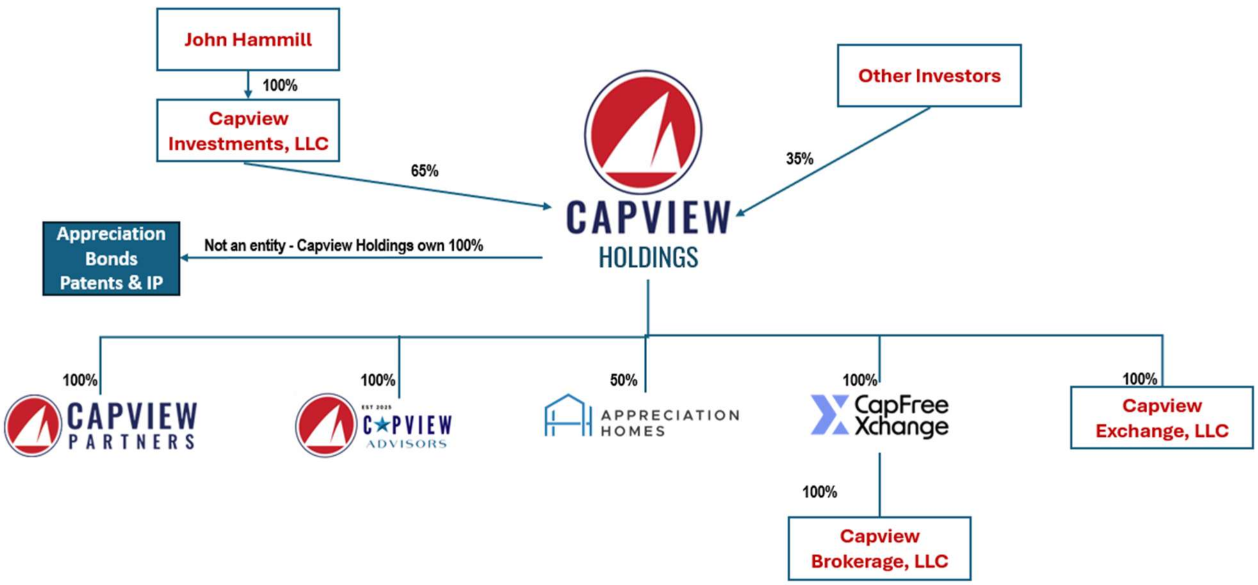
Due Diligence Questionnaire

1. General Company Overview

A. Please provide an Organizational Chart, Overview of Management Team, and business development milestones with respect to Capview Holdings and Appreciation Homes

<u>Capview Holdings Organizational Chart</u>



<u>Overview of Capview Management Team</u>

John Hammill: *Founder & CEO*

Mr. Hammill began his career at Colgate-Palmolive after earning his MBA, entering real estate in 1997 as the fifth generation in his family to do so. At The Staubach Company, he was involved in over $5 billion in sale-leaseback transactions with firms such as CVS, Walgreens, and 7-Eleven, and helped develop both multifamily and retail net lease REITs, as well as a net lease brokerage platform. Following Staubach's sale to Jones Lang LaSalle in 2009, Mr. Hammill launched Capview, managing multiple investment funds focused on single-tenant net lease retail properties. In 2018, he sold Capview's final retail fund to institutional investors; it went public on the NYSE in 2020 under the ticker NTST. In 2020, he founded Appreciation Homes and related ventures, pioneering the residential net lease asset class.

Ari Wertheimer: *CFO*

Mr. Wertheimer is the CFO of Capview and serves on the Fund's Investment Committee. Prior to Capview, Mr. Wertheimer operated as the controller for Sciens Water, a private equity firm investing in water infrastructure assets within the United States. Before Sciens, Mr. Wertheimer spent almost 5 years at Chalkstream Capital, where he provided operational, accounting, investor relations, and compliance functions for the diverse investment firm across its traditional hedge fund, private equity, fund-of-fund, and other niche investment strategies. Mr. Wertheimer started his career at KPMG in the asset management tax practice, along with a stopover in the KPMG mergers & acquisitions tax group. Mr. Wertheimer received his bachelor's degree from the University of Maryland with a double major in accounting and finance. He is also a Certified Public Accountant registered in the state of New York.

David Susskind: *Partner & Fund Manager*

David Susskind is a Partner & Fund Manager at Capview and serves on the Fund's Investment Committee. Before his time at Capview, Mr. Susskind oversaw the private equity investment portfolio at Integral Finance, a boutique family office in Switzerland. During his time at Integral, Mr. Susskind focused on strategic implementation and operational excellence, working closely with executives and investors. Before Integral, Mr. Susskind was on the deal team at Constellation Capital, where he conducted end-to-end investment analyses for lower-middle-market buyout deals within the Swiss, German, and Austrian markets. Mr. Susskind played a key role in the establishment and successful closing of a CHF 30m buyout fund by supporting all aspects of the fund launch process. Mr. Susskind began his career in Switzerland, where he studied Finance and International Management at United International Business Schools' Zurich campus. Over his career, he gained an appreciation for operational improvements and governance initiatives that he plans to continue at Capview.

Oliver Hohermuth: *Head of Capital Markets*

Mr. Hohermuth has over 20 years of wealth management experience across Switzerland, the U.S., and Latin America. He began his career at Credit Suisse, earning his Series 7 license and later his Series 66, which he maintains as an adviser at Capview Advisors. He holds a diploma in Banking and Finance from the Swiss Bankers Association and the European Foundation Certificate in Banking. An alumnus of the American Swiss Foundation (2012), Oliver's career has included roles at Bank Vontobel, Reyl Overseas, and Atlas Bank in Panama, where he served as VP of Private Banking. He is also the founder of RSHB S.A., a Panamanian investment and real estate firm. Prior to Capview, he founded Rising Star Financial, which became Capview Advisors in 2025.

<u>Overview of Appreciation Homes Management Team</u>

Stephen Satterfield: *CEO of Appreciation Homes*

Stephen is the CEO of Appreciation Homes and a member of the investment committee. Previously, he was a Partner at Capview Partners, leading business development. He also held various roles at RQSI and its affiliates in real estate special situations. Additionally, he was a Partner at Newfield Capital Partners, managing real estate investments, and served as Managing Director at Conficare and Managing Partner at EBA, both involved in real estate investment and development. He also worked as a Managing Director at Everbright Ashmore Fund, focusing on asset management. Before that, he managed a multi-family property portfolio, overseeing acquisition, construction, and divestment activities.

Brian Mitts – *CFO, Treasurer, Investment Committee Member*

Brian is the CFO at Appreciation Homes and a member of the Investment Committee. He is also a member of the investment committee for the Adviser and served in numerous roles across the NexPoint platform. Mr. Mitts led NexPoint's financial reporting and accounting teams and was integral in financing and capital allocation decisions. Mr. Mitts was also a co-founder of NexPoint Advisors, L.P. He has worked for NexPoint or one of its affiliates since 2007.

Danilo da Silva: *Senior Vice President at Appreciation Homes*

Danilo directs portfolio strategy and financial analysis for real estate investments with 15 years of experience in Financial Analysis, Commercial Real Estate Funds, and Corporate Finance. He is also a member of the Investment Committee. Previously, he served as a Director at Capview Partners, leading the development of net lease structured products and overseeing research, analysis, and strategy for institutional and private equity funds. Before Capview, Danilo held roles as Controller and Finance Director at the Martifer Group and worked as a Project Manager and App Developer for a prominent Real Estate partner of Salesforce.

Due Diligence Questionnaire

Business Milestones

Capview Partners has a strong track record with 8 full-cycle funds within the net lease asset class and over $1.1 billion in net-lease transactions. The firm has delivered a net internal rate of return (IRR) of 14% and an average cash yield of 8.8% across its investments. Its last retail net-lease fund was sold to institutional buyers in 2018 and later taken public as NETSTREIT Corp. (NYSE: NTST) in 2020. The CapFree Xchange Team brings additional depth, with approximately $200 million in collective sales experience from leading firms Marcus & Millichap and Horvath & Tremblay.

B. Discuss Capview's relationship with Appreciation Homes

Capview Holdings created Appreciation Homes ("AHC") to introduce Absolute Net-Leases to the Single-Family Rental (SFR) asset class. AHC Homes earned a BBB+ credit rating from Egan Jones, allowing it to act as a Net-Lease Investment Grade Tenant. Capview retains a 50% ownership stake in AHC Homes.

Capview Holdings is the holding company ("Hold Co.") primarily responsible for raising equity and debt at the Hold Co. level, raising various funds around the Appreciation Bond strategy, and distributing our product through various retail sales channels. Additionally, Capview's in-house RIA, Capview Advisors, manages wealth and assets on behalf of investors providing another capital raising channel for our various business lines. AHC Homes is responsible for running the day-to-day operations of the company, institutional business development, and deal/inventory sourcing and underwriting.

With respect to the Warehouse fund, Capview Partners ("Capview"), our fund subsidiary, is responsible for raising the fund and managing the distribution of NLP/profits back to investors. As the fund manager, Capview Partners is responsible for redeploying the recycled equity back into new properties. AHC will source and underwrite the homes that we buy and sell, make recommendations around acquisitions and dispositions, coordinate property management of assets, distribute the NLP to the Fund, and prepare due diligence on all homes.

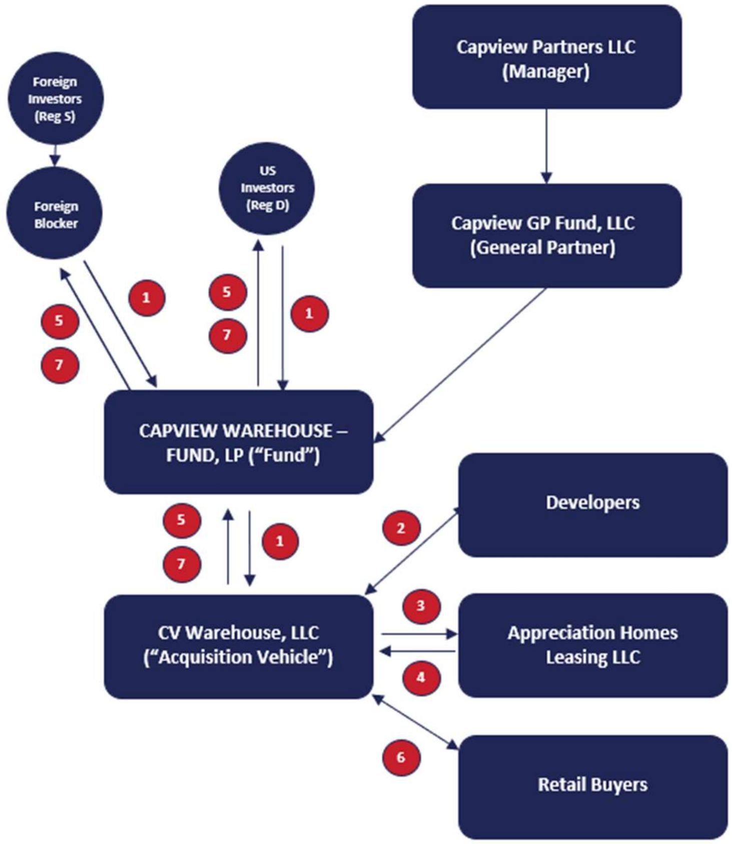
C. Discuss the Company's General Business Strategy

Overview:
Capview intends to deploy a $100MM Revolving Warehouse Fund where the investor contributes equity to the fund to facilitate the wholesale acquisition of single-family rental homes with the Appreciation Home's Lease attached. Once all equity is deployed, we will begin to sell off assets monthly. Upon each sale, we will return the profit to the investors and reinvest the original equity into new homes. Toward the end of its stated duration, we will liquidate the fund through our retail sales channels.

Capview Partners introduces its 3-Year Warehouse Fund with a clear strategy to allow investors to purchase SFRs in the United States at wholesale prices and enhance their homes with long-term absolute net leases under AHC Homes Leasing, a BBB+ Investment Grade credit-rated tenant. AHC will manage and pay all expenses, including taxes, insurance, capital expenditures, and make scheduled net lease payments with 1% annual escalations.

Due Diligence Questionnaire

Strategy:



1.) Investors contribute equity to CAPVIEW WAREHOUSE – FUND (the "Fund"). Foreign and US investors can both participate with Reg S and D offerings, respectively. **2.)** The Fund contributes capital to the Acquisition Vehicle, which then purchases a portfolio of homes from large build-to-rent ("BTR") developers or owner-operators looking to exit the market. Because of our scale & access to liquidity, these homes can be acquired at wholesale pricing. Upon acquisition, the Acquisition Vehicle will hold direct title to all homes. **3.)** At closing, the Acquisition Vehicle will attach the AHC absolute long-term net leases, and the associated lease costs are funded. **4.)** Once the leases are in place, the Acquisition Vehicle has no responsibility. AHC covers all management and expenses, providing a guaranteed Net Lease Payment ("NLP") with 1% annual increases paid to the Acquisition Vehicle. **5.)** The Acquisition Vehicle will distribute NLP to the Fund and back to investors. **6.)** After all equity is deployed, the Acquisition Vehicle begins to sell off assets monthly. The Fund can access three liquidation channels where the homes can be sold for retail pricing, providing an arbitrage opportunity to the Acquisition Vehicle at large **7.)** Upon each sale, profit will be distributed to the investors, and the Acquisition Vehicle will reinvest the equity into new homes.

The primary objective of the Lease is to generate stable and predictable rental income for the developers initially, and ultimately for the investors, through entering a bondable net lease for an initial term of 30 years. AHC then subleases the homes to an occupying Renter. Under the terms of the Lease, which is structured as a net lease, AHC will continue to pay rent to the Investor regardless of whether a Renter occupies the Property or not. AHC will pay for all fixed property costs and continue making payments under the Lease to the owner during any period of vacancy. Such fixed property costs include, but are not limited to, property taxes, insurance, maintenance, property management, homeowners' association fees, as well as any capital expenditures for the Property.

SFR properties possess intrinsic attributes conducive to generating attractive risk-adjusted income, but with variability in cash flows due to tenant turnover, vacancy, bad debt, taxes, insurance, maintenance, and capital expenditures. An SFR property is leased to a single household in exchange for monthly rent payments. The tenants of SFR properties generally enter a short-term base lease with renewal options. National market data provided by John Burns Real

Due Diligence Questionnaire

Estate Consulting, LLC, indicates that the SFR sector has historically maintained stable occupancy levels and low average rent growth volatility, resulting in income that has a low correlation with broad economic downturns. SFR properties, as an asset class, are generally financeable with favorable rates and terms correlated to the loan-to-cost/loan-to-value and the borrower's credit. These underlying attributes make SFR an attractive asset class to lease via a net lease structure.

Neutral Case:

Global Assumptions:	
Total Investment	100,000,000
Hold Period	3 Years
Initial NLP %	6.17%
NLP Escalations	1.00%
Total Homes in Facility	325
Total Homes Purchased over Hold	494
Average Price Per Home	300,000
Exit Cap Rate	
Through Month 12	5.00%
Through Month 36	4.50%

Our base case assumes that we deploy the initial investment into 325 homes with an average price of $300,000 per home. Each month, we will sell 5 homes and reinvest the equity into new homes and return the profits to investors. Each year, we will increase the number of homes we sell per month such that we will sell 7 homes per month in year two and 9 homes per month in year three until month 30, when we begin to liquidate the fund.

Additionally, we have included a waterfall that details how funds will be distributed between the LP and GP (Capview)

- **Tier 1: Up to 10% IRR**
  - LP/GP Split: 100%/0%
- **Tier 2: Between 10% and 20% IRR**
  - LP/GP Split: 80%/20%
- **Tier 3: Above 20% IRR**
  - LP/GP Split: 50%/50%

Base Case Assumptions and Returns (Net IRR is the IRR net of the Promote paid to the GP):

Timing Assumptions:	
Number of Homes Sold Each Month	5
Additional Homes Sold Each Year Per Month	2
Deployment Period	4 Months
Sale Start Month	Month 5
Liquidation Start Month	30 Months
Final Sale Month	36 Months

Returns:	**Gross**	**Net**
IRR	17.0%	15.7%
MOIC	1.46x	1.42x
Profit	45,859,259	41,680,648
Average Yield	10.78%	
Total Cash Deployed	148,200,000	
# Turns of Capital Invested	1.48x	

Due Diligence Questionnaire

Sensitivity Analysis & Downside Scenario:

Downside Case

Global Assumptions:	
Total Investment	100,000,000
Hold Period	3 Years
Initial NLP %	6.17%
NLP Escalations	1.00%
Total Homes in Facility	325
Total Homes Purchased over Hold	325
Average Price Per Home	300,000
Exit Cap Rate	
Through Month 12	5.00%
Through Month 36	4.75%

Timing Assumptions:	
Number of Homes Sold Each Month	0
Additional Homes Sold Each Year Per Month	0
Deployment Period	4 Months
Sale Start Month	Month 5
Liquidation Start Month	30 Months
Final Sale Month	36 Months

Returns:	Gross	Net
IRR	10.9%	10.7%
MOIC	1.29x	1.29x
Profit	29,066,243	28,557,495
Average Yield	5.50%	
Total Cash Deployed	97,500,000	
# Turns of Capital Invested	0.98x	

Upside Case

Global Assumptions:	
Total Investment	100,000,000
Hold Period	3 Years
Initial NLP %	6.17%
NLP Escalations	1.00%
Total Homes in Facility	325
Total Homes Purchased over Hold	795
Average Price Per Home	300,000
Exit Cap Rate	
Through Month 12	5.00%
Through Month 36	4.50%

Timing Assumptions:	
Number of Homes Sold Each Month	10
Additional Homes Sold Each Year Per Month	10
Deployment Period	4 Months
Sale Start Month	Month 5
Liquidation Start Month	30 Months
Final Sale Month	36 Months

Returns:	Gross	Net
IRR	24.1%	20.3%
MOIC	1.64x	1.52x
Profit	63,897,947	51,686,487
Average Yield	20.94%	
Total Cash Deployed	238,500,000	
# Turns of Capital Invested	2.39x	

The Downside case assumes that the Fund is unable to recycle the homes post-acquisition. The Fund would hold the homes for the full term, only turning the portfolio once in 3 years. Even in this extreme downside case, the Fund will return a net IRR* and MOIC of 10.7% and 1.29x, respectively.

The Upside case assumes that Fund can exceed its sales target of five homes per month. Additionally, we believe that as we grow, we will be able to reduce our distribution costs, allowing us to distribute more profit back to investors. The Upside case will return a net IRR and MOIC of 20.3% and 1.52x, respectively.

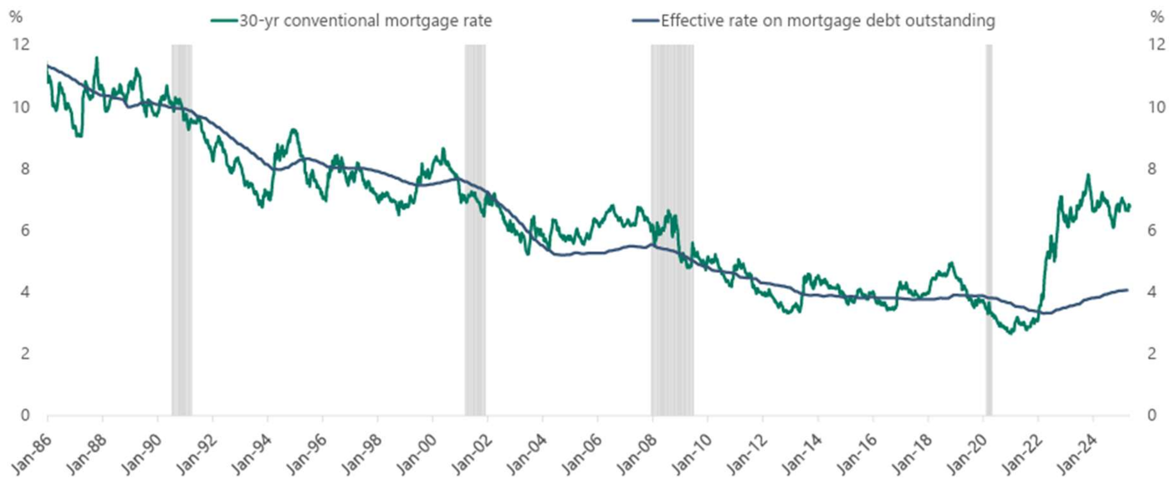
*Net cash flows refer to total distributions after deducting fees and promote owed to the General Partner.

Due Diligence Questionnaire

D. Discuss the market landscape and competitive forces

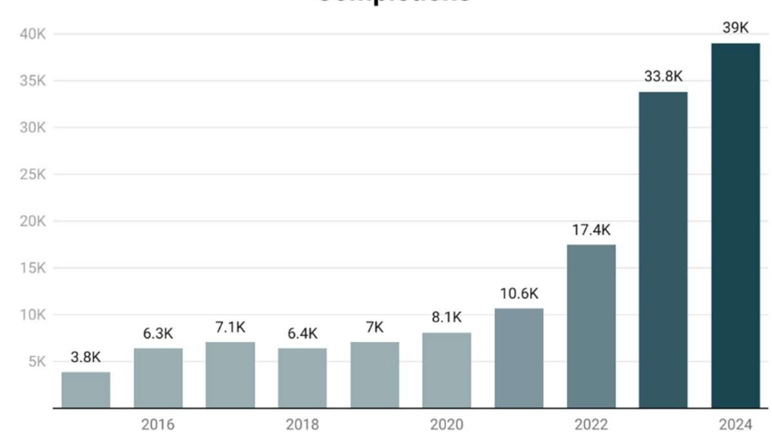
Today, the SFR market remains competitive but fragmented and relatively small in terms of participants that have true scale. Most investors have smaller portfolios with limited hold periods. The acquisition market has been soft for over two years, with most acquisitions and dispositions happening at the market level via MLS or other one-off channels. Equity capital has been scarce, and debt capital has been priced above prevailing cap rates, making the use of leverage dilutive. Within this environment, there are several participants who are holding investments beyond their underwritten hold period that they would like to monetize in the near term, but with no clear path to a monetization event that will net acceptable returns.

AHC believes its strategy, as enumerated above, can provide that path by first aggregating a pipeline of inventory via the Warehouse, and then, second, by selling that inventory into the retail channel at a premium price versus where a cap rate investor would transact. Currently, no other businesses are offering what AHC offers. Our competition comes from other participants that are looking to acquire homes, but they are largely looking for "deals" and or unable to provide the stable income, premium pricing at exit, ease of operations in the interim, plus the ability to turn equity over multiple times over a short time horizon, amplifying returns.



Source: Freddie Mac, BEA, Bloomberg, Apollo Chief Economist. The effective interest rate (%) reflects the amortization of initial fees and charges over a 10-year period, which is the historical assumption of the average life of a mortgage loan.

10-Year Evolution of New Build-to-Rent Homes Completions



This analysis was performed by Point2 Homes based on Yardi Matrix data as of March 2025. Data includes only properties/units defined as single-family homes for rent that are located in build-to-rent communities containing at least 50 single-family rental units.

Source: Point2Homes analysis of Yardi Matrix data • Created with Datawrapper

Due Diligence Questionnaire

2. Fund Mechanics

A. Discuss the warehouse structure as it pertains to domestic vs. foreign investors

Domestic:

Capview structures domestic investments using a Delaware Limited Liability Company (LLC) taxed as a partnership. Investors participate as direct members of the LLC, benefiting from the flow-through nature of partnership taxation. This means all income, losses, and gains are passed directly to the investors, who receive a Schedule K-1 for tax reporting. Capview serves as the Managing Member, with the power of attorney to oversee operations. For added liability protection, individual properties are held in a special purpose vehicle ("SPV").

This setup offers several key advantages for domestic investors. With pass-through taxation, there is only one layer of tax, and investors receive direct allocations of income, depreciation, and gains. These gains may qualify for long-term capital gains treatment, which is typically more favorable. The use of K-1s provides transparency and clarity for each investor's share of earnings and expenses. Additionally, investors benefit from direct ownership attributes, such as depreciation and other tax-related benefits that enhance after-tax returns.

Foreign:

For foreign investors, Capview utilizes a Cayman Islands exempted company that is treated as a U.S. C-Corporation for tax purposes, commonly referred to as a "blocker" entity. Investors purchase shares in the Cayman entity rather than investing directly in U.S. real estate. The Cayman company pays U.S. corporate income tax on effectively connected income (ECI), and foreign investors receive dividends net of this tax. This structure eliminates the need for investors to file U.S. tax returns or deal with Foreign Investment in Real Property Tax Act (FIRPTA) compliance. Additionally, because the investment is held through a non-U.S. corporation, foreign shareholders are not exposed to U.S. estate tax.

The primary benefits of this structure are its simplicity and protective features. Foreign investors are not required to file U.S. tax returns, as the Cayman entity absorbs all U.S. tax liabilities. The Cayman shares are classified as non-U.S.-situs assets, providing a shield against U.S. estate tax. Furthermore, the blocker entity insulates investors from the complexities of FIRPTA and other real estate-specific tax regimes like ECI. Distributions from the structure are streamlined, typically paid out as dividends from the Cayman company, reducing administrative burden and compliance risk for international stakeholders.

Due Diligence Questionnaire

B. What will Capview Partners' Role be in the fund and its day-to-day operations?

Capview is designated as the Manager in the Delaware LLC structure and holds full power of attorney. This authority allows Capview to independently execute critical functions, including negotiating and closing property acquisitions (pending IC approval), managing the special purpose vehicle (SPV), securing financing, and handling asset dispositions. Such broad powers ensure efficient day-to-day operational control, allowing Capview to act swiftly in a fast-moving real estate market without requiring repeated investor approval for routine actions.

While Capview maintains operational control, certain high-level decisions are reserved for investor input and may be subject to consent or veto, typically requiring Capview's approval as well. These major decisions include extending the fund term, amending foundational fund documents, altering the core investment strategy, taking on fund-level debt, prematurely terminating the fund, or making changes to investor limits. These protective provisions balance Capview's autonomy with investor governance rights over strategic shifts.

C. How will Capview be compensated?

For its role, Capview is compensated through a management and acquisition fee structure. The management fee is 50 basis points (bps) annually, paid quarterly in arrears and deducted from NLP. In addition, Capview receives a 2.0% acquisition fee on each property purchase. Incentives are aligned as Capview collects these fees with each turn, and turning the portfolio also leads to greater IRR for the investors.

D. How will the NLP be distributed?

AHC will pay the NLP monthly to the SPV. The SPV will then distribute the NLP back to investors at least quarterly. Capview has sole discretion over the timing of distributions.

E. How will the Profits be Distributed?

As we sell off homes, we will recycle the equity into further acquisitions and distribute the profits back to investors. Profits will be distributed at least quarterly but can be accelerated depending on transaction velocity.

F. Describe the cash management system in place at Capview.

1. <u>Purpose</u>

This policy governs the control, authorization, and documentation of all cash-related activities within the fund. It outlines procedures for distributions, expense payments, and new wire instruction approvals, ensuring financial security, compliance, and fiduciary integrity.

2. <u>Bank Account Structure</u>

Banking Partner: Prosperity Bank & UBS
Accounts Maintained:

- Operating Account: For general fund operations and vendor payments.
- Capital Account: Receives capital calls and investor contributions; used primarily for investor distributions.
- Money Market Account: Receives automated or manual sweeps from both accounts to optimize idle cash returns.

Cash Sweep Policy:
Balances above a set threshold ($50,000) in the Operating or Capital Account are swept weekly into the Money Market Account. CFO reviews sweep thresholds quarterly and will adjust based on liquidity needs.

3. <u>Approval Matrix</u>

A. Distributions to Investors

Action	Responsible Party	Approvals Required
Calculate and document amount	CFO	Fund Manager review
Initiate wire transfer	CFO	Fund Manager approval
Final execution in bank portal	CFO	Fund Manager co-approval (dual signatory)

Controls:
- Distribution memos detailing calculation methodology must be signed by both CFO and Fund Manager prior to wire release.
- All payments are subject to Prosperity's dual authorization requirement.

B. Expense Payments

Action	Responsible Party	Approvals Required
Invoice review and validation	CFO	Fund Manager approval
Entry and processing	CFO	Fund Manager co-signature if over threshold

Additional Control:
- Expenses over $25,000 require written confirmation from the Fund Manager (email or signed approval form).
- All payments must match budget allocations or have a memo of deviation.

C. New or Updated Wire Instructions

Action	Responsible Party	Approvals Required
Receive & verify request	CFO	Fund Manager notification
Input into Prosperity Bank portal	CFO	Fund Manager co-authorization
Confirm via callback or verification	CFO	Documented in fund log

Controls:
- All wire instruction updates require independent call-back verification to a known contact on file.
- No new wire instructions accepted via SMS or personal email.

4. **Prosperity Bank Controls**

- Individual login credentials with role-based permissions for both CFO and Fund Manager.
- Enable:
  - Dual approval on all outgoing wires
  - ACH filters and Positive Pay
  - Daily transaction alerts sent to both parties
  - Money market sweep settings reviewed monthly.

5. **Emergency or Exception Handling**

Any non-standard transaction (e.g., out-of-cycle distribution or unscheduled large expense) requires:
- Written approval from both the CFO and Fund Manager
- Entry into the Exception Log, reviewed quarterly

6. **Audit & Documentation**

- All disbursement activity and wire changes logged with supporting documentation.
- Records retained for 7 years in both digital and backup formats.
- Quarterly internal review of:
  - Bank reconciliations
  - Sweep activity
  - Wire instruction changes

7. **Policy Review**

This policy is reviewed annually or upon:
- Change of fund manager or CFO

- Change in banking relationship
- Material audit finding impacting cash control

8. Describe the accounting and tax compliance systems in place.

Capview maintains robust accounting and tax compliance systems to ensure accurate reporting and adherence to regulatory requirements. Our CFO is responsible for overseeing all financial operations, including:

- Coordination with Ernst & Young (external tax advisors) and CPAs to prepare and file fund tax returns (e.g., K-1s).
- Collaboration with BDO for maintenance of fund books and records in accordance with GAAP standards.
- Monitoring fund cash flow, capital calls, and distributions.
- Oversight of fund audits (if applicable), including periodic internal checks.

Financial records are maintained on secure cloud-based accounting platforms with appropriate role-based access controls.

9. Describe the levels of transparency and communication with investors.

Capview is committed to maintaining a high level of transparency with its investor base. The Fund Manager leads investor communication and provides quarterly reports that include:

- A detailed update on fund positions
- Performance metrics
- Market commentary and economic outlook
- Portfolio and pipeline activity summaries

These updates are delivered through secure digital channels and made available via our investor portal. Ad hoc updates may also be provided in response to material market or fund developments.
Additionally, we will provide distribution reports that detail total capital called to date, distributions to date, and total position.

10. Describe how Capview deals with legal and compliance.

Capview's legal and compliance framework is overseen by our CFO in collaboration with external legal counsel. We work closely with:

- Milne Law and Shumaker, Loop & Kendrick, LLP for all fund formation, legal documentation, and regulatory compliance matters.
- Our CFO spearheads the day-to-day compliance function, including AML/KYC policies, investor accreditation, and compliance tracking.

We proactively monitor evolving regulatory requirements and ensure all internal practices align with relevant SEC, FINRA, and state-level guidelines.

11. What 3rd Party systems are used at Capview and what function do they serve?

Capview leverages a range of third-party platforms to support business operations, compliance, and investor engagement:

- Pipedrive – CRM for managing investor relationships and deal flow.
- Airtable & HubSpot – Proposal generation, pipeline tracking, and backend management of retail investor demand.
- John Burns Research & Consulting – Trusted source for market data and housing economic trends.
- Egnyte – Secure document management and sharing for investor materials, legal documentation, and internal files.
- DocuSign – Digital execution of fund documents and investor agreements.
- Ripple – outsourced IT

12. What security measures are in place?

Capview partners with Ripple, a professional IT services firm, to manage our information security and technology infrastructure. Our cybersecurity program includes:

- Endpoint protection and anti-virus software across all workstations.
- Regular vulnerability assessments and penetration testing.
- Secure VPN access for remote users.
- Multifactor authentication (MFA) for all sensitive applications.
- Encrypted file storage and secure email systems.
- Data loss prevention (DLP) policies and system backups.

13. What type of insurance does the vehicle hold outside of regular homeowner insurance that AHC has?

Capview carries the following coverage:

- Errors and Omissions (E&O) Insurance – Protects against claims arising from professional advice or services.

- Directors and Officers (D&O) Insurance – Protects the Fund's leadership from legal actions related to management decisions.
- Cybersecurity Insurance – Covers incidents of data breaches or cyberattacks.
- General Liability Insurance – Provides coverage for third-party bodily injury, property damage, and legal defense.

These policies are underwritten by reputable carriers and reviewed regularly to ensure adequate protection as the Fund scales.

3. Originations & Acquisitions

i) Property Sourcing and Closing Process

A. Discuss Broker Networks

Brokers will be used for introductions to SFR operators and BTR developers. Auctions will not be used, as those are generally channels looking for immediate liquidity, but we're in active discussions with lenders to source REO properties before they are auctioned.

B. Discuss Closing Process (inspection, title, etc.)

AHC has engaged BCHH to handle all title work and closing coordination, and assists with document preparation. BCHH is a subsidiary of Stewart Title, with a national footprint in all 50 states. BCHH has significant experience closing transactions in bulk. They've done mass securitizations with multiple different lenders and have done transactions up to 14,000 properties on one PSA agreement. They have licensed attorneys who work in their bulk team, and they work closely with diligence agents when needed. They also have legal counsel who provide guidance with any state requirements when doing a mass transaction.

BCHH will follow AH's closing process along with the lender's closing instructions. BCHH will prepare the deed in-house and communicate to all parties as needed. BCHH is also responsible for lease recording at the county level, fund disbursement at closing, and will also handle any state requirements like water bills or lien certs when needed. Refer to Exhibit A for the full closing process.

C. Discuss attorney networks/document retention - BCHH Title Co., Baker McKenzie and Wick Phillips

BCHH, directly or through its parent Stewart Title, has attorney firms in all 50 states. Each firm handles any requirements in that state that they consider to be attorney functions. Additionally, AHC uses Baker McKenzie for drafting of our leases as well as security documentation for the retail channel and Wick Phillips for real estate legal work, such as drafting PSAs, that BCHH doesn't do.

D. Discuss deed delivery and recording processes – BCHH Title Co.

Deeds are delivered at the convenience of the client. BCHH has SLA's around turn times, and we do not miss them. Recording is done the same day in most cases, but in cases where recording is not an option, we will overnight the deed via FedEx.

E. Discuss title review process and lien review/release process – BCHH Title CO.

BCHH has all commitments reviewed by licensed title examiners. If any questions arise, BCHH has legal counsel in all 50 states. They also have 4 underwriters they use. All 4 have to agree there's a title issue prior to raising the issue and working with the respective parties to resolve it.

F. Discuss valuation products used including experience of internal personnel

We use automated valuation models such as Rentometer, Zillow, Realtor.com, and Redfin. We also rely upon our property management firms to use their data to help us value properties. Finally, we use our own expertise to use the valuations of similar properties, both current and sold/rented, to underwrite properties. Prior to joining AHC, our VP of Acquisitions, Will Davis spent 4 years on the acquisitions team at Roofstock, helping several clients buy over 2,500 homes.

G. Discuss process for identifying MSA's/Zip codes

Due Diligence Questionnaire

There are a lot of factors that go into determining specific MSAs or areas within an MSA that we want to invest in. Some of the qualities that we look for are:

- Employment Rate / Growth
- Population Growth / Migration
- School Scores
- Household Income / Income Growth
- % of Adults with a College Degree
- % of Homes owned vs. rented
- Tax Rate
- Insurance Costs
- Landlord laws
- Rent to Income ratio
- Flood Zones

H. Discuss process for leasing individual properties

AHC's business model, as it relates to utilizing the Facility, involves sourcing properties and owners looking to enter into a long-term lease with AHC. Leases have a 30-year initial term, with extensions that can push the lease term to 80 years overall. Although AHC may not own the homes, we approach underwriting as if we will own these homes for 80 years. That is a very different approach than most SFR investors who plan to own the homes for 3-7 years. Given that under our net lease structure, AHC is responsible for the ongoing leasing, management, maintenance, and capex of each property. As such, our underwriting is far more focused on short-term and long-term capital expenditures than other SFR participants. This is borne out in our underwriting process, where we are highly focused on the age of the property and its historical rehab and cap ex programs.

<u>Financial Underwriting:</u> This is a critical step in the process of verifying a property's income potential against the long-term risk in relation to the suitability for an Appreciation Bond.

- Buy-Box Verification – General Criteria needs to match Buy-Box
- Sub-Market Analysis, including but not limited to: Net-Migration, Workforce Growth, Absorption, Affordability, Special-Projects, Crime, etc.
- Pro-forma: updated at all completed steps
- Seller Disclosure review.
- Validation of estimated 2nd year tax liability – 3rd Party Source
- HOA Financial obligations verified with the title company.
- Capex estimates against the life expectancy of major items
- Renovation budget, if any – verify with Renovation Manager & Property Manager.

<u>Property Underwriting:</u> This is a critical step in the process of verifying the physical attributes of a targeted property. The underwriting in this section contributes to the long-term capital expenditure budget.

- Seller Disclosure review.
- Site visit scheduled with third-party company to perform inspection, property condition report, and renovation estimate.
- Exterior and Interior inspections to be performed on all houses.
- Site visit scheduled for renovation and property management teams.

Leasing Decision: This decision is confirmed following a collaborative review of all financial underwriting documents, results of the 3rd Party inspection reports, and renovation budget validations (if any), and approval of the investment committee. A closing checklist will be followed to ensure the process has been verified and completed for each home.

- Updated proforma will be finalized prior to decision to proceed – this is a living document. It will be updated after the renovation budget is complete, then after the home is rented.
- Finalized capex schedule (Portfolio Management).
- Review completed 3rd party inspection reports prior to releasing contingencies.
- Confirm the need (or no need) to perform additional testing (termites, foundation, roof, etc.).
- Best and final price negotiations. Request a minimum price reduction in addition to any amount needed to cure major deferred maintenance flaws not addressed on the Seller's Disclosure.
- Title Commitment document review.

- Title Co. handles Earnest Monies and/or Option Fees.
- Flood zone (life of loan instead of certificates) – 3rd Party Reports – engaged through title companies.
- HOA review and documentation – title company will abstract any language related to fees and rental restrictions.
- Investment committee approval.
- Clear to Close Checklist.

I. Discuss primary channels of sourcing properties. Please provide a breakdown of properties sourced through each source (i.e. MLS, portfolios, etc.)

An initial list of over 300 developers has been created from which we source developer partners. Our ideal developer will be one who builds 100-300 homes per year in our target markets and doesn't have access to the funding we can provide. We'll work with them to underwrite their portfolios and determine which ones are a fit for the program.

We will also attend SFR and BTR conferences around the country in order to meet new developers and be able to talk to them face-to-face. Our focus for this aspect of sourcing will be the IMN conferences. They host two BTR conferences (March and September) and two SFR conferences. (May and December). Conferences like Zonda and Connect will also be considered.

Previous development partners and personal networks will be another way we create a pipeline of inventory. We have worked with several developers in the past who are interested in our program, and we also have a network of other builders we can tap into. Additionally, after years in the industry, the AHC team has a vast network of individuals that we have worked with before, whom we'll connect with to continue to fill the pipeline.

Brokers will be a smaller part of sourcing inventory – usually the portfolios they have are on the market because sellers want to transact; however, they may have off-market opportunities or sellers may not be getting bids they expected in which case they could be a fit for our program.

MLS and auctions most likely will not be a source of inventory for this particular program, as those channels are typically seeking immediate liquidity as opposed to the deferred liquidity offered by the AHC strategy.

ii) *Underwriting*

A. Discuss target customer base

To determine our target subtenant, it is crucial to analyze the demographics and economic factors of the target rental market. Factors such as age, marital status, family size, occupation, and income levels should all be considered. By considering these factors, a comprehensive understanding of the target market can be obtained, which will assist in making informed decisions regarding the ideal resident profile. The target resident will also share the traits most landlords look for, such as:

- Good Credit History
- Stable Income
- Clean Rental History
- Long-Term Stability
- No Criminal History

Overall, single-family rental residents are diverse in their backgrounds, preferences, and reasons for renting, but they typically value the autonomy, space, and flexibility that renting a standalone property provides. Other reasons to rent:

- Waiting for mortgage rates to decline
- Saving money for a down payment
- Expect home prices to decline / Don't think it is a good time to buy right now
- Do not want the maintenance responsibilities
- Do not want the financial responsibilities
- Rather spend money on other things
- The amenities and services are better
- Waiting for a life change to purchase a home

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B. Discuss underwriting criteria (value, rehab, age, location, etc.)

- <u>Property Value</u>
  - Relevance: The property value sets the benchmark for rent, potential appreciation, property taxes, insurance, and loan-to-value ratios for financing.
  - Verification Methods:
    - Automated Valuation Models (AVMs): These provide quick estimates but are often supplemented with human appraisal for accuracy.
    - Comparative Market Analysis (CMA): Conducted internally or by real estate agents
    - Appraisals: Ultimately, hiring a licensed appraiser to provide an independent valuation based on recent sales of comparable properties. AHC currently uses Cushman & Wakefield ("C&W") for its formal appraisals (i.e., BPOs).
- <u>Rehab Costs (Not Applicable to this Program)</u>
  - Relevance: The AHC program is designed to focus primarily on new homes built by developers within 5 years that require a pathway to liquidity. Therefore, an initial rehab program is unnecessary.

- <u>Vintage</u>
  - Relevance: Older properties might require more maintenance or could be less appealing to modern renters, affecting both rent potential and maintenance costs. The potential for short-term capital expenditures also increases with the age of the home.
  - Verification Methods:
    - Public Records: Checking property records for the year built.
    - Physical Inspection: Observing signs of age, like wear on fixtures, materials used, and overall structural condition.
- <u>Location</u>
  - Relevance: Location impacts everything from rental income potential, tenant demand, insurance and property taxes to potential for home price appreciation. Refer to "Risk Assessment"
  - Verification Methods:
    - Market Analysis: Analyzing local economic conditions, employment rates, crime statistics, school ratings, and future development plans.
    - GIS Mapping Tools: Using geographic information systems to analyze demographics, traffic patterns, and proximity to amenities.
    - Local Real Estate Broker and Property Manager Insights: Brokers and Managers can provide insights on neighborhood trends, rental market saturation, or upcoming changes in the area.
- <u>Rental Income Potential</u>
  - Verification:
    - Redfin, Zillow, Realtor, and other listing aggregators: To gauge property values, rent rates, and trends.
    - Rentometer: For rental rate comparisons in specific zip codes/neighborhoods.
    - US Census, BLS, "Income by Zip Code" For demographic and economic data like median income, specific to MSAs or zip codes.
    - Local Market Reports: Sources like John Burns, Green Street, Yardi Matrix, and others provide comprehensive market reports
- <u>Type of Home</u>
  - Relevance: AHC prefers BTR homes over scattered-site given the operating efficiencies as well as potential for newer vintage homes to have lower near and long-term cap ex.

Due Diligence Questionnaire

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- Other Criteria
  Overall Tenant Quality:
  - Verification: Reviewing demographic data, employment trends, and possibly the track record of tenant behavior in similar properties.
  - Legal and Zoning:
    - Verification: Checking with local zoning laws, regulations on rental properties, and any restrictions or requirements for landlords.
  - Maintenance, Turns, CapEx, and Operating Costs:
    - Verification:
      - Historical data from similar properties, insurance quotes, utility averages, and tax assessments.
      - Documentation displaying current age and condition or physical inspection of major components
  - Risk Assessment:
    - Verification: Flood zones, earthquake zones, or other natural disaster risks can be assessed through FEMA maps, geological surveys, and historical weather databases like noaa.gov or weather.gov.

- Buy Box

SFR Feature	Requirements
Price Range	$225,000 - $500,000 (Market dependent)
Year Built	2015 or newer (2022 or newer for our Developer Program)
Min Bedrooms	3
Minimum Rent	$1,500 minimum
Bathrooms	1.5 minimum
Square Feet	1,500 minimum
School Rating Minimum	Elementary + Middle + High Combined average greater than 4 (GreatSchools)

- Underwriting Conditions

Concern	Stipulation
Foundation	No settling (other than minor). 3rd party report required.
HOA	No rental restrictions. HOA docs abstracted by title co.
HOA Fees	Verify against financial model – DDS sign off.
Garages	1+ Spaces. No converted garages (DIY jobs). Consider carports.
Termite Damage	Wood destroying insect inspection report
Environmental	Lead paint/asbestos – 3rd Party Report required if concerned
Water Source	No wells
Septic System	Inspected by 3rd party and cost of report borne by seller
Flood Zone	Life of Loan Certification – 3rd party report on all deals.
Pools	Should be considered; Market and rent level specific.

- Target Markets

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State	Cities
Alabama	Birmingham, Huntsville, Tuscaloosa
Arizona	Phoenix, Tucscon
Arkansas	Fayetteville, Bentonville
Colorado	Colorado Springs, Denver
Georgia	Atlanta, Macon
Indiana	Indianapolis
Kansas / Missouri	Kansas City
Nebraska	Omaha
North Carolina	Charlotte, Raleigh-Durham, Greensboro
Ohio	Columbus
Oklahoma	Oklahoma City, Tulsa
South Carolina	Columbia, Greensville-Spartanburg
Tennessee	Knoxville, Nsahville
Other	Other MSA's will be considered on a case-by-case basis

***Low NOI margins / Cap Rates driven by high property taxes and/or insurance costs. For these reasons, AHC conducts heightened diligence and underwriting on these properties.*

C. Discuss Fraud Protection Measures

- Website/listing security – internal website security to avoid spam and scammers; adding watermarks on each 3D tour and marketing photos to prevent fraudulent listings.
- Requiring government ID and verification using facial recognition when setting up self-tours.
- Utilizing two-factor authentication using a cell phone for access during self-tour. Allows only one viewing at a time.

D. Discuss experience and processes/procedures of underwriters

Initial underwriting will be completed by VP of Acquisitions, Will Davis, with input from VP of Asset Management, Joe Clark, and property management firm Resicap. The underwriting will then be presented to the SVP of Acquisitions, Danilo da Silva, who will provide feedback and submit it to the investment committee for final approval. Please refer to sections 3 i)-H and 3 ii)-C for additional detail on the underwriting process.

Will Davis has been VP of Acquisitions at AHC for 1 year, and prior to that spent 4 years as Senior Analyst and Manager of Acquisitions at Roofstock. Prior to his experience at Roofstock, he spent 5 years in Multifamily acquisitions.

Joe Clark, VP of Asset Management at AHC, recently joined the team. He has spent the past 25 years managing various assets, with the most recent 3 years as VP of Investments at SFR operator, HomeSource, responsible for acquisitions/dispositions and property management.

<u>Investment Committee:</u>

Capview Partners and AHC utilize a standard investment committee structure to ensure the most efficient allocation of available capital. Each deal requires the approval of the investment committee (by simple majority) before the execution of a lease. The underwriting/acquisition team acts as a pseudo screening committee, as they propose only investments that meet buy-box requirements. The investment committee meets as needed and does a detailed review of the underwriting. The underwriter presents the investment to the committee, coupled with a model and investment memo discussing assumptions and inputs, and reasons why they believe the investment is acceptable.

- Stephen Satterfield, CEO of AHC
- Brian Mitts, CFO of AHC
- Danilo da Silva, SVP of Acquisitions at AHC
- Ari Wertheimer, CFO of Capview Holdings
- David Susskind, Partner & Fund Manager of Capview Partners

E. Discuss quality control and internal audit of underwriting

There are multiple stages and people involved in all underwriting, as mentioned above. These provide multiple opportunities to catch any errors and also provide feedback. Additionally, the acquisitions team and the asset management team meet constantly to refine assumptions against what we're seeing in our portfolio, with our property management firm, and in the general market. All underwriting is presented to and approved by the investment committee prior to lease execution.

F. Please provide target vs actual rehab costs as a function of property value

Since these will be brand newly built homes, rehab costs are not necessary.

iii. Property & Rental Pricing

A. Provide overview of pricing and typical lease terms

Rent expectations will be set during underwriting and adjusted based on market conditions and which will be set by AHC. The property manager will provide relevant data so an accurate rental review can be done. Typical lease terms will start at 12 months and extend as long as 18 months.

B. Discussion disposition /re-marketing

The warehouse strategy hinges on recycling the equity through a revolving sales pipeline. We have multiple retail sales channels to accomplish this:

1. We plan to package assets as direct title securities (DTS) and sell through the retail channel as a 1031 exchange product using our access to the independent broker-dealer and RIA channels. To this end, we have a distribution arrangement with Emerson Equity, which internally sells several hundred million dollars of 1031 products per year. Emerson will also market these homes to other broker-dealers. AHC will market to RIAs and is setting up a broker-dealer to control our own distribution.
2. We will be selling our product as direct real estate through CapFree Xchange. CapFree Xchange will distribute the product as direct real estate to investors seeking 1031 exposure or exposure to a safe and reliable asset class.
3. Although we are primarily selling as direct RE and DTS, we are forming a DST to accommodate investors looking for a more traditional 1031 mechanism and stub trades, while also providing us with another channel to prove out the success of our product.
4. AHC is also in the process of structuring a REIT to be used as a vehicle into which warehouse investors can sell their homes.

C. **Discussion tenant ability to renegotiate**

Tenants will have the ability to negotiate during lease renewal.

4. Property Management

i. *Property Manager*

A. Discuss the use of any third-party property managers

AHC will utilize third-party property managers to perform the day-to-day operations of the properties, such as leasing and maintenance. AHC's asset management team will monitor the third-party managers. The Property Manager is responsible for all day-to-day property management functions, including but not limited to leasing, rent collection, repairs & maintenance, capital expenditures, and tax & insurance payments. AHC, as the Tenant, incurs all costs to operate and maintain the property and these costs are not passed on to the investor.

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B. General overview of property management experience, years in business, number of customers and number of properties under management
AHC partners with third-party property managers who typically have 10 to 20+ years of experience in single-family rental operations. Partner firms often manage thousands of homes, depending on the region, and have a strong reputation in both operations and compliance. Metrics like resident satisfaction, response times, and occupancy rates are tracked as part of our oversight.
C. Discuss property manager services and operating metrics/service level agreements
Services provided include leasing, marketing, tenant screening, rent collection, maintenance, accounting, inspections, and legal compliance. Key performance metrics include occupancy rate, average days on market, rent collection rates, maintenance response time, and resident satisfaction scores. Service level expectations are built into management agreements and reviewed regularly.
D. Discuss service contract arrangement and term
The term (the "Term") of this Agreement shall commence on the Effective Date and expire on the last day of the month in which the twelve (12) month anniversary of the Effective Date occurs, and thereafter, this Agreement will not automatically renew for any further period. Instead, it will continue on a month-to-month basis unless terminated by either Party with ninety (90) days' written notice.
E. Discuss management of third-party contractors
We use a vetted list of licensed and insured vendors for services such as repairs, landscaping, cleaning, and maintenance. All work orders are logged and tracked through our property management software. Contractors are selected based on performance history, availability, and cost. Completed work is reviewed for quality, and resident feedback is considered.
F. Discuss Pending Litigation of property managers
To the best of our knowledge, there is no current litigation against Capview or any of its affiliates.
G. Discuss monitoring/risk management review of property managers
We meet weekly with property managers to review real-time performance metrics like rent collection, leasing activity, and maintenance timelines. Monthly financial audits are also conducted. Risk is managed through strong financial controls, regular insurance and safety reviews, and mandatory Fair Housing training (e.g., Grace Hill). Resident surveys help us identify issues early and ensure managers are performing well.
H. Systems/IT used in property management software
AHC and its property managers use platforms such as HoneyBadgers and HubSpot, and Buildium to manage rent collection, maintenance, leasing, and communication. These systems provide real-time data and allow full transparency into performance and financials.

ii. Renovations, improvements and ongoing maintenance

A. Discuss process for determining renovations needed
Initial inspection is completed with a schedule of deficiencies. If the project exceeds $5000, AH will review prior to renovations proceeding.
B. Discuss construction management procedures
Project scopes are developed with detailed line items and reviewed by the asset team. Work is assigned to licensed contractors and tracked through project management tools. Regular photo updates and milestone reviews ensure work stays on budget and schedule.
C. Provide overview of typical range of renovation projects and typical cost as a functional home
With new construction homes, renovation projects will be limited to normal wear and tear on replacement of systems at the end of useful life. Typical range should be $1000-5000
D. Discuss management of contractors/work performed
We assign licensed and insured contractors, often from our existing vendor pool. Work is tracked through software systems with photo documentation and status updates. Final work is inspected before approval and payment.
E. Discuss Payment Processes and cash management of renovations
Contractor payments are processed only after work completion and inspection. Larger projects follow a milestone payment schedule, and all payments flow through centralized accounting with clear audit trails.

F. Discuss Quality control processes
We rely on before/after photos, internal reviews, and occasional third-party inspections. Final sign-off is required from our asset team. Feedback from new residents also plays a role in catching quality issues.
G. Discuss move-in policies and procedures
The Lease and Move-In process begins once an applicant is approved and has paid the required security deposit ($). Upon receiving the deposit, the home is taken off the market for the applicant. After the lease agreement is signed, a move-in date is scheduled, and the Resident Services Manager facilitates the move-in on the designated date.
H. Discuss ongoing maintenance of properties
We handle maintenance through our third-party managers and their trusted vendor network. All requests are logged in the system, prioritized by urgency, and tracked until resolved. Preventive maintenance is performed where applicable.

5. Cash Management and Collections

i. Cash Management

A. Please provide an overview of cash management policies and procedures
Operating income flows into a centralized account with a clear separation between properties. Each property has its own operating budget, and all expenses are tracked against that budget.
B. Expense invoicing and payment
Invoices are submitted through the property management system and reviewed before approval. Payments are processed weekly or biweekly, depending on vendor terms
C. Discuss maintenance of security deposits, pre-paid rent, etc.
Security deposits and pre-paid rent are held in accordance with state laws
D. Discuss timing expectations and cash movement control of warehouse banks
Cash movements are tightly controlled. Transfers from rent collection accounts to master accounts occur timely, with oversight from the finance team to ensure transparency.
E. Discuss collection/delinquency strategies
We use structured follow-up procedures starting with reminder emails/texts, followed by phone calls and formal notices. Tenants are encouraged to communicate early to avoid late fees or legal action.
F. Discuss tenant complaint process
Tenants can submit complaints or requests via the property portal, phone, or email. All issues are logged and tracked to ensure timely follow-up. Urgent issues receive same-day responses.

ii. Collections

A. Discuss timeline and procedures for past due accounts.
Rent is due on the 1st with a grace period through the 5th. Late notices go out by the 6th, and formal legal notices begin after the 10th if no resolution is reached. Eviction filing typically occurs between days 15–30, depending on local laws.
B. Provide a percentage break-out of payment sources for the portfolio (e.g., ACH, cash/check, etc.)
Most residents pay electronically via ACH/debit/credit cards. A small percentage use paper checks or cashier's check/money orders. No Cash Accepted

6. Portfolio

i. Provide an overview of the current and forecasted portfolio

A. Current MSA Strategy
We select markets and submarkets through a combination of quantitative and qualitative factors relevant to the workforce strategy and availability of Properties with favorable home price appreciation potential, rental income growth, compelling amenities, low exposure to inclement weather events, and a focus on safety and low relative crime rates. Geographically speaking, the Tenant's current target markets for SFR acquisitions include, but are not limited to,

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Atlanta, Orlando, Dallas, Houston, Birmingham, Charlotte, Greensboro, Fayetteville, Nashville, Phoenix, Kansas City, Indianapolis, Oklahoma City, and St. Louis.

B. New MSA strategy, including marketing and experience in each market

From time to time, there will be positive acquisition opportunities that fit outside the initial target markets. We will continually monitor economic indicators in these markets and other markets and consider other trends that could affect the current list of targets.

1. Conduct Thorough Market Research and Analysis

Before committing resources to a new MSA, it's critical to build a solid foundation through detailed market research. This step ensures we target areas with strong rental potential and minimize risks.

- Analyze Local Housing Market Trends: We investigate recent trends in home prices, rental rates, and inventory levels. We focus on MSAs with stable or growing populations, as these signal sustained rental demand. Markets with housing shortages or high barriers to homeownership are particularly attractive for SFR and BTR investments, as they indicate a need for rental options.

- Evaluate Demographics and Employment Opportunities: We identify MSAs with robust job markets and diverse industries, as employment stability drives tenant demand. Key renter demographics for SFR and BTR properties include millennials seeking flexibility and empty nesters downsizing. We prioritize areas with growing populations in these groups, especially in regions with thriving sectors like military, healthcare, technology, or manufacturing, which attract young professionals and families.

- Assess Rental Demand and Competition: We examine vacancy rates, average rents, and the existing rental supply. Look at the presence of other institutional investors or MF/BTR communities; these can signal both opportunity and competition. Understanding the competitive landscape allows us to position our properties effectively, whether by targeting underserved niches or differentiating our offerings.

2. Tailor Marketing Strategies to the Local Market

Once we've identified a promising MSA, effective marketing is essential to attract tenants quickly and reduce vacancy periods. A blend of digital and traditional tactics, customized to local preferences, will maximize our reach.

- Leverage Digital and Traditional Marketing: We encourage our PMs to blend digital and traditional approaches to marketing. Promote properties on online platforms like Zillow, Apartments.com, and social media, using high-quality photos, virtual tours, and detailed descriptions to appeal to tech-savvy renters, and pair it with traditional methods such as professional flyers, brochures, and "For Rent" signs in high-traffic areas to capture local interest.

- Highlight Unique Property Features: Showcase amenities that resonate with our target audience. For instance, families may prioritize yards, proximity to quality schools, and parks, while young professionals might value modern appliances or home office space. If BTR properties, we attempt to include shared amenities like dog parks or fitness centers, and emphasize these as key selling points in our marketing materials.

- Offer Incentives and Promotions: In competitive markets, we try to stand out by providing move-in specials (like free w/d), referral bonuses, or discounted rent for the first month. These incentives can accelerate leasing, particularly in MSAs with higher vacancy rates or seasonal demand fluctuations.

3. Build and Leverage Local Experience

Success in a new MSA hinges on understanding its unique regulatory, cultural, and competitive environment. Gaining local expertise early will help you operate efficiently and build a strong reputation.

- Study Local Rental Laws and Regulations: Each MSA has distinct landlord-tenant laws, zoning rules, and property management requirements. Leverage our PM's local presence and familiarize ourselves with these to ensure compliance and avoid legal issues. For example, some markets impose strict caps on security deposits or specific eviction procedures.

- Understand Tenant Preferences: Renter expectations vary by region. In some MSAs, pet-friendly policies or outdoor space may be top priorities, while in others, proximity to public transit or walkable neighborhoods could be more important. We tailor our properties and marketing to align with these local preferences.

- Build Relationships with Local Professionals: We collaborate with local real estate agents, property managers, and contractors to gain insights into the market. These partnerships can provide valuable guidance on pricing, tenant screening, and maintenance practices, while also helping us navigate regional nuances that influence renter behavior

C. Discuss strategy on property characteristics in new and existing markets

Refer to buy box under Underwriting 3 ii. C

Additional Characteristics:

1. Property Type and Layout

The type of property and its layout should cater to the specific needs of the target tenant demographic in each market.

- **In New Markets:**
  - Research local tenant preferences to ensure alignment with demand. For example, in suburban or family-oriented MSAs, larger homes with 3–4 bedrooms, multiple bathrooms, and outdoor spaces (e.g., yards or patios) may be highly desirable. In contrast, urban markets or areas with a high concentration of young professionals might favor smaller, more efficient layouts. We also have a strong preference for at least 1 garage space, regardless of market.

  - For BTR developments, offer a further mix of unit types—such as single-family homes, townhomes, or even duplexes—to appeal to a broader range of renters, from young families to retirees. This diversification can help capture varied tenant needs and reduce vacancy risks.

- **In Existing Markets:**
  - Analyze the current portfolio's performance to identify which property types have the highest occupancy rates, tenant retention, and rental growth. For instance, if 3-bedroom homes consistently outperform 4-bedroom homes in terms of demand, prioritize acquiring or renovating properties to meet this preference.

  - Use tenant feedback and market data to adjust layouts where possible. For example, convert underutilized spaces into home offices or additional bedrooms to align with shifting tenant needs, such as the rise of remote work.

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2. Amenities and Features

Amenities can significantly differentiate properties and justify premium rents, but the most valued features vary by market. We also measure the level of amenities against associated liability and potential capex risk.

- **In New Markets:**
  - Investigate which amenities are standard or highly sought after in the market. In tech-driven MSAs, smart home features (e.g., keyless entry, smart thermostats) may be a strong draw for tech-savvy

renters. In family-centric areas, proximity to quality schools, parks, and family-friendly amenities (e.g., playgrounds, community pools) could be more important.

- For BTR communities, we also consider shared amenities such as fitness centers, dog parks, or coworking spaces. These features can enhance the lifestyle offering and attract tenants seeking a sense of community, which is particularly appealing for long-term renters.

In Existing Markets:

- requests might include in-unit laundry, modern kitchens, or energy-efficient appliances. For BTR properties, community amenities like playgrounds, dog parks, or clubhouses may drive tenant satisfaction and retention.

- We also consider phased upgrades to add high-demand features, such as installing electric vehicle (EV) charging stations or enhancing outdoor living spaces, to stay competitive and justify higher rents.

3. Location Within the MSA

Location is a critical factor in tenant demand and long-term appreciation, and rental income potential.

- **Both Markets:**
  - We focus on submarkets with strong growth potential. Look for areas near planned infrastructure projects (e.g., new transit lines or highways), major job centers, or high-quality school districts. Proximity to retail, dining, and entertainment options can also enhance desirability.

  - For BTR developments, we also consider locations that offer a balance of suburban tranquility and urban accessibility. This appeals to renters seeking space without sacrificing convenience, such as families or professionals who commute to urban centers.

Discuss renovation strategies, costs and management of new and existing markets

Renovation strategies are based on the Buy Box. Property managers will be assigned based on geographic footprint.

Discuss property level details (including property age, average cost, NOI, etc.)

Properties identified will be newly built properties with an estimated development cost of $238,000, average BPO of $298,000 and cap rate value of $263,500. Average lease cost will be $49,452 based on an average NOI of $14,680. We believe they will be 3 bedrooms, 2.5 baths, and 1,550 square feet on average.

Discuss data sources used for rental pricing and MSA strategy, as applicable

- Redfin, Zillow, Realtor, and other listing aggregators: To gauge property values, rent rates, and trends.
- Rentometer: For rental rate comparisons in specific zip codes/neighborhoods
- US Census, BLS, Income by Zip For demographic and economic data specific to MSAs or zip codes.
- Local Market Reports: Sources like John Burns, Green Street, Yardi Matrix, and others provide comprehensive market reports

ii. Valuation/Portfolio Management

A. Discuss frequency of portfolio valuation

Homes are valued by Cushman and Wakefield prior to lease execution and entry onto the facility. Thereafter, AHC has the ability to revalue homes as needed, but AHC intends to sell homes within 12 months of coming onto the facility, so it does not plan to continually value individual homes

B. Methods/valuation tools used

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Individual properties will be valued on an Income Capitalization Approach by Cushman & Wakefield at lease execution: • C&W will provide the leased-fee value for the individual properties (Income Capitalization Approach) as part of their appraisals. • The Income Capitalization Approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing properties are net income before debt service and depreciation, derived by a projection of income and expenses, along with any expected reversionary proceeds from a sale. The two most common methods of converting net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted from the market based on indicators such as credit worthiness (AH-Leasing is BBB+ rated) to indicate a value. Direct Capitalization is the method used in this valuation.
C. Discuss operating metrics on portfolio and property level
Refer to section iii below
D. Hedging strategy in place
Per the terms of section 2) F, we will invest any equity not deployed into homes into short-term money market accounts such that the equity is not just sitting in cash and not earning any interest.
E. Systems/IT used
Yardi, Crexi, Appfolio, Airtable
F. Comment on current valuation provider, potential other sources of valuation, and quality control
• Cushman & Wakefield will be the main valuation and appraisal provider. • Milliman provides information that informs the level of lease reserves collected at lease execution.

iii. Portfolio Data & Performance

A. Renter delinquency rate (rate, # of evictions, timing required to resolution, etc.)
We've assumed legal costs related to 2.50% of our renters being involved in eviction procedures (based on actual data from 4000+ homes provided to us by our previous PM). AH avoids markets that aren't landlord-friendly, and our Property Managers employ very strict renter screening protocols, but we understand that there are always exceptions to the rule.
B. Rent Ranges
GPR are based on local comps and are "guard-railed" by local median income against regional R/I ratios provided by John Burns. We collected, where available, an average of 4 comps for each of the sub-markets. Note: Base GRP accounts for HOA/CAM costs, which are passed through to renters at around $30 monthly (1.5%).
C. Stabilization/renovation timeline
For the stabilization period, we assume specific sub-market and community size absorption and potential concessions. We typically assume 4 – 8 homes/month per community and account for potential concessions on a seasonally adjusted basis. Based on that assumption, we collect reserves ("Vacancy Reserves") that include: 100% of the scheduled potential rent on vacant homes, potential concessions in slower months (e.g., November-January), lease-up costs above the straight-lined average, and any flat fees charged by the PM.
D. Lease to sublease timeline
• Closing and lease executed. • Immediately after closing, onboarding documents are sent to the property manager. • Property onboarded and scheduled visit by PM to inspect and get marketing pictures to be listed within 7 days. • The expected lease-up time is market dependent and accounted for in underwriting in stabilization reserves. • Underwriting lease-up average between 2-3 months across the portfolio.
E. Profit margin details
• GPR after vacancy, collection loss, and concessions is at around 93% • Other Income and Deposit Recovery add up to somewhere between 2%-4% of GPR, depending on the level of late fees, amenity packages, and pet-related fees • Profit Margin (NOI Margin) = GPR (–) Vacancy & Uncollected Rent (+) Other Income (-) Expenses (detailed below)

• Should range between 56%-62% of GPR (market dependent)
F. Expense Details
• Taxes are based on actual county millage rates and assessment ratios collected from 185 separate addresses across submarkets. • Insurance at around $800/home/yr (7% higher than our current average yearly cost of $750). We believe this can be improved as we scale. • We're assuming around $0.95/sf for R&M and Short-Term Capex. Seeing that most of these homes will have a 1-2 year builder warranty and brand-new major components, we find it conservative. • We also assume $11.40/day in vacancy-related costs (Utilities, Landscaping/HOA). This figure was sourced from actual data, from different mid-sized operators and property managers. We believe that most of these homes will have pretty low landscaping-related costs, and as such we think this is a conservative figure.
G. Vacancy and count
We assume 5%-7% between vacancy and uncollected rent

iv. Disposition

A. Provide an overview of the different disposition channels used
• Direct Title Security and Delaware Statutory Trust: Homes are sold as securities, through broker-dealers, and RIAs to high-net-worth investors. We have engaged Emerson as our Managing Broker Dealer and will continue to expand our network of broker-dealers and wholesalers in this space • Real Estate: 1031 Exchangers, High Net Worth Investors, Family Offices • DST – will be used as an additional 1031 exchange avenue for investors looking for a more traditional 1031 investment, as well as stub trades for DTS investors • REIT (to be set up) – investors can sell their homes into the REIT
B. Provide breakout of disposition by purchaser type (e.g. SFR operators, owner occupant, other investors)
• 1031 Exchangers (Through Estate Planning Attorneys, Accommodators, RE Brokers, and partners such as Capview Partners) • High-Net-Worth Investors (Through Broker Dealers, RIAs, Direct, and Real Estate Brokers) • Family Offices • Institutions
C. Discuss sale structure (e.g. single sale, forward flow, bulk, etc.)
• 1031 Exchangers: 1-10 Homes • High-Net-Worth Investors (Through Broker Dealers, RIAs, Direct, and Real Estate Brokers): 1-5 Homes • Family Offices: 50-200 Homes • Institutions: 400+ Homes

7. Audit

i. Who is your auditor?
Grant Thornton
ii. What are your internal audit processes?
AHC has a typical internal control environment where processes are documented, and all policies are documented for each transaction
iii. Discuss findings from your latest audit. What steps have you taken to make adjustments?
Given AHC just began operating in 2024, no audits have been performed

8. Information Technology

i. Discuss main IT systems used to operate business
A. Proprietary or third party?
Third party

Due Diligence Questionnaire

ii. Discuss disaster recovery procedures
A. When was the last disaster recovery/business continuity test performed?
AHC uses SaaS apps to provide our services. All SaaS apps are verified to at a minimum be SOC 2 certified and have their own business continuity and disaster recovery procedures, including backup and restore testing. Also, in the event of data deletion, secure administrative accounts can restore recently deleted data
B. What were the results?
AHC relies on third-party SaaS systems to maintain its uptime

9. Other Matters

i. insurance

A. Provide an overview of current insurance policies, including policy type and coverage

<u>General Package Liability Coverage:</u> Carrier: Lloyds of London Limit: $1,000,000.00 General Aggregate Limit: $2,000,000.00	<u>Excess Liability Coverage:</u> Carrier: Scottsdale Insurance Company Each Occurrence Limits of Insurance Each Occurrence: $1,000,000.00 Aggregate Limit: $1,000,000.00

B. Any self insurance?

<u>D&O:</u> Carrier: Skyward Limit: $1,000,000	<u>E&O:</u> Carrier: Skyward Limit: $1,000,000

D&O and E&O Insurance coverage is prepared for activation pending the confirmed launch date of the product. Coverage will be reevaluated as the product grows.

C. Discuss Policies and Procedures in the event of a lawsuit due to property level accident / injury

If an incident occurs, such as receiving a lawsuit, a Notice of Loss should be completed as soon as possible. That notice and any other pieces of information, such as photos, policy report, etc, should be emailed to the McGriff Account Executive. Once received, that email will be sent to McGriff's claim department. Specifically, the claims rep that is assigned to AHC. That individual would review the lawsuit to determine what exactly occurred. If any additional information is required, that specialist will reach out to AHC to obtain. The Claims Specialist would report the matter directly to the carrier either by email or phone system.
Once an adjuster is assigned and a claim number is provided, we will notify AHC with the information.

The adjuster assigned would be in direct contact with the Claims Specialist through the entire process and outcome of the matter. The McGriff Claims Specialist would the liaison and advocate for the claim