination, these persons have the responsibility to ascertain that you:

- are an accredited investor as set forth under "Who May Invest" immediately following the cover page of this memorandum;
- can reasonably benefit from an investment in our shares based on your overall investment objectives and portfolio structure;
- are able to bear the economic risk of the investment based on your overall financial situation;
- are in a financial position appropriate to enable you to realize to a significant extent the benefits described in this memorandum of an investment in our shares; and
- have apparent understanding of:

- the fundamental risks of the investment;
- the risk that you may lose your entire investment;
- the lack of liquidity of our shares;
- the restrictions on transferability of our shares; and
- the tax consequences of your investment.

Relevant information for this purpose will include at least your age, investment objectives, investment experience, income, net worth, financial situation and other investments as well as any other pertinent factors. Our sponsor, those selling shares on our behalf and participating broker-dealers and registered investment advisers recommending the purchase of shares in this offering must maintain, for a six-year period, records of the information used to determine that an investment in shares is suitable and appropriate for you.

Minimum Purchase Requirements

You must generally initially invest at least $25,000 in our shares to be eligible to participate in this offering; provided, however, qualified accounts (as defined below) must initially invest at least $5,000 in our shares to be eligible to participate in this offering. In our sole discretion we may permit certain investors to invest less. If you are a nonqualified account and have satisfied the applicable minimum purchase requirement, any additional purchase must be in amounts of at least $25,000. In order to satisfy this minimum purchase requirement, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs, provided that each such contribution is made in increments of $25,000. You should note that an investment in our shares will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Internal Revenue Code.

A qualified account includes an account established for (i) an "employee pension benefit plan" within the meaning of Section 3(3) of ERISA and subject to the requirements of Title I of ERISA, (ii) an "individual retirement account" within the meaning of section 408(a) of the Code and/or a "Plan" within the meaning of section 4975(e)(1) of the Code, or (iii) a "governmental plan" within the meaning of section 3(32) of ERISA.

Unless you are transferring all of your shares of common stock, you may not transfer your shares in a manner that causes you or your transferee to own fewer than the number of shares required to meet the minimum purchase requirements in our most recent offering, except for the following transfers without consideration: transfers by gift, transfers by inheritance, intrafamily transfers, family dissolutions, transfers to affiliates and transfers by operation of law. These minimum purchase requirements are applicable until our shares of common stock are listed on a national securities exchange, and these requirements may make it more difficult for you to sell your shares. All sales must also comply with applicable state and federal securities laws.

Investments by Qualified Accounts

Funds from qualified accounts will be accepted if received in installments that together meet the minimum or subsequent investment amount, as applicable, so long as the total subscription amount was indicated on the subscription agreement and all funds are received within a 90-day period.

LEGAL MATTERS

The validity of the shares of our common stock being offered hereby has been passed upon for us by DLA Piper LLP (US), Raleigh, North Carolina. DLA Piper LLP (US), Minneapolis, Minnesota, has reviewed the statements relating to certain federal income tax matters that are likely to be material to U.S. holders of our common stock under the caption "Federal Income Tax Considerations" and has passed upon our qualification as a REIT for federal income tax purposes.

Investor Instructions

Private Placement Offering

Appendix A
FORM OF

EquiAlt
EQUITY IN ALTERNATIVES

Please follow these instructions carefully. Failure to do so could result in the rejection of your subscription.

1. SUBSCRIPTION AMOUNT

PLEASE NOTE: Money Orders, Traveler's Checks, Starter Checks, Foreign Checks, Counter Checks, Third-Party Checks and Cash cannot be accepted.

A minimum initial investment of $25,000 is required; provided, however, qualified accounts (as defined below) must initially invest at least $5,000 in our shares to be eligible to participate in this offering. In our sole discretion, we may permit certain investors to make a smaller investment in our shares. Until we have raised the minimum amount necessary to sell shares in this offering (as described in the Confidential Private Placement Memorandum of EquiAlt Secured Income Portfolio REIT, Inc., as amended and supplemented as of the date hereof (the "PPM")), you should make your check payable to "**UMB Bank, N.A., as escrow agent for EquiAlt Secured Income Portfolio REIT, Inc.**" Once we have raised the minimum amount, you should make your check payable to "EquiAlt Secured Income Portfolio REIT, Inc."

A qualified account includes an account established for (i) an "employee pension benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and subject to the requirements of Title I of ERISA, (ii) an "individual retirement account" within the meaning of section 408(a) of the Code and/or a "Plan" within the meaning of section 4975(e)(1) of the Code or (iii) a "governmental plan" within the meaning of section 3(32) of ERISA.

We have placed limitations on the participation of Benefit Plan Investors (as defined in the PPM) in the offering. Benefit Plan Investors should refer to the disclosure in the PPM under "ERISA Considerations – Plan Asset Considerations" for additional information. Benefit Plan Investors should also follow the escrow instructions in the PPM under "Plan of Distribution – Special Notice to Benefit Plan Investors."

The maximum number of shares of common stock of EquiAlt Secured Income Portfolio REIT, Inc. (the "Company") will be purchased based on the amount set forth under "Amount of Subscription" and will vary depending on whether the sale is subject to any available discounts. If you provide payment that differs from the payment amount indicated in "Amount of Subscription," your subscription will be automatically deemed a subscription for the maximum number of shares that may be purchased for the payment provided.

2. ACCOUNT TYPE

Please check the appropriate box to indicate the account type of the subscription. Please note that pension plans, profit sharing plans, KEOGH plans, 401Ks, traditional (individual) Individual Retirement Accounts ("IRAs"), simple IRAs, SEP IRAs, ROTH IRAs, and Beneficial IRAs are considered to be Benefit Plans (as defined in the PPM) and as such, investments to be held in such accounts are subject to certain limitations and escrow terms as described in the PPM. See "ERISA Considerations - Plan Asset Considerations" and "Plan of Distribution - Special Notice to Benefit Plan Investors" in the PPM. **Benefit Plans may only subscribe for shares through a Broker-Dealer or a Registered Investment Advisor.**

Please be aware that the Company, EquiAlt Capital Advisors LLC (the "Advisor"), EquiAlt Holdings LLC and their respective officers, directors, employees and affiliates are not undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the Company's private offering or the purchase of the Company's common stock and that the Advisor has financial interests associated with the purchase of the Company's common stock, as described in the PPM, including fees, expense reimbursements and other payments it anticipates receiving from the Company in connection with the purchase of the Company's common stock.

3. ACCOUNT INFORMATION

Enter the name(s), mailing address and telephone numbers of the registered owner of the investment. Partnerships, corporations and other organizations should include the name of an individual to whom correspondence should be addressed. Non-resident aliens must also supply IRS Form W-8BEN.

All investors must complete the space provided for taxpayer identification number or social security number. By signing in Section 8, you are certifying that the number you have provided in the Subscription Agreement is correct.

Please print the exact name(s) in which shares are to be registered. Include the trust/entity name, if applicable. If the account is an IRA or custodial held account, include the names and taxpayer identification numbers of both the investor and the custodian or administrator.

You may elect to have your account documents, such as investor and proxy statements, tax forms, annual reports and other investor communications made available to you electronically, by signing in this section. If you elect this option, you: (i) must provide a valid e-mail address in Section 3 of the Subscription Agreement; (ii) agree that you have the appropriate hardware and software to receive e-mail notifications and view PDF documents; (iii) understand you may incur certain costs associated with downloading and printing investor documents; and (iv) understand that electronic delivery also involves risks related to system or network outages that could impair your timely receipt of or access to your documents. EquiAlt Secured Income Portfolio REIT, Inc. may choose to send one or more items to you in paper form despite your consent to electronic delivery. You may also request a paper copy of any particular investor document. Your consent will be effective until you revoke it by either written consent to EquiAlt Secured Income Portfolio REIT, Inc. or by contacting EquiAlt Secured Income Portfolio REIT, Inc. at (855) EquiAlt.

PLEASE NOTE: You must include a permanent street address even if your mailing address is a P.O. Box. If the investment is to be held by joint owners, you must provide the requested investor information for each joint owner.

If you subscribe for shares in this private offering, you will grant an irrevocable authorization for our advisor to be your proxy at a meeting of our stockholders with permission to vote your shares on any proposal put to a stockholder vote that our board of directors believes is necessary to comply with any state or federal rule, law or regulation or to comply with any request made by a state or federal administrative body in connection with the registration of an initial public offering of shares of our common stock.

4. CUSTODIAN/THIRD PARTY ADMINISTRATOR INFORMATION

Complete this section if the registered owner of the investment will be a Custodian Plan. The Custodian/Administrator of the plan must also complete section 7 and sign page six of the Subscription Agreement.

5. DISTRIBUTION INFORMATION

Complete this section to elect to receive distributions by direct deposit and/or to elect to receive distributions by check. If you elect direct deposit into your checking or savings account (not available for brokerage accounts), you must attach a voided check with this completed Subscription Agreement. You must indicate the percentage of your distribution to be applied to each option selected and the sum of the allocations must equal 100%. If you do not complete this section, distributions will be paid to the registered owner at the address in Section 3, or for custodial held accounts, to the address listed in Section 4 of the Subscription Agreement. Custodial account distributions to a third party require custodian approval.

6. BROKER-DEALER AND REGISTERED REPRESENTATIVE INFORMATION

PLEASE NOTE: If applicable, the Broker-Dealer or Registered Investment Adviser must complete this section of the Subscription Agreement. To subscribe through a Broker-Dealer, a Selected Dealer Agreement must be executed with the Company to be listed as agent/firm of record.

7. ACCREDITED INVESTOR STATUS

Shares are being sold only to certain classes of qualified investors. To become an investor, you must attest that you are an "accredited investor," as that term is defined from time to time in Regulation D as promulgated by the SEC under the Securities Act of 1933, as amended (the "Securities Act"). Please check all representations that apply.

8. SUBSCRIBER SIGNATURES

Please separately initial each of the representations in paragraphs (a) through (l). Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make such representations on your behalf.

Please refer to the PPM under "Investor Suitability Standards" to verify that you meet the minimum suitability standards to invest in this offering.

By signing this Subscription Agreement, you agree to provide the information in Section 7 and 8 of the agreement and confirm the information is true and correct. If we are unable to verify your identity or that of another person authorized to act on your behalf or if we believe we have identified **potential criminal activity**, we reserve the right to take action as we deem appropriate, including, but not limited to, closing your account or refusing to establish your account.

9. FINANCIAL REPRESENTATIVE SIGNATURES

PLEASE NOTE: If applicable, the Broker-Dealer or Registered Investment Advisor must sign this section to complete the subscription.

Required Representations: By signing Section 9, the registered representative of the Broker-Dealer or Registered Investment Advisor confirms on behalf of the Broker-Dealer that he or she:

- has reasonable grounds to believe that the investor is an "accredited investor" as the term is defined in Section 501(a) of Regulation D and meets the investor suitability requirements set forth in the PPM;
- has reasonable grounds to believe the information and representations concerning the investor identified herein are true, correct and complete in all respects;
- has discussed the investor's prospective purchase of shares with such investor and believes the investor can reasonably benefit from an investment in the shares of the common stock of EquiAlt Secured Income Portfolio REIT, Inc. based on such investor's overall investment objectives and portfolio structure;
- has advised such investor of all pertinent facts with regard to the lack of liquidity and marketability of the shares and other fundamental risks related to the investment in the shares, the restrictions on transfer of the shares and the risk that the investor could lose his or her entire investment in the shares;
- has delivered to the investor the PPM required to be delivered in connection with this subscription;
- has reasonable grounds to believe the investor is purchasing these shares for the account referenced in Section 3; and
- has reasonable grounds to believe the purchase of shares is a suitable investment for such investor, and such investor is in a financial position to enable the investor to realize the benefits of such an investment and to suffer any loss that may occur with respect thereto.

In addition, the registered representative of the Broker-Dealer or Registered Investment Advisor represents that he or she and the Broker-Dealer and/or Registered Investment Advisor:

- are duly licensed and may lawfully offer and sell the shares in the state where the investment was made and in the state designated as the investor's legal residence in Section 3; and
- agree to maintain records of (i) the information used to determine that an investment in shares is suitable and appropriate for the investor for a period of 6 years, and (ii) the documents used to establish a pre-existing relationship between the financial advisor and the Investor.

To the extent the investor identified in the Subscription Agreement is a plan, plan fiduciary, plan participant or beneficiary, IRA, or IRA owner subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), the registered representative of the Broker-Dealer or Registered Investment Advisor further represents that: (i) there is no financial interest, ownership interest, or other relationship, agreement, or understanding that would limit his or her ability to carry out his or her fiduciary responsibility to such investor beyond the control, direction, or influence of other persons involved in such investor's purchase of shares; (ii) he or she is capable of evaluating investment risk independently, both in general and with regard to particular transactions and investment strategies; and (iii) he or she is a fiduciary under ERISA or the Code, or both, with respect to such investor's purchase of shares, and he or she is responsible for exercising independent judgment in evaluating such investor's purchase of shares.

The registered representative of the Broker-Dealer or Registered Investment Advisor also represents that he or she is not or has not been subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) of the Securities Act, i.e. that he or she is not and has not been:

- Convicted, within ten years of the date hereof (the "Effective Date"), of any felony or misdemeanor that was:
  - In connection with the purchase or sale of any security;
  - Involving or making of any false filing with the Securities and Exchange Commission (the "SEC"); or
  - Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment advisor or paid solicitor of purchasers of securities.
- Subject to any order, judgment or decree of any court of competent jurisdiction, entered within 5 years before the Effective Date, that restrains or enjoins such person from engaging or continuing in any conduct or practice:
  - In connection with the purchase or sale of any security;
  - Involving the making of any false filing with the SEC; or
  - Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment advisor or paid solicitor of purchasers of securities.
- Subject to a final order of a state securities commission (or an agency or officer of a state performing like functions), a state authority that supervises or examines banks, savings associations or credit unions, a state insurance commission (or an agency or officer of a state performing like functions), an appropriate federal banking agency, the U.S. Commodity Futures Trading Commission or the National Credit Union Administration that:
  - As of the Effective Date, bars the person from:
    - Association with an entity regulated by such commission, authority, agency or officer;
    - Engaging in the business of securities, insurance, or banking; or
    - Engaging in savings association or credit union activities.
  - Constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct entered within 10 years before the Effective Date.

- Subject to an order of the SEC pursuant to Sections 15(b) or 15B(c) of the Exchange Act of 1934, as amended (the "Exchange Act"), or Section 203(e) or (f) of the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), that, at the time of such sale:
  - Suspends or revokes such person's registration as a broker, dealer, municipal securities dealer or investment advisor;
  - Places limitations on the activities, functions or operations of such person; or
  - Bars such person from being associated with any entity or from participating in the offering of any penny stock.
- Subject to any order of the SEC entered within 5 years before the Effective Date, as of the date hereof, that orders the person to cease and desist from committing or causing a violation or future violation of:
  - Any scienter-based anti-fraud provisions of the federal securities laws, including, without limitation, Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act, and 17 CFR 240.10b-5, Section 15(c)(1) of the Exchange Act and Section 206(1) of the Investment Advisers Act, or any other rule or regulation thereunder; or
  - Section 5 of the Securities Act.
- Suspended or expelled from membership in, or suspended or barred from association with, a member of a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade.
- Filed (as a registrant or issuer), or was or was named as an underwriter in, any registration statement or Regulation A offering statement filed with the SEC that, within 5 years of the Effective Date, was the subject of a refusal order, stop order or order suspending the Regulation A exemption or, is, at the time of such sale, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued.
- Subject to a United States Postal Service false representation order entered within 5 years before the Effective Date, or is, at the Effective Date, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

Until we have raised the minimum amount: (see Section 1) You should make your check payable to "UMB Bank, N.A., as escrow agent for EquiAlt Secured Income Portfolio REIT, Inc." Payment and Subscription Agreement should be delivered by your Broker-Dealer or Registered Investment Advisor, as applicable, to UMB Bank, N.A., as Escrow Agent for EquiAlt Secured Income Portfolio REIT, Inc. at the UMB Bank, N.A. address listed below.

Once we have raised the minimum amount: Unless the investment is for the account of a Benefit Plan Investor, once the applicable minimum amount has been raised (see Section 1), payment and Subscription Agreement should be delivered by your Broker-Dealer or Registered Investment Advisor, as applicable, to the address below. Benefit Plan Investors should follow the escrow instructions in the PPM under "Plan of Distribution - Special Notice to Benefit Plan Investors."

Company Mailing Address:

EquiAlt Secured Income Portfolio REIT, Inc.
720 E. Henderson Avenue
Tampa, Florida 33602
(855) EquiAlt

Wiring Instructions and UMB Bank, N.A. Mailing Address:

UMB Bank, N.A
ABA Routing Number: 101000695
Account Number: 9800006823
Account Name: Trust Clearance
Ref: EquiAlt 146819 FBO [Investor Name]
Attn: Lara Stevens

UMB Bank, N.A.
1010 Grand Blvd., 4th Floor
Mail Stop: 1020409
Kansas City, Missouri 64106
Attention: Lara Stevens,
Corporate Trust & Escrow Services
(816) 860-3017

We have placed limitations on the participation of Benefit Plan Investors (as defined in the PPM) in the offering. Benefit Plan Investors should follow the escrow instructions in the PPM under "Plan of Distribution – Special Notice to Benefit Plan Investors."

10. PURCHASER QUESTIONNAIRE

PLEASE NOTE: All investors must complete this section of the Subscription Agreement.

Subscription Agreement

FORM OF

Private Placement Offering

EquiAlt
EQUITY IN ALTERNATIVES

1. SUBSCRIPTION AMOUNT

State of Sale: _____ Amount of Subscription: _____

** Minimum investment is $25,000, or $5,000 for qualified accounts.*

** Money Orders, Traveler's Checks, Starter Checks, Foreign Checks, Counter Checks, Third-Party Checks and Cash cannot be accepted.*

☐ Shares are being purchased net of commissions.

☐ Shares are being purchased net of dealer manager fees.

☐ Purchase qualifies for volume discount as described in the PPM *(as defined below).*

2. ACCOUNT TYPE (Check ONE box only)

☐ Individual *(If applicable, attach TOD form)*

☐ Joint Tenant[1] *(If applicable, attach TOD form)*

☐ Tenants in Common[1]

☐ Community Property[1]

☐ UGMA: State of ____

☐ UTMA: State of ____

☐ Trust[2,3]

☐ S-Corporation[2]

☐ C-Corporation[2]

☐ Partnership[2]

☐ Pension Plan[2,4]

☐ Profit Sharing Plan[2,4]

☐ KEOGH Plan[2,4]

☐ Other[2] _____

☐ 401K[4]

☐ Traditional (Individual) IRA[4]

☐ Simple IRA[4]

☐ SEP IRA[4]

☐ ROTH IRA[4]

☐ Beneficial IRA[4] as Beneficiary for: _____

(Name of Deceased Owner)

(1) All parties must sign. (2) Please attach pages of trust/plan document (or corporate/entity resolution) which lists the name of trust/plan/entity, trustees/officers or authorized signatories, signatures and date. (3) The Certification of Investment Powers for Trust Accounts form may be completed in lieu of providing trust documents. (4) These accounts are considered to be investments by Benefit Plans and as such are subject to certain limitations and escrow terms as described in the Confidential Private Placement Memorandum of EquiAlt Secured Income Portfolio REIT, Inc., as amended and supplemented as of the date hereof (the "PPM").

3. ACCOUNT INFORMATION (SSN OR TIN REQUIRED)

Investor/Trustee 1 Name _____

SSN/Tax ID _____ DOB _____

Investor/Trustee 2 Name _____

SSN/Tax ID _____ DOB _____

▶ **Please complete if registration of shares is different than above:**

Account Registration _____

Taxable ID _____

Legal Address _____ City _____

State ____ Zip Code ____

Mailing Address _____ City _____

(If same as above, please write "same") _____ State ____ Zip Code ____

Phone *(Day)* _____

Phone *(Evening)* _____

E-mail Address _____

☐ US Citizen ☐ US Citizen residing outside the US

☐ Foreign citizen, country _____

A U.S. Social Security number or Taxpayer Identification Number is required for all entities and authorized signers to open an account. Nonresident Aliens must supply a completed and signed original IRS Form W-8BEN.

☐ Check here if you are subject to backup withholding
Please attach a copy of the withholding notice.

Sign here if you would like to receive investor communications electronically
Electronic delivery of investor communications is optional.

_____ _____

Signature of Investor *Date*

By signing here EquiAlt Secured Income Portfolio REIT, Inc. may make certain investor communications available on its website at www.equialtreit.com and notify you via e-mail when such documents are available. Investor communications that may be delivered electronically include account statements, tax forms, annual reports, acquisition updates, proxy statements and other investor communications. By electing electronic delivery, you agree that you have the appropriate hardware and software to receive e-mail notifications and view PDF documents. You understand you may incur certain costs associated with downloading and printing investor documents. Electronic delivery also involves risks related to system or network outages that could impair your timely receipt of or access to your documents. EquiAlt Secured Income Portfolio REIT, Inc. may choose to send one or more items to you in paper form despite your consent to electronic delivery. You may also request a paper copy of any particular investor document. Your consent will be effective until you revoke it by either written consent to EquiAlt Secured Income Portfolio REIT, Inc. or by contacting EquiAlt Secured Income Portfolio REIT, Inc. at (855) EquiAlt.

Important Note About Proxy Voting *By signing this Subscription Agreement, investor grants EquiAlt Secured Income Portfolio REIT, Inc.'s advisor, EquiAlt Capital Advisors LLC, an irrevocable authorization to be investor's proxy at any meeting of the company's stockholders, with permission to vote the number of shares of common stock that are owned by the investor as reflected on the records of EquiAlt Secured Income Portfolio REIT, Inc. as of the applicable record date at any meeting of the stockholders, on any proposal put to a stockholder vote that the board of directors of EquiAlt Secured Income Portfolio REIT, Inc. believes is necessary to comply with any state or federal rule, law or regulation or to comply with any request made by a state or federal administrative body in connection with the registration of an initial public offering of shares of common stock. This irrevocable proxy authorization will continue until the shares of common stock of EquiAlt Secured Income Portfolio REIT, Inc. are registered in all jurisdictions for which an initial application for registration is filed and not withdrawn.*

4. CUSTODIAN/THIRD PARTY ADMINISTRATOR INFORMATION

Custodian/Administrator Name

Custodian/Administrator Address 1

Custodian/Administrator Address 2

Custodian/Administrator City State Zip Code

Custodian/Administrator Phone No.

Custodian/Administrator Tax ID

Investor's Account No. with Custodian/Administrator

By executing this Subscription Agreement, the Custodian/Administrator certifies to the Company that the shares purchased pursuant to this Subscription Agreement are held for the benefit of the investor named in section 3 of this Subscription Agreement (the "Beneficial Owner"). The Custodian/Administrator agrees to notify the Company promptly, but in any event within 30 days of any change in the names of the Beneficial Owner or the number of shares for which the Custodian/Administrator holds shares. The Custodian/Administrator confirms that the Company is entitled to rely on these representations for purposes of determining the stockholders entitled to notice of or to vote at each annual or special meeting of stockholders of the Company until delivery by the Custodian/Administrator to the Company of a written statement revoking such representations (provided, however, that any such revocation delivered after the record date or the closing of the stock transfer books of the Company in respect of any annual or special meeting of stockholders, but on or prior to the date of such annual or special meeting of stockholders shall not be effective until after the holding of such annual or special meeting of stockholders of the Company). Each Beneficial Owner (and not the Custodian/Administrator) will then be deemed the holder of record for the shares of common stock for purposes of determining the stockholders holding common stock entitled to notice of or to vote at each annual or special meeting of stockholders.

5. DISTRIBUTION INFORMATION (CHOOSE ONE OR MORE OF THE FOLLOWING OPTIONS)

If you select more than one option you must indicate the percentage of your distribution to be applied to each option and the sum of the allocations **must** equal 100%. Without custodial approval, cash distributions will be paid directly to the custodian for all custodial accounts. If you do not complete this section, distributions will be paid to the registered owner at the address in Section 3, or for custodial held accounts, to the address listed in Section 4 of the Subscription Agreement.

% of distribution

☐ Send distributions via check to investor's home address (*not available without custodial approval*) .....

☐ Send distributions via check to alternate payee listed here (*not available without custodial approval*) .....

Name

Address

City State Zip Code

Account No.

☐ **Direct Deposit** (*Attach Voided Check*) I authorize EquiAlt Secured Income Portfolio REIT, Inc., or its agent (collectively, EquiAlt) to deposit my distributions in the checking or savings (*not available for brokerage accounts*) account identified below. This authority will remain in force until I notify EquiAlt in writing to cancel it. In the event that EquiAlt deposits funds erroneously into my account, EquiAlt is authorized to debit my account for an amount not to exceed the amount of the erroneous deposit (*not available without custodial approval*) .....

% of distribution

Financial Institution Name ☐ Checking ☐ Savings

ABA/Routing No. Account No.

6. BROKER-DEALER AND REGISTERED REPRESENTATIVE INFORMATION

To subscribe through a Broker-Dealer, a Selected Dealer Agreement must be executed with the Company to be listed as agent/firm of record. Benefit Plans may only subscribe for shares through a Broker-Dealer or a Registered Investment Advisor.

Broker-Dealer Name			
Representative Name		Rep. No.	
Representative's Company Name		Branch ID	
Representative's Address			
Rep's City		State		Zip Code	
Rep's Phone No.		Fax No.	
Rep's E-mail Address			

REGISTERED INVESTMENT ADVISOR (RIA): *If a RIA has introduced a sale, the sale may be conducted through (i) the RIA in its capacity as a Registered Representative, if applicable; (ii) a Registered Representative of a Broker-Dealer that is affiliated with the RIA, if applicable; (iii) an unaffiliated Broker-Dealer; or (iv) without a Broker-Dealer.*

7. ACCREDITED INVESTOR STATUS

The undersigned hereby confirms that the Investor is an "accredited investor" as such term is defined under the Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the following representations:

For Individual or Joint Investors: *(Please check all that apply:)*

☐ I have an individual net worth, or joint net worth with my spouse, in excess of $1,000,000, where, for purposes of calculating net worth:

(i) My primary residence is not included as an asset;

(ii) Indebtedness that is secured by my primary residence, up to the estimated fair market value of my primary residence at the time of the sale of shares of common stock of EquiAlt Secured Income Portfolio REIT, Inc., is not included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of shares of common stock of EquiAlt Secured Income Portfolio REIT, Inc. exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess is to be included as a liability); and

(iii) Indebtedness that is secured by my primary residence in excess of the estimated fair market value of my primary residence at the time of the sale of shares is included as a liability.

☐ I had an individual gross income (excluding any income of my spouse) exceeding $200,000 in each of the last two calendar years or for each of such years my combined income with my spouse exceeded $300,000, and I reasonably expect to reach the same income level in the current year.

For IRA/Qualified Pension, Profit Sharing of Keogh Investors and Other Plans: *(Please check all that apply:)*

☐ The subscriber is an "individual retirement account" ("IRA") under Section 408(a) of the Internal Revenue Code of 1986, as amended, owned by and for the benefit of an "accredited investor" or a self-directed plan (e.g. 401(k) plan or profit sharing plan) in which all investment decisions are made solely by, and such investments are made on behalf of, "accredited investors."

☐ The subscriber is an "employee benefit plan" within the meaning of ERISA with either (1) total assets in excess of $5,000,000, or (2) its investment decisions made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment advisor or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors."

☐ The subscriber is a plan established or maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, and such plan has total assets in excess of $5,000,000.

For Trust Investors: *(Please check all that apply:)*

☐ The Trust is a revocable trust, and the Grantor of the Trust is an "accredited investor."

☐ The Trust is an irrevocable trust, and the trustee is a bank as defined in Section 3(a)(2) of the Securities Act.

☐ The Trust is an irrevocable trust, has total assets in excess of $5,000,000, was not formed for the specific purpose of acquiring the shares of common stock of EquiAlt Secured Income Portfolio REIT, Inc., and is directed by a "sophisticated person" as described in Rule 506 (b) (2) (ii) under the Securities Act.

7. ACCREDITED INVESTOR STATUS (CONTINUED)

For Corporate, Partnership, Limited Liability Company or Other Entity or Organization Investors: *(Please check all that apply:)*

☐ The subscribing entity is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or a corporation, a Massachusetts or similar business trust, or a partnership, that has total assets in excess of $5,000,000 and was not formed for the specific purpose of investing in the shares of common stock of EquiAlt Secured Income Portfolio REIT, Inc.

☐ The subscribing entity is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended, and purchasing the shares of common stock of EquiAlt Secured Income Portfolio REIT, Inc. for its own account.

☐ The subscribing entity is an insurance company as defined in Section 21(a) (13) of the Securities Act.

☐ The subscribing entity is an investment company registered under the Investment Company Act of 1940, as amended (the "Investment Company Act").

☐ The subscribing entity is a business development company (as defined in Section 2(a)(48) of the Investment Company Act).

☐ The subscribing entity is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

☐ The subscribing entity is a private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended).

☐ The subscribing entity is a bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity.

☐ All of the equity owners of the subscribing entity are "accredited investors."

8. SUBSCRIBER SIGNATURES

TAXPAYER IDENTIFICATION NUMBER CONFIRMATION (REQUIRED): The investor signing below, under penalties of perjury, certifies that (i) the number shown on this Subscription Agreement is his or her correct Taxpayer Identification Number (or he or she is waiting for a number to be issued to him or her), (ii) he or she is not subject to backup withholding either because he or she has not been notified by the Internal Revenue Service ("IRS") that he or she is subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified him or her that he or she is no longer subject to backup withholding and (iii) he or she is a U.S. Citizen unless otherwise indicated in Section 3. NOTE: CLAUSE (ii) IN THIS CERTIFICATION SHOULD BE CROSSED OUT IF THE WITHHOLDING BOX HAS BEEN CHECKED IN THE INVESTOR INFORMATION SECTION.

Please separately initial each of the representations below. Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make such representations on your behalf. In order to induce EquiAlt Secured Income Portfolio REIT, Inc. to accept this subscription, I hereby represent and warrant to you as follows:

		Owner	Joint Owner
(a)	The undersigned is aware of the following:		
	(1) An investment in the shares involves a high degree of risk of loss of the undersigned's entire investment, and the undersigned understands and takes full cognizance of the risk factors related to the purchase of the shares, including, but not limited to, those set forth in the PPM.	Initials	Initials
	(2) The shares are restricted securities, and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom; no public market for the shares exists and none is expected to develop; it may not be possible for the undersigned to liquidate the undersigned's investment in the shares; and neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the shares or passed upon the accuracy or adequacy of the PPM.	Initials	Initials
(b)	The undersigned has received and carefully read and understands the PPM, this Subscription Agreement, and all other documents in connection therewith, and the undersigned confirms that all documents, records and books pertaining to the investment in the company through the shares have been made available to the undersigned and/or to the undersigned's purchaser representative or other personal investment, tax and legal advisers, if such advisers were utilized by the undersigned, and the undersigned agrees to be bound by the terms of this Subscription Agreement and all such other documents.	Initials	Initials
(c)	The information that the undersigned has furnished herein is correct and complete as of the date of this Subscription Agreement and will be correct and complete upon the acceptance of this subscription. The representations, warranties and agreements herein shall survive the acceptance of this subscription and may be relied upon by the company and its officers and affiliates.	Initials	Initials
(d)	The undersigned will immediately notify the company in writing of any change in any statement made herein, occurring prior to the undersigned's receipt of the company's acceptance of this subscription and such written change will be documented with reference hereto by the undersigned.	Initials	Initials
(e)	The undersigned is capable of bearing the high degree of economic risk of this investment including, but not limited to, the possibility of complete loss of investment and the lack of a public market that may make it impossible to readily liquidate the investment whenever desired, and the undersigned's overall commitment to investments that are not readily marketable is not disproportionate to the undersigned's net worth, and the undersigned's investment in the shares will not cause such overall commitment to become excessive.	Initials	Initials

8. SUBSCRIBER SIGNATURES (CONTINUED)

(f) The undersigned has adequate means of providing for its financial requirements, both current and anticipated, and has no need for liquidity in this investment. ..... Initials Initials

(g) The undersigned has knowledge and experience in financial and business matters (either alone or with the aid of a purchaser representative), is capable of evaluating the merits and risks of an investment in the company and its proposed activities, has the ability to protect the undersigned's interests in connection with such investment and has carefully considered the suitability of an investment in the company for the undersigned's particular financial situation, and has determined that the shares are a suitable investment. ..... Initials Initials

(h) I acknowledge that I am aware that the Company, its external advisor and their officers, directors, employees and affiliates are not undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with this offering or the purchase of the shares and that the advisor has financial interests associated with the purchase of the Company's common stock, as described in the PPM, including fees, expense reimbursements and other payments it anticipates receiving from the Company in connection with the purchase of the shares. ..... Initials Initials

(i) The undersigned was not solicited by any publication of any advertisement or by any general solicitation, the interest of the undersigned in the shares was privately solicited by the undersigned's purchaser representative with whom the undersigned has a substantive, pre-existing relationship, and the offer to sell the shares was communicated to the undersigned by the company in such a manner that the undersigned was able to ask questions of and receive answers from the company concerning the terms and conditions of this transaction. ..... Initials Initials

(j) The undersigned is the sole party in interest as to the shares subscribed for and is acquiring the shares for the undersigned's own account, for investment only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the shares and the undersigned has adequate means of providing for his/her current needs and personal contingencies, and does not anticipate that he/she will have a need to liquidate or transfer the shares during the term of the investment. ..... Initials Initials

(k) If the undersigned is an entity, trust, pension fund or IRA account (an "Entity"), the Entity and the person signing on its behalf represent and warrant that: (1) such Entity is an existing entity, and has not been organized or reorganized for the purpose of making this investment (or if not true, such fact has been disclosed to the company in writing along with information concerning the beneficial owners of the Entity); (2) the undersigned has the authority to execute this Subscription Agreement and any other documents required in connection with an investment in the shares; (3) the Entity has the power, right and authority to invest in the shares and enter into the transactions contemplated thereby, and the investment is suitable and appropriate for the Entity and its beneficiaries (given the risks and illiquid nature of the investment); and (4) all documents executed by the Entity in connection with the company are valid and binding documents or agreements of the Entity enforceable in accordance with their terms. ..... Initials Initials

(l) If the undersigned is acquiring shares in a fiduciary or custodial capacity, the above representations, acknowledgments and agreements shall be deemed to have been made on behalf of the person or persons for whose benefits such shares are being acquired, and the name of each such person is indicated under the undersigned's name in this Subscription Agreement. ..... Initials Initials

(m) The undersigned (if a resident of Pennsylvania) acknowledges (i) that the undersigned is prohibited from selling the shares for a period of 12 months after the date that the shares are purchased, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, (ii) that the shares have not been registered under the Pennsylvania Securities Act of 1972 in reliance upon an exemption therefrom, and (iii) that no subsequent resale or other disposition of the shares may be made within 12 months following the initial sale of the shares in the absence of an effective registration, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, and thereafter only pursuant to an effective registration or exemption. ..... Initials Initials

The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding. If custodial held account, Custodian or Administrator must sign.

Signature of Investor	*Date*	*Signature of Joint Investor or, for Custodial Held Accounts, of Custodian/Administrator*	*Date*

Investors will receive confirmations of their purchases upon acceptance of their subscriptions.

9. FINANCIAL REPRESENTATIVE SIGNATURES

If applicable, the Investor's financial advisor must sign below to complete the order. The financial advisor hereby warrants that he/she: (i) is duly licensed and may lawfully sell shares of common stock in the state designated as the Investor's legal residence and (ii) has established a pre-existing relationship with the Investor prior to EquiAlt Secured Income Portfolio REIT, Inc. contemplating or initiating the offering of shares, the financial advisor agrees to maintain records of the information used to determine that an investment in shares is suitable and appropriate for the Investor for a period of six years, as well as documents establishing a pre-existing relationship between the financial advisor and the Investor. The undersigned confirm(s) by their signatures that they have (i) reasonable grounds to believe, on the basis of information supplied by the Investor who has completed this Subscription Agreement concerning his, her or its investment objectives, other investments, financial situation, liquidity and marketability and needs, and other pertinent information that: (1) the Investor is an accredited investor as defined in Section 501(a) of Regulation D and meets the investor suitability requirements set forth in the PPM; (2) the Investor can reasonably benefit from an investment in the shares of the common stock of EquiAlt Secured Income Portfolio REIT, Inc. based on such Investor's overall investment objectives and portfolio structure; (3) the Investor is able to bear the economic risk of the investment based on such Investor's overall financial situation; (4) the Investor has an apparent knowledge of (A) the features and characteristics of an investment in the shares, (B) the fundamental risks of an investment in the shares, (C) the risk that such Investor may lose his or her entire investment, (D) the lack of liquidity of the shares, (E) the restrictions on transferability of the shares, and (F) the tax consequences of an investment in the shares.

The financial advisor also hereby warrants that they are not or have not been subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act and listed in the instructions to this Subscription Agreement.

The undersigned further confirms by their signatures that, to the extent the investor identified herein is a plan, plan fiduciary, plan participant or beneficiary, IRA, or IRA owner subject to Title I of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended ("Code"): (i) there is no financial interest, ownership interest, or other relationship, agreement, or understanding that would limit their ability to carry out their fiduciary responsibility to such investor beyond the control, direction, or influence of other persons involved in such investor's purchase of shares; (ii) they are capable of evaluating investment risk independently, both in general and with regard to particular transactions and investment strategies; and (iii) they are a fiduciary under ERISA or the Code, or both, with respect to such investor's purchase of shares, and they are responsible for exercising independent judgment in evaluating such investor's purchase of shares.

The undersigned confirm(s) by their signatures that the representations and warranties above are and shall be continuing representations and warranties throughout the term of the offering. In the event that any of these representations or warranties become untrue, the undersigned will immediately notify EquiAlt Secured Income Portfolio REIT, Inc. in writing of the fact which makes the representation or warranty untrue.

I understand this Subscription Agreement is for EquiAlt Secured Income Portfolio REIT, Inc.

Signature of Financial Representative	*Date*	*Branch Manager Signature (If required by Broker/Dealer)*	*Date*

Until we have raised the minimum amount: You should make your check payable to "UMB Bank, N.A., as escrow agent for EquiAlt Secured Income Portfolio REIT, Inc." Payment and Subscription Agreement should be delivered by your Broker-Dealer or Registered Investment Advisor, as applicable, to UMB Bank, N.A., as Escrow Agent for EquiAlt Secured Income Portfolio REIT, Inc. at the UMB Bank, N.A. address listed below.

Once we have raised the minimum amount: You should make your check payable to "EquiAlt Secured Income Portfolio REIT, Inc." Payment and Subscription Agreement should be delivered by your Broker-Dealer or Registered Investment Advisor, as applicable, to the address below.

Company Mailing Address:

EquiAlt Secured Income Portfolio REIT, Inc.
720 E. Henderson Avenue
Tampa, Florida 33602
(855) EquiAlt

Wiring Instructions and UMB Bank, N.A. Mailing Address:

UMB Bank, N.A
ABA Routing Number: 101000695
Account Number: 9800006823
Account Name: Trust Clearance
Ref: EquiAlt 146819 FBO [Investor Name]
Attn: Lara Stevens

UMB Bank, N.A.
1010 Grand Blvd., 4th Floor
Mail Stop: 1020409
Kansas City, Missouri 64106
Attention: Lara Stevens,
Corporate Trust & Escrow Services
(816) 860-3017

We have placed limitations on the participation of Benefit Plan Investors (as defined in the PPM) in the offering. Benefit Plan Investors should follow the escrow instructions in the PPM under "Plan of Distribution – Special Notice to Benefit Plan Investors."

10. PURCHASER QUESTIONNAIRE (ALL INVESTORS MUST COMPLETE THIS SECTION.)

1. SOURCE OF FUNDS FOR INVESTMENT

☐ Savings ☐ Individual Retirement Account ☐ 401k/pension ☐ Sale of other investments

☐ Capital set aside for investments ☐ Bonus ☐ Line of credit ☐ Other _____

2. INVESTOR INFORMATION

a. General Information

Name _____ ☐ Single ☐ Married

Name of Joint Tenant _____ Age _____
(or Tenant-In-Common)

Name of Entity _____

Type of Entity ☐ Corporation ☐ Partnership ☐ LLC ☐ Trust ☐ Limited Partnership ☐ Other

b. Current and prior employment, positions or occupations
(Please set forth employment history during at least the past five years, including service on boards of directors, etc.)

Employer _____ Title _____

Business Address _____ Years of Service _____

c. Professional licenses or registration of Investor or Corporate/Trust Representative

d. Highest Level of Education of Investor or Corporate/Trust Representative

School _____ Dates of Attendance _____

Field of Study _____ Degree _____

e. Prior investment experience in alternative investments

Name and Types of Investment *(natural gas and oil, real estate, equipment leasing, etc.)*

_____ Years Invested _____

_____ Years Invested _____

f. Other investments (*i.e. stocks, bonds, real estate, options*), which would reflect your knowledge and experience in financial and business matters.

g. Have you previously purchased securities which were sold in reliance on private offering exemptions from registrations under the Securities Act?

☐ Yes ☐ No

APPENDIX B

PRIOR PERFORMANCE TABLES

The tables presented in this section provide summary unaudited information related to the historical experience of EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP. By purchasing shares in this offering, you will not acquire any ownership interest in any programs to which the information in this section relates and you should not assume that you will experience returns, if any, comparable to those experienced by the investors in the funds discussed.

The information in this section should be read together with the summary information in this memorandum under "Prior Performance Summary." The following tables are included in this section:

- Table I – Experience in Raising and Investing Funds;
- Table III – Operating Results of Prior Programs;
- Table IV – Results of Completed Programs; and
- Table V – Sales or Disposals of Properties.

Table II (Compensation to Sponsor) has been omitted because all three prior programs were debenture offerings. Therefore, the investors, who held debentures, did not pay the sponsor or its affiliates any fees.

TABLE I

EXPERIENCE IN RAISING AND INVESTING FUNDS

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

Table I provides a summary of the experience of our sponsor in raising and investing funds for the private programs discussed below. Three of these four programs have closed their offerings as of the date of this Memorandum. These programs have investment objectives similar to ours.

	EquiAlt Fund, LLC	EquiAlt Fund II, LLC	EquiAlt Fund III, LLC	EA SIP LLC
Dollar amount offered	$ 100,000,000	$ 50,000,000	$ 20,000,000	$ 25,000,000
Dollar amount raised	$ 64,932,490	$ 21,032,095	$ 2,897,231	$ 8,131,780
Length of offering (in months)	Open [1]	Open [2]	24	Open[3]
Months to invest 90% of amount available for investments [4]	N/A	N/A	N/A	N/A

[1] EquiAlt Fund, LLC launched its private offering of fixed-rate debentures on May 23, 2011. As of July 31, 2017, EquiAlt Fund I had invested in a total of 198 properties, with an emphasis on single-family residential properties and multifamily properties in the greater Tampa, Florida market. The offering is closed as of the date of this Memorandum.

[2] EquiAlt Fund II, LLC launched its private offering of fixed-rate debentures on April 24, 2013. As of July 31, 2017, EquiAlt Fund II had invested in a total of 62 single-family residential properties and multifamily properties located in the State of Florida. The offering is closed as of the date of this Memorandum.

[3] EA SIP LLC launched its private offering of fixed-rate debentures on January 20, 2016. As of July 31, 2017, EA SIP had invested in 2 multifamily properties located in the State of Florida, and had acquired 9 development projects, including both single-family properties and multifamily properties. The offering remains open as of the date of this Memorandum.

[4] EquiAlt Fund I, EquiAlt Fund II, EquiAlt Fund III and EA SIP LLC were debenture offerings.

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

This table summarizes the operating results of the private programs sponsored by our sponsor that had offerings close during the five years ended December 31, 2016 or as of the date of this Memorandum. For these programs, this table shows: the income or loss of such programs (based upon U.S. generally accepted accounting principles ("GAAP")); the cash they generated from operations, sales and refinancings; and information regarding cash distributions. These programs have investment objectives similar to ours. All figures are as of December 31 of the year indicated, except as otherwise noted.

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS (CONTINUED)

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

	EquiAlt Fund, LLC [1]		
	2014	**2015**	**2016**
Selected Operating Results			
Operating revenues	$ 557,007	$ 831,086	$ 1,215,977
Operating expenses	762,632	2,835,074	3,059,319
Interest expense	510,455	1,047,682	2,804,543
Operating income	(205,626)	(2,003,987)	(1,843,342)
Net income - GAAP basis [2]	(1,738,065)	(5,566,531)	(10,035,092)
Summary Statements of Cash Flows			
Cash flows provided by operating activities	$ (1,630,137)	$ (5,489,386)	$ (9,972,106)
Cash flows (used in) provided by investing activities	(3,636,539)	(1,824,113)	(5,748,319)
Cash flows provided by (used in) financing activities	5,283,175	8,215,534	25,630,412
Amount and Source of Distributions [3]			
Amount of cash distributions paid to common stockholders	$ —	$ —	$ —
Amount of reinvested distributions paid to common stockholders	—	—	—
Total distributions paid to common stockholders	$ —	$ —	$ —
Source of Distributions (per $1,000 invested):			
From operations	—	—	—
From sales of properties	—	—	—
From debt financing	—	—	—
From all other sources	—	—	—
Summary Balance Sheet			
Total assets (before depreciation/amortization)	$ 14,297,838	$ 17,048,529	$ 33,115,599
Total assets (after depreciation)	13,949,251	16,554,175	32,226,990
Total liabilities [4]	6,004,625	12,744,697	35,555,290
Unit Valuation			
Estimated per unit value [5]	$ 101,283.19	$ 96,203.68	$ 115,798.58

[1] The offering is closed as of the date of this Memorandum.

[2] Net Income - GAAP Basis includes one-time sales fees of $848,000 in 2014, $1,400,000 in 2015, and $4,976,000 in 2016.

[3] EquiAlt Fund I is a debenture offering. The fund paid interest to investors of $510,000 in 2014,$1,048,000 in 2015, and $2,805,000 in 2016. No cash was distributed to the equity owner.

[4] Liability balances include investor funds with a four-year maturity.

[5] Estimated per unit values are calculated as follows:

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS (CONTINUED)

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

Value of Fixed Assets	9,170,933	14,147,287	29,014,378
Other Assets	6,962,011	8,217,778	18,120,770
Liabilities	(6,004,625)	(12,744,697)	(35,555,290)
	10,128,319	9,620,368	11,579,858
Units	100	100	100
Value per unit	$ 101,283.19	$ 96,203.68	$ 115,798.58

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS (CONTINUED)

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

	EquiAlt Fund II, LLC [1]		
	2014	2015	2016
Selected Operating Results			
Operating revenues	$ 65,322	$ 139,924	$ 443,182
Operating expenses	456,665	414,072	1,564,983
Interest expense	45,590	119,484	652,366
Operating income	(391,343)	(274,148)	(1,121,801)
Net income - GAAP basis [2]	(637,192)	(843,408)	(3,053,576)
Summary Statements of Cash Flows			
Cash flows provided by operating activities	$ (631,505)	$ (828,542)	$ (3,027,682)
Cash flows (used in) provided by investing activities	(555,452)	(1,456,262)	(3,665,145)
Cash flows provided by (used in) financing activities	1,023,953	2,484,172	8,095,029
Amount and Source of Distributions [3]			
Amount of cash distributions paid to common stockholders	$ —	$ —	$ —
Amount of reinvested distributions paid to common stockholders	—	—	—
Total distributions paid to common stockholders	$ —	$ —	$ —
Source of Distributions (per $1,000 invested):			
From operations	—	—	—
From sales of properties	—	—	—
From debt financing	—	—	—
From all other sources	—	—	—
Summary Balance Sheet			
Total assets (before depreciation/amortization)	$ 5,651,711	$ 7,346,684	$ 12,557,941
Total assets (after depreciation)	5,630,357	7,285,197	12,353,785
Total liabilities [4]	1,132,150	3,450,623	10,137,609
Unit Valuation			
Estimated per unit value [5]	$ (0.73)	$ (0.31)	$ (0.43)

[1] The offering is closed as of the date of this Memorandum.

[2] Net Income - GAAP Basis includes one-time sales fees of $167,641 in 2014, $409,648 in 2015, and $1,137,171 in 2016.

[3] EquiAlt Fund II is a debenture offering. The fund paid interest to investors of $46,000 in 2014,$119,000 in 2015, and $652,000 in 2016. No cash was distributed to the equity owner. .

[4] Liability balances include investor funds with a four-year maturity.

[5] Estimated per unit values are calculated as follows:

Value of Fixed Assets	1,429,110	4,108,829	10,366,135
Other Assets	4,704,084	4,695,490	6,160,980
Liabilities	(1,132,150)	(3,450,623)	(10,137,609)
	5,001,044	5,353,697	6,389,506
Units	100	100	100
Value per unit	$ 50,010.44	$ 53,536.97	$ 63,895.06

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS (CONTINUED)

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

	EquiAlt Fund III, LLC[1]		
	2014	2015	2016
Selected Operating Results			
Operating revenues	$ 125,040	$ 153,351	$ —
Operating expenses	200,960	137,841	3,829
Interest expense	164,607	227,892	—
Operating income	(75,919)	15,509	(3,829)
Net income - GAAP basis [2]	(333,719)	741,856	(33,829)
Summary Statemeuts of Cash Flows			
Cash flows provided by operating activities	$ (399,947)	$ 801,895	$ (162,078)
Cash flows (used in) provided by investing activities	(187,460)	1,458,467	—
Cash flows provided by (used in) financing activities	275,750	(2,338,250)	—
Amount and Source of Distributions [3]			
Amount of cash distributions paid to common stockholders	$ 408,812	$ 333,719	$ —
Amount of reinvested distributions paid to common stockholders	—	—	—
Total distributions paid to common stockholders	$ —	$ —	$ —
Source of Distributions (per $1,000 invested):			
From operations	—	—	—
From sales of properties	—	—	—
From debt financing	—	—	—
From all other sources	408,812	333,719	—
Summary Balance Sheet			
Total assets (before depreciation/amortization)	$ 1,628,746	$ —	$ (162,078)
Total assets (after depreciation)	1,539,867	—	—
Total liabilities [4]	1,675,500	675	(127,576)
Unit Valuation			
Estimated per unit value [5]	$ (0.38)	$ N/A	$ N/A

[1] EquiAlt Fund III dissolved on June 27, 2016.

[2] Net Income - GAAP Basis includes one-time sales fees of $39,000 in 2014, $98,325 in 2015, and $30,000 in 2016.

[3] EquiAlt Fund III was a debenture offering. The fund paid interest to investors of $165,000 in 2014, and $228,000 in 2015. No cash was distributed to the equity owner.

[4] Liability balances include investor funds with a four-year maturity.

[5] Estimated per unit values are calculated as follows:

Value of Fixed Assets	1,634,813	N/A	N/A
Other Assets	154,408	N/A	N/A
Liabilities	(1,675,500)	N/A	N/A
	113,721	—	—
Units	100	N/A	N/A
Value per unit	$ 1,137.21	N/A	N/A

TABLE IV

RESULTS OF COMPLETED PROGRAMS

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

This table summarizes the results of completed programs sponsored by our sponsor that have completed operations during the ten years ended December 31, 2016. These programs have investment objectives similar to ours.

	EquiAlt Fund III, LLC
Date of Completion of Operations	June 27, 2016
Duration of operations (months)	24 months
Dollar Amount Raised	2,897,231.00
Annualized Return On Investment [1]	9%

[1] Investors held debentures that paid a fixed rate of return of 9%. The sole equity holder of EquiAlt Fund III, LLC earned $300,000 in profit from the fund's investments.

TABLE V

SALES OR DISPOSALS OF PROPERTIES

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

Table V presents summary information with respect to the results of sales or disposals of properties by private programs sponsored by our sponsor during the three years ended July 31, 2017. The table includes information about the sales proceeds received, the cash invested in the properties, the taxable gain or loss from the sales and the cash flow from the operation of the properties. Each of the programs represented has investment objectives similar to ours.

TABLE V

SALES OR DISPOSALS OF PROPERTIES

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

Selling Price, Net of Closing Costs and GAAP Adjustments | **Cost of Properties including Closing and Soft Costs**

Sales to non-related parties

No.	Property Type	Date Acquired	Date of Sale	Cash received Net of Closing Costs	Mortgage Balance at Time of Sale	Purchase money Mortgage Taken Back by Program	Adjustments resulting from application of GAAP	Total	Original Mortgage Financing	Total Acquisition Cost, Capital improvement, Closing & Soft costs	Total	Excess(Deficiency of Property Operating Cash Receipts Over Cash Expenditures)	Property Description	Fund
1	Single Family	07/13	10/13	17,460	—	—	—	17,460	—	16,700	16,700	—	8509 N 16th St	EquiAlt Fund II
2	Single Family	01/13	05/15	9,804	—	—	—	9,804	—	10,000	10,000	(2,963)	519 Waterfern Trail Dr	EquiAlt Fund I
3	Single Family	05/13	10/15	61,080	—	—	—	61,080	—	41,210	41,210	6,329	9573 68th St	EquiAlt Fund I
4	Single Family	03/14	11/15	380,000	—	—	—	380,000	—	297,325	297,325	(44,438)	2437 Navarez Ave	EquiAlt Fund I
5	Single Family	04/14	11/15	181,671	—	—	—	181,671	—	198,187	198,187	(34,704)	6501 Gant Rd	EquiAlt Fund I
6	Multifamily	05/14	02/16	28,935	—	—	—	28,935	—	26,063	26,063	(14,885)	101 Cambridge Trail #194	EquiAlt Fund I
7	Single Family	01/13	09/16	103,013	—	—	—	103,013	—	100,980	100,980	850	3920 W. Laurel St	EquiAlt Fund I

Donations

No.	Property Type	Date Acquired	Date of Sale	Cash received Net of Closing Costs	Mortgage Balance at Time of Sale	Purchase money Mortgage Taken Back by Program	Adjustments resulting from application of GAAP	Total	Original Mortgage Financing	Total Acquisition Cost, Capital improvement, Closing & Soft costs	Total	Excess(Deficiency of Property Operating Cash Receipts Over Cash Expenditures)	Property Description	Fund
1	Single Family	06/14	04/15	—	—	—	—	Donation	—	24,534	24,534	(1,498)	1047 N Madison Ave	EquiAlt Fund I
2	Single Family	12/12	04/15	—	—	—	—	Donation	—	18,360	18,360	1,696	7811 Mulberry St	EquiAlt Fund III
3	Single Family	02/13	04/15	—	—	—	—	Donation	—	50,670	50,670	—	8501 Semmes St	EquiAlt Fund I

Sale to Related Party

No.	Property Type	Date Acquired	Date of Sale	Cash received Net of Closing Costs	Mortgage Balance at Time of Sale	Purchase money Mortgage Taken Back by Program	Adjustments resulting from application of GAAP	Total	Original Mortgage Financing	Total Acquisition Cost, Capital improvement, Closing & Soft costs	Total	Excess(Deficiency of Property Operating Cash Receipts Over Cash Expenditures)	Property Description	Fund
1	Single Family	01/13	09/14	26,000	—	—	—	26,000	—	26,000	26,000	(1,514)	222 W. Clinton Ct.	EquiAlt Fund III to EquiAlt

TABLE V

SALES OR DISPOSALS OF PROPERTIES

(UNAUDITED)

Prior Performance Is Not Indicative of Future Results

2	Single Family	09/12	12/15	77,000	—	—	(56,439)	20,561	—	20,561	20,561	6,381	1320 Sylvia Avenue #D	EquiAlt Fund III to Fund I
3	Single Family	12/12	12/15	49,000	—	—	(12,054)	36,946	—	36,946	36,946	1,050	1496 33rd St NW	EquiAlt Fund III to EquiAlt Fund I
4	Single Family	08/13	12/15	75,500	—	—	13,826	89,326	—	89,326	89,326	(1,053)	1801 13th Avenue South	EquiAlt Fund III to EquiAlt Fund I
5	Single Family	07/12	12/15	65,000	—	—	(15,648)	49,352	—	49,352	49,352	16,096	3106 Strawberry Lane	EquiAlt Fund III to EquiAlt Fund I
6	Single Family	10/12	12/15	14,000	—	—	16,600	30,600	—	30,600	30,600	(2,378)	312 Merrill Ave	EquiAlt Fund III to EquiAlt Fund I
7	Single Family	07/12	12/15	41,000	—	—	(3,974)	37,026	—	37,026	37,026	2,157	3125 Strawberry Lane	EquiAlt Fund III to EquiAlt Fund I
8	Single Family	08/12	12/15	48,000	—	—	(28,952)	19,048	—	19,048	19,048	3,746	3406 Ave X	EquiAlt Fund III to EquiAlt Fund I
9	Single Family	11/13	12/15	717,090	—	—	(321,600)	395,490	—	395,490	395,490	(66,040)	3916 N Ridge Ave	EquiAlt Fund III to EquiAlt Fund I
10	Multifamily	11/13	12/15	106,500	—	—	34,630	141,130	—	141,130	141,130	9,355	4908 W. Ingraham Street	EquiAlt Fund III to EquiAlt Fund II
11	Multifamily	11/13	12/15	106,500	—	—	(8,500)	98,000	—	98,000	98,000	17,706	4910 W. Ingraham Street	EquiAlt Fund III to EquiAlt Fund II
12	Single Family	09/12	12/15	47,000	—	—	(33,300)	13,700	—	13,700	13,700	9,458	509 Avenue T NE	EquiAlt Fund III to EquiAlt Fund I
13	Single Family	01/12	12/15	85,000	—	—	(64,400)	20,600	—	20,600	20,600	14,035	6050 Ashland Dr	EquiAlt Fund III to EquiAlt Fund I
14	Single Family	07/12	12/15	39,000	—	—	(29,400)	9,600	—	9,600	9,600	4,440	621 Strain Blvd	EquiAlt Fund III to EquiAlt Fund I
15	Single Family	09/13	12/15	47,000	—	—	(27,500)	19,500	—	19,500	19,500	3,477	7095 Holiday Dr	EquiAlt Fund III to EquiAlt Fund I
16	Multifamily	11/13	12/15	106,500	—	—	(8,500)	98,000	—	98,000	98,000	13,565	7204 S. Kissimmee Street	EquiAlt Fund III to EquiAlt Fund II
17	Multifamily	11/13	12/15	106,500	—	—	(8,500)	98,000	—	98,000	98,000	11,571	7206 S. Kissimmee Street	EquiAlt Fund III to EquiAlt Fund II
18	Multifamily	11/13	12/15	106,500	—	—	(8,500)	98,000	—	98,000	98,000	10,846	7208 S. Kissimmee Street	EquiAlt Fund III to EquiAlt Fund II
19	Single Family	03/13	04/16	550,000	—	—	1,180,739	1,730,739	—	1,730,739	1,730,739	(33,025)	128 Biscayne Ave	EquiAlt Fund I

(1) Adjustments resulting from GAAP application is deferred gain/loss until property is sold to a third party.

(2) Sale to related party item No. 19 - Total Acquisition Cost, Capital Improvement, Closing & Soft Costs include $1.3M of leasehold improvements to EquiAlt Fund I property paid by EquiAlt. The outstanding receivable due to EquiAlt was considered when EquiAlt purchased the property.

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Our shares are not FDIC insured, may lose value and are not bank guaranteed. See "Risk Factors" to read about risks you should consider before buying shares of our common stock.

EQUIALT SECURED INCOME PORTFOLIO REIT, INC.

Maximum Offering of $100,000,000 in shares of Common Stock

PRIVATE PLACEMENT MEMORANDUM

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