

EM Capital Management

Anonymized Underwriting Memo Sample

Private Alternatives Decision Support for Capital Allocators

This anonymized sample is for illustrative purposes only. It is not investment advice, a recommendation, or an offer to buy or sell securities. Sponsor, issuer, fund, and property identifiers have been removed or changed. Modeled assumptions are EM Capital's institutional base case unless explicitly drawn from sponsor disclosures.

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1. Investment Committee Snapshot

A decision-ready summary. An allocator or advisor who reads only this snapshot should be able to grasp the investment thesis, primary risks, and EM Capital's underwriting conclusion.

Field	Detail	EM View
Offering Type	Regulation A Tier 2 perpetual SFR REIT; single share class; externally managed; NAV-based quarterly pricing.	Standard retail vehicle. Reduced governance versus institutional partnership; 1099-DIV simplifies tax.
Strategy	Diversified single-family residential rentals across top-200 U.S. MSAs; in-place plus selective renovation; long-term hold.	Coherent, institutional asset class. Maps to public SFR comps. Strategy execution depends on disciplined acquisition pricing.
Sponsor	Externally managed by a scaled platform with multiple prior Reg A vehicles. Approximately 470 properties and \$170M aggregate purchase price; ~\$11M cumulative platform distributions across funds.	Most mature retail SFR platform we have diligenced. Material caveat: sponsor parent is operating at net losses — monitor.
Target Returns	None disclosed. EM Capital base case: 8.8% LP IRR, 1.64x equity multiple over a 7-year modeled hold.	Modest for an illiquid 7-year hold. Below institutional value-add multifamily; in line with stabilized SFR comp returns.
Minimum Investment	Approximately \$100.	Retail-accessible. Suitability framework — not the limiter.
Hold / Liquidity	Perpetual REIT, no stated term. 6-month lockup; quarterly redemption capped at 5.0% of NAV per quarter (20% annual); price discount of 2.0% (mo 6–12) or 1.0% (yr 1–5).	More liquid than a typical private partnership but should be sized as illiquid in client portfolios; redemption can be suspended on 14 days' notice.
Fee Structure	Up to 3.5% sourcing on acquisitions; 1.0% asset management on NAV; 8.0% property management on gross receipts; 6.0% disposition on gross sale; 2.0% O&O reimbursement; 1.0% placement.	Heavy stack. Modeled fee drag captures approximately \$0.49 of every \$1.00 of LP capital over the modeled hold.
Leverage	Target portfolio LTV 50–70%; policy ceiling 80%; institutional-style mortgage debt.	Within institutional norms. Returns are rate- and refi-environment sensitive given the cash-out refinance assumption.
Reporting / Tax	Reg A Tier 2 (1-K annual, 1-SA semi-annual, 1-U current). 1099-DIV (REIT). Internal NAV — not GAAP fair value.	Sound retail disclosure regime. NAV methodology is internal and should not be confused with mark-to-market.
Primary Return Drivers	Acquisition discipline (GRM <15), rent growth in target MSAs, leverage spread, refinance proceeds at Y5, exit cap rate at sale.	Levered to rent growth and exit cap. A 100 bps cap-rate expansion reduces base IRR by approximately 400 bps.

Field	Detail	EM View
Primary Risks	Sponsor parent profitability; conflicts of interest with affiliates; NAV is internally produced; redemption suspension rights; rate/cap-rate sensitivity; concentrated SFR exposure.	Diligenceable. Most material concern is fee drag; structural protections are average for the format.
EM Capital View	Proceed with Conditions	Allocatable for clients with appropriate liquidity tolerance, sized as illiquid, with explicit acknowledgment of fee drag and modest projected economics.
One-Sentence Rationale	Institutional-quality structure with a scaled sponsor, modest expected returns, and a fee load that warrants disciplined sizing rather than rejection.	

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2. Executive Summary

The Fund is a Regulation A Tier 2 single-family rental REIT that invests in residential homes across top-200 U.S. MSAs. It operates under a single common share class, externally managed by a scaled retail sponsor platform with roughly 470 properties and approximately \$170 million of aggregate purchase activity across multiple prior vehicles, plus approximately \$11 million of cumulative platform distributions. The Fund has raised approximately \$21 million to date and prices quarterly off internally calculated NAV, currently approximately \$10.05 per share.

For RIAs, the appeal is structural. Single-family rental housing has institutionalized over the past decade, with large public REITs trading as recognizable comparable benchmarks. The vehicle is more liquid than a typical private real estate partnership (quarterly redemption, six-month initial lockup), reports on Form 1099-DIV rather than K-1, and is accessible at a \$100 minimum. For advisors building a private alternatives sleeve around income-oriented assets, this is a clean way to gain SFR exposure at retail scale.

Return economics are modest. The sponsor does not publish target IRR or equity multiple figures. Under EM Capital's institutional base case — 165 homes at \$360,000 average price, 60% LTV, 3.0% annual rent growth, 5.5% exit cap rate — the modeled LP net IRR is 8.8% with a 1.64x equity multiple over a seven-year hold. Average cash-on-cash yield runs 4.7% with debt service coverage around 1.6x. The base case absorbs the fee stack in full; modeled sponsor fees and expenses collected over the hold equal approximately 49% of LP capital.

Risks cluster in three places. First, sponsor parent profitability — the platform parent is operating at net losses, which is a continuity risk over the multi-year hold. Second, fee drag — the stack is sized to a retail offering and is the dominant friction on net return. Third, exit and refi sensitivity — base-case returns depend on a refinancing at Year 5 and a sale at Year 7 at reasonable cap rates; a 100 bps exit-cap expansion reduces the IRR by approximately 400 bps.

The offering is decision-ready in our judgment. The structure is institutional in form, the platform is mature relative to other Reg A SFR vehicles, the tax and liquidity profile is retail-friendly, and the economics — while modest — are coherent and defensible. EM Capital's view is Proceed with Conditions, with sizing discipline and explicit acknowledgment of fee drag as the central conditions.

3. Offering Overview

Structure

Delaware LLC that elected REIT status. Externally managed; single common share class held by all investors; no preferred return or carried interest. Manager is a wholly-owned subsidiary of the sponsor platform. Quarterly NAV-based pricing methodology, with a 7% inter-period NAV move triggering supplemental disclosure.

Asset Class and Geography

Single-family residential rentals, defined as one-to-four unit dwellings, with limited authority to invest in residential mortgage securities, mezzanine and bridge loans. Top-200 U.S. MSAs. Sponsor has stated a 25% maximum MSA concentration policy effective after \$20 million of net offering proceeds.

Capital Raise

Approximately \$63 million maximum per 12-month Regulation A window. Best-efforts, no minimum offering. Approximately \$21 million raised to date (approximately 2.1 million shares). Up to \$4.5 million of the offering is allocated to a Distribution Reinvestment Plan that the sponsor expects to launch.

Investor Eligibility and Minimum

Reg A Tier 2 standard. Accredited and non-accredited investors permitted, with non-accredited investors subject to the 10% income/net-worth concentration cap. Minimum investment approximately \$100 (one share, rounded up).

Distributions

Monthly cadence at Manager discretion. Distribution sources include operating free cash flow, offering proceeds, Manager advances, and borrowings; sponsor reports that less than 10% of distributions to date have come from offering proceeds. REIT-level qualification requires at least 90% of taxable income to be distributed annually.

Liquidity

Six-month hard lockup. Quarterly redemption windows thereafter, capped at 5.0% of NAV per fiscal quarter and 20.0% of NAV per calendar year. Pricing discount of 2.0% for redemptions in months 6–12, 1.0% in years 1–5, and 0% thereafter. Per-request cap of 5,000 shares or \$50,000 (whichever is lower). Manager may amend, suspend, or terminate the redemption plan on 14 days' notice.

Tax and Reporting

REIT structure: investors receive Form 1099-DIV annually rather than Schedule K-1, which materially simplifies tax administration for advised clients. Reg A Tier 2 ongoing reporting: Form 1-K annual, Form 1-SA semi-annual, Form 1-U for current events.

4. Sponsor and Platform Review

Platform Maturity

The sponsor has operated multiple prior Regulation A real estate vehicles, predominantly single-family rental and mixed residential strategies. Across its platform, the sponsor reports approximately 470 properties acquired with aggregate purchase price of approximately \$170 million and approximately \$11 million in cumulative distributions to investors. This is among the more mature retail SFR platforms we have reviewed.

Operating History of This Fund

Approximately 19 months of operations at the time of review. Quarterly NAV per share has traced from \$10.00 at inception to \$10.05 at the most recent observation — a modest cumulative gain consistent with a stabilized SFR portfolio in a cap-rate-pressured environment. The sponsor reports honoring 100% of redemption requests received in the most recent fiscal year (approximately \$360,000 in aggregate).

Team

Sponsor management is led by a founder/CEO with a technology platform and consumer fintech background. Officers commit approximately 200 hours per month in aggregate to Fund operations, indicating the Manager is a small dedicated team operating against shared platform infrastructure. The platform engages a third-party broker-dealer for placement, a third-party auditor, and a third-party transfer agent.

Capitalization Risk at Parent

The sponsor parent is operating at net losses and expects continued net losses. This is a long-duration risk worth monitoring: the Fund's external management model assumes the platform parent remains operational and adequately capitalized over a multi-year hold. The Manager's contractual termination is generally limited to cause, which complicates Manager replacement should parent-level distress materialize.

Reporting Quality

Reg A Tier 2 ongoing reporting is in place. NAV is calculated internally and is not GAAP fair value. The materials reviewed do not include per-property NOI, occupancy, or rent collection data, nor a published quarterly investor letter cadence. A more granular Fund-level KPI report should be requested as part of diligence.

5. Strategy and Investment Thesis

The SFR thesis is well-established. Structural undersupply in U.S. for-sale housing, demographic demand for detached living formats among millennial and Gen Z renters, and institutional infrastructure for managing scattered-site portfolios have combined to make SFR a credible long-duration core-plus real estate exposure. Public SFR REITs and private institutional aggregators have produced workable risk-adjusted returns through the cycle.

The Fund's specific filter — top-200 MSAs, gross rent multiplier below 15, scale-feasible market footprint, positive job and income trends — is a disciplined institutional screen. Maintained over time, it should bias acquisitions toward markets and basis points that support a 5–6% acquisition cap rate net of property management. The 25% MSA concentration cap is a useful governance constraint, though it does not become binding until the Fund crosses approximately \$20 million of net offering proceeds.

Three assumptions must hold for the strategy to work. First, acquisition basis must remain disciplined in a market where investor demand for SFR has put upward pressure on prices. Second, rent growth must outpace operating expense growth, particularly insurance and property tax line items that have escalated faster than headline CPI in many Sun Belt MSAs. Third, financing markets must remain accommodative to refinancing and to incremental portfolio leverage.

Fit with an RIA client portfolio is straightforward. The Fund works as the income-and-modest-growth real estate sleeve for clients who want SFR exposure, prefer 1099-DIV simplicity over K-1 administration, and accept multi-year illiquidity in exchange for a more accessible structure than a typical private real estate partnership. It is not a substitute for higher-octane value-add private real estate strategies; expected returns are positioned in line with stabilized real estate, not opportunistic.

6. Economics and Return Drivers

Disclosed Return Targets

None. The Manager has not published a target IRR, equity multiple, or projected distribution yield. Realized economics to date have been a slight positive NAV trajectory plus modest monthly distributions; the Fund is too young to evaluate cycle performance.

EM Capital Modeled Returns

EM Capital's institutional base case sizes the Fund at approximately \$25 million of LP equity, 165 homes at \$360,000 average purchase price, 60% LTV at acquisition, 6.0% initial mortgage rate, 3.0% annual rent growth, 5.5% exit cap rate, a Year 5 cash-out refinance at 65% LTV, and a Year 7 sale. Operating assumptions include 5% vacancy, 25% operating expense ratio (excluding property management), 8% property management fee, 1.0% asset management fee on NAV, and the disclosed disposition and offering fee stack.

Metric	Base	Upside	Downside
Investor net IRR	8.8%	14.6%	(1.6%)
Equity multiple	1.64x	2.21x	0.91x

Metric	Base	Upside	Downside
Avg cash-on-cash yield (Y1–Y7)	4.7%	4.8%	4.5%
Avg DSCR (Y1–Y7)	1.61x	1.59x	1.67x
Refi proceeds at Y5	\$8.2M	\$15.8M	(\$2.0M)
Net sale proceeds at Y7	\$24.6M	\$31.2M	\$16.7M
Total LP cash returned	\$41.1M	\$55.3M	\$22.6M

Cash-on-cash yields cluster in the 4–5% range across the hold; the refinance at Year 5 produces a modest cash event in the Base and Upside; the largest contributor to total return in all scenarios is the Year 7 sale. Distribution coverage runs 1.5–1.7x debt service in the Base case.

Year-by-Year Detail (Base Case)

Year	Y1	Y2	Y3	Y4	Y5	Y6	Y7
Cash-on-cash yield (Base)	4.3%	4.6%	4.9%	5.1%	4.4%	5.0%	5.3%
DSCR (Base)	1.59x	1.63x	1.66x	1.69x	1.54x	1.57x	1.60x
Refi proceeds	—	—	—	—	\$8.2M	—	—
Sale proceeds (gross)	—	—	—	—	—	—	\$74.2M

Sources of return in order of contribution to total dollars: net sale proceeds at exit, refinance proceeds at Year 5, and operating distributions during the hold. Return is more development-spread and cap-rate sensitive than income-yield driven.

Assumptions That Should Be Pressure-Tested

The exit cap rate assumption is the single most consequential input. Rent growth above 3% would absorb modest cap-rate expansion; rent growth below 2% combined with 50–100 bps of cap-rate widening pushes the Base case into a low single-digit IRR. See Section 10 for the sensitivity grid.

7. Fee Load and Investor Alignment

The fee stack is the central economic feature of the offering and is the dominant friction on LP net return. Under the Base case, fees collected by the sponsor over the seven-year hold equal approximately 49% of LP capital. The sponsor captures roughly 43% of total economic surplus (combined sponsor revenue plus LP net profit).

Cash Flow Component	Amount	% of LP Capital
Sourcing fee (3.5% × acquisitions)	\$2.1M	8.3%
Asset management fees (1% × NAV × 7 yrs)	\$1.7M	6.9%

Cash Flow Component	Amount	% of LP Capital
Property management fees (8% × gross receipts × 7 yrs)	\$3.2M	12.9%
Disposition fee (6% × gross sale)	\$4.5M	17.8%
Org and offering reimbursement (2% × raise)	\$0.5M	2.0%
Brokerage / placement (1% × raise)	\$0.3M	1.0%
Total to Sponsor / Manager	\$12.2M	48.9%
Total LP cash returned (operating + refi + sale)	\$41.1M	164.3%
Less: LP capital invested	(\$25.0M)	—
LP net profit	\$16.1M	64.3%
Sponsor share of total economic surplus	43.2%	

Components of the Stack

Sourcing fees of up to 3.5% are paid at acquisition, capitalized into the property cost basis. The 1.0% asset management fee is struck on NAV and is the recurring drag during the hold. Property management at 8% of gross receipts is paid only when properties are tenanted; tenant placement is one month's rent per turnover. The 6.0% disposition fee is the largest single line item in the model, paid at exit on gross sale proceeds — equivalent to approximately 18% of LP capital invested.

Alignment

Single-class REIT structure means there is no promote or carried interest. Sponsor and LP economic interests are aligned to the extent that fee revenue scales with NAV and gross receipts, both of which improve with successful operation. The countervailing observation is that sponsor compensation is largely fixed-percentage and is paid regardless of LP IRR outcome. Sponsor cash co-investment in this Fund is not disclosed in reviewed materials.

EM Capital View on Alignment

Heavier than institutional norms, but transparent and contractually fixed. The fee load is not negotiable and is the principal reason allocations to this offering should be sized as a measured component of a private alternatives sleeve rather than a core position.

8. Leverage, Capital Structure, and Liquidity

Leverage

Target portfolio LTV is 50–70% on the greater of cost or fair value, with a policy ceiling of 80%. The Fund reported zero debt as of the most recent disclosure, with intent to lever over time. EM Capital's Base case applies 60% LTV at acquisition with a Year 5 cash-out refinance at 65% LTV against appreciated portfolio value.

Debt Strategy

The Fund describes contemplated debt as institutional financing — senior mortgages, secured facilities, residential portfolio loans. Fixed versus floating mix is not specified. EM Capital's modeled base case uses fixed-rate debt at 6.0% initial and 5.5% at refinance, with standard 30-year amortization and 5-year balloon maturity. Actual debt terms should be confirmed during diligence.

Refinance Mechanics

Refinance proceeds in the model equal new debt at refi LTV against portfolio value at the refi year, less existing debt. In the Base case this produces approximately \$8.2 million of cash to LPs in Year 5. In the Downside (6.5% exit cap), the same mechanic produces negative refinance proceeds — meaning the portfolio cannot support a cash-out refinance and the sponsor would either extend the existing debt or skip the refi entirely.

Liquidity

Six-month lockup; quarterly redemption window at NAV (less the small administrative discount); 5% of NAV per quarter and 20% per year aggregate caps; 14-day suspension right. In practice, redemption capacity is meaningful but should not be relied upon for client cash needs. Size the position as an illiquid hold.

Capital Call Obligation

None. Subscription is fully funded at purchase.

9. Market Context

The U.S. single-family rental market has been one of the more institutionally embraced real estate sub-sectors of the past decade. Demand drivers include affordability-driven rental tenure extension, household formation in detached-living-oriented age cohorts, and the operational scaling of large SFR aggregators that has demonstrated that institutional underwriting works in the asset class. Public SFR REITs trade as visible comparables, providing a market read on cap rates and rent growth expectations.

Near-term conditions are mixed. Cap rates have repriced higher from the 2021 trough, requiring sponsors to acquire at meaningful spreads to underwrite returns. New supply in some Sun Belt MSAs has compressed rent growth toward — and in some cases below — long-term averages. Insurance and property tax costs have grown faster than CPI in coastal and storm-exposed markets. Financing availability is workable but selective on sponsor quality, submarket, and portfolio scale.

For this Fund specifically: acquisition discipline matters more than usual; the 25% MSA concentration cap is helpful but does not begin to bind until material scale; the absence of an explicit submarket pipeline in disclosed materials means EM Capital cannot evaluate market-specific risk at the level a sophisticated allocator would prefer.

EM Capital View. Constructive for institutional sponsors with operating discipline. The macro backdrop alone does not produce confident return projections.

10. Downside Case and Sensitivities

The two assumptions that most affect investor IRR are stabilized rent growth and the exit cap rate at sale. EM Capital's sensitivity matrix below shows investor net IRR across a range of paired assumptions. Operating expense growth, vacancy, leverage, fees, and exit timing are held at base.

Rent Growth ↓ / Exit Cap →	4.5%	5.0%	5.5%	6.0%	6.5%
1.5%	11.2%	8.0%	5.1%	2.4%	(0.0%)
2.0%	12.3%	9.2%	6.3%	3.7%	1.3%
2.5%	13.5%	10.4%	7.6%	5.0%	2.6%
3.0%	14.6%	11.5%	8.8%	6.2%	3.9%
3.5%	15.7%	12.7%	9.9%	7.4%	5.1%
4.0%	16.8%	13.8%	11.1%	8.6%	6.3%

Observations: every 50 bps of cap-rate expansion costs the LP roughly 250–300 bps of IRR. The lowest-IRR cells of the matrix (sub-3.0% rent growth, 6.5% exit cap) drift toward zero net return. The highest cells (4.0% rent growth, 4.5% cap) generate mid-teens IRR — meaningful upside if conditions are favorable, but contingent on cap-rate compression that is not guaranteed.

What Drives a Bad Outcome

Three things, in priority order. First, exit cap rate widening beyond the assumed base — a function of broader real estate capital markets at the exit window. Second, rent growth materially below 2.5% in target submarkets — a function of supply additions and local demand softening. Third, the refinance window being unavailable or punitive in Year 5 — a function of rate environment and the sponsor's portfolio-level lender relationships.

Items That Would Most Likely Impair Distributions

Insurance and property tax escalation faster than rent growth in concentrated submarkets; redemption queues exceeding the 5% quarterly cap and forcing partial fulfillment; and distribution coverage softening to the point where the sponsor relies on offering proceeds or borrowings to fund declared distributions.

11. Key Risks and Mitigants

Risk	Why It Matters	Mitigant	EM Capital View
Sponsor parent profitability	Parent currently operating at net losses; long-term platform continuity tied to capital availability.	Monitor sponsor financials; require quarterly platform updates.	Real concern; not immediately disabling given scaled AUM and continuing fundraise.
Fee drag	Stack captures ~49% of LP capital over modeled hold; absorbs material share of base-case profit.	Cannot be negotiated; size accordingly.	The defining alignment issue; treat as a fixed friction.
NAV methodology	Internally produced quarterly; not GAAP fair value; cap-rate approach not used in NAV.	Independent third-party appraisal where comps absent.	Average for the format; not a basis for declining.

Risk	Why It Matters	Mitigant	EM Capital View
Liquidity / redemption suspension	14-day suspension notice; quarterly cap; pricing discount under 5 years.	Size as illiquid in client portfolios.	Standard for Reg A REIT; lower friction than partnership lockups.
Leverage / refinancing	50–70% target LTV; refi assumption depends on rate environment; downside refi yields negative cash-out.	Stress-test debt cost; verify lender availability.	Quantified in sensitivity analysis.
Cap-rate / market valuation	100 bps exit cap expansion reduces base IRR by ~400 bps.	Conservative exit cap assumption; submarket diversification.	Sensitivity table illustrates magnitude.
Concentration in SFR / single property type	Single asset class exposure to U.S. residential cycle.	Top-200 MSA diversification within asset class.	Acceptable given strategy clarity.
Conflicts of interest	Affiliate property management; sponsor retains spread between billed and pass-through PM cost.	Disclosure adequate; size with awareness.	Common in externally managed REITs; document and monitor.
REIT qualification risk	Loss of REIT status creates entity-level tax exposure.	Sponsor compliance programs.	Low probability; standard regulatory monitoring.

12. Questions for the Sponsor

- What is the current Fund-level audited NOI, operating expense ratio, and same-store rent growth, and how does that compare to platform aggregates?
- Confirm sponsor-level cash runway and path to profitability; what equity capital or platform revenue inflection supports the parent through the next 24 months?
- What share of distributions paid to date has come from offering proceeds versus operating free cash flow on a trailing-12-month basis?
- How does the Manager compute NAV at the property level (cost basis with index adjustments, comparable sales, broker BPO)?
- What is the current portfolio LTV and weighted-average mortgage cost, and what term sheets are in market for incremental debt or refinance?
- What MSA-by-MSA allocation does the Fund currently hold, and how does that compare to the 25% concentration policy?
- What occupancy, average days vacant, and rent collection figures has the platform reported on a trailing-12-month basis?
- What is the actual property management cost the affiliate pays to local PMs, and what spread does the Manager retain on the 8% billed fee?
- Has the redemption program been suspended at any prior point, and what triggers would lead the Manager to invoke the 14-day suspension right?

- Will the Manager commit to publishing a quarterly investor letter with property-level KPIs (rent growth, occupancy, expense ratios, debt cost, redemption queue)?
- What are the disposition assumptions for stabilized properties — bulk sale, 1031 exchange, single-property sale — and what is the modeled disposition timeline?
- How does the sponsor evaluate selling versus refinancing in a flat or rising cap-rate environment?
- What is the Fund's exposure to floating-rate debt and rate caps, and how is interest-rate hedging contemplated?
- Does the Manager accept investor advisory input on fee changes, related-party transactions, or strategic shifts?
- What is the Fund's specific path to a potential liquidity event (IPO, sale, merger), and what milestones would trigger consideration?

13. EM Capital View

View: **Proceed with Conditions**

Rationale

The offering is institutional in form and one of the more mature retail SFR vehicles available to RIA clients. The structure is clean (single share class, no carried interest, 1099-DIV tax treatment, modest liquidity window). The sponsor platform has scale. Modeled returns are modest — 8.8% base IRR, 1.64x equity multiple — but they are achievable and supported by a coherent strategy. The fee load is heavy and is the principal friction on net return; the sponsor parent's profitability profile is a real but diligenceable concern.

Conditions Required Before Allocation

- Updated Fund-level audited or unaudited financials (NOI, occupancy, expense ratios, same-store rent growth) for the most recent reporting period.
- Current MSA-by-MSA portfolio allocation and concentration relative to the 25% policy.
- Documentation of current debt stack: lender, balance, rate, term, maturity, any rate-cap or hedging instruments.
- Quarterly investor letter commitment with defined KPIs.
- Sponsor parent financial update with cash runway and path to operating breakeven.
- Allocation sized as a measured component of a private alternatives sleeve, not a core real estate position, with explicit acknowledgment of the modeled 49% sponsor-fee absorption.

Items to Monitor Post-Close

Quarterly NAV trajectory; redemption queue; same-store rent growth and occupancy; debt cost and refinance windows; sponsor parent financial condition; any change in the redemption program; affiliate property management cost benchmarking.

What Would Change the View

Movement to Proceed (unconditional) requires a meaningful improvement in disclosure cadence and quality, plus sponsor parent profitability. Movement to Avoid would be triggered by sponsor parent distress, redemption suspension, or material adverse change in the Manager team or fee structure.

14. Client-Ready Advisor Language

The Opportunity in Plain English

This is an investment in a portfolio of single-family rental homes across U.S. growth markets. The fund collects rent, manages the properties, and aims to deliver a combination of monthly income and longer-term gains as homes appreciate and as the sponsor refinances or sells properties over time. You can invest with a small minimum, you receive simplified 1099-DIV tax reporting rather than a partnership K-1, and you can request to redeem your shares quarterly after a six-month initial holding period — subject to limits. We expect your money to be largely tied up for several years.

Why Diligence Matters Here

Real estate investing through a fund like this comes with fees that affect how much of any upside ultimately reaches you. Our analysis indicates that fees collected by the sponsor over a typical hold are meaningful relative to your invested capital. Returns are sensitive to where rents go and where real estate values trade when the sponsor eventually sells properties. We think this fund has a place in well-diversified portfolios for clients who want this kind of exposure, but only at a thoughtful position size and with realistic expectations — closer to traditional real estate income returns than to high-conviction private equity outcomes.

15. Source and Assumption Log

Source Materials Reviewed (Anonymized Labels)

- Offering Circular (Regulation A Tier 2)
- Manager Reports of Quarterly NAV (Forms 1-U)
- Sponsor Platform Aggregate Disclosures
- Operating Agreement Summary
- Risk Factor and Conflicts of Interest Disclosures

Sponsor-Disclosed Data Points Used

- Maximum offering size (approximate)
- Per-share NAV at issuance and current quarter (approximate)
- Single-share-class REIT structure, no promote
- Asset management, property management, sourcing, disposition, brokerage, and offering fees
- Target portfolio LTV range and policy ceiling
- Redemption program parameters (lockup, quarterly cap, annual cap, pricing discount)
- Tax form (1099-DIV) and Reg A reporting cadence
- Sponsor platform aggregate property count and aggregate purchase price (approximate)
- Cumulative platform distributions (approximate)

Data Points Not Provided in Reviewed Materials

- Fund-level target IRR, equity multiple, or distribution yield
- Per-property NOI, occupancy, or rent collection figures
- Existing debt schedule (lender, rate, term, maturity)
- Sponsor cash co-investment in this Fund
- Specific MSA pipeline or property-level allocation
- Spread retained by Manager on outsourced property management

EM Capital Assumptions Used in the Model

- Portfolio size of 165 homes sized so that \$25M LP equity supports \$60M of GAV at 60% LTV
- Average purchase price of approximately \$360,000 (anchor: platform aggregate average)
- Average monthly rent of \$2,800 per home (implied GRM of approximately 10.7, well within sponsor's <15 filter)
- Base case 3.0% annual rent growth, 2.5% expense growth, 5.5% exit cap rate, 5% stabilized vacancy
- Upside and Downside scenarios per the sensitivity matrix in Section 10
- 60% LTV initial, 65% LTV refinance at Year 5, 6.0% initial mortgage rate, 5.5% refinance rate
- Seven-year hold with disposition at Year 7

Items Requiring Sponsor Confirmation Prior to Allocation

- Updated Fund-level operating financials
- Debt schedule and refinance status
- Quarterly KPI reporting commitment
- Sponsor parent financial position update

Prepared by EM Capital Management as decision-support analysis. Identifying information has been removed in accordance with EM Capital's anonymization protocol.

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