CONFIDENTIAL YIELDSTREET INVESTMENT MEMORANDUM
INVESTMENT TEAR SHEET

Offering Terms	
Asset Class	Real Estate
Offering	Multi-Family Development Preferred Equity
Issuer	YS REL VI LLC
Investment Amount (Tranche 1)	$4,000,000
Gross Interest Rate	11.0%
Yieldstreet Management Fee	1.25%
Target Investor Interest Rate	9.75%
Estimated Duration (Months) [1]	49
Payment Type	Both Accrued Interest and Principal Repayment Upon Maturity

Investment Terms	
Investment Type	Construction
Property Type	Multi-family
Total Project Capitalization / Cost	$68,684,474
Property Value ("As-Stabilized")	$82,325,111
Loan-to-Value ("As-Stabilized") [2, 3]	66.3%
Loan-to-Cost [2, 3]	79.4%
Investment Position	Preferred Equity
Start Date	3/2/20
Maturity Date [1]	9/2/24
Exit Strategy	Refinance or Sale

Why We Like This Opportunity

- The Sponsor and its investor syndicate have contributed $14.1M (20.6% of total project cost) in cash common equity, which is subordinate, and will be fully deployed prior, to the Issuer's $7.1M preferred equity investment.
- The preferred equity investment, subordinate to a first mortgage bank loan of $47.5M, will have an attachment point of 57.7% loan-to-cost[4] and a last dollar exposure of 79.4% loan-to-cost[4]. Upon stabilization of the Property, the preferred equity investment's last dollar exposure will represent 66.3% of the Sponsor's "As-Stabilized" value.
- Upon completion, the Property is expected to be a 368-unit garden-style multi-family complex located in Riverview, Florida. Riverview is a suburban location approximately 15 miles southeast of Downtown Tampa. The Riverview area represents the next wave of development around Tampa as markets to the north are considered built out.
- The development is part of a brand of multi-family properties under development by the Sponsor. The Sponsor is an experienced Florida-based developer of large, high-profile residential and resort communities comparable to the Property. Of note, the Sponsor is also the sponsor in a prior Yieldstreet offering, Florida Multi-Family Development Preferred Equity, which development is likewise part of the aforementioned brand of multi-family properties.
- The Sponsor has engaged a reputable general contractor, which focuses on projects in the Southeast of the United States and has completed over 100,000 multi-family units. The general contractor has provided the Sponsor with a guaranteed maximum price, which mitigates the risk of cost overruns. The general contractor for this offering is the same general contractor as in Florida Multi-Family Development Preferred Equity. As of 8/11/20, the development associated with the prior offering is progressing 2 months behind original schedule, and the Sponsor expects the first units to be available for leasing in September.

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[1] Inclusive of one option to extend for 12-months

[2] Considering the Issuer's $7.1M preferred equity position in the Capital Structure which is subordinate to the $47.5M senior loan

[3] While nomenclature references "loan", the Investment is a preferred equity investment and not a loan

- The Sponsor has provided the Issuer with an unconditional guarantee of completion, which provides additional assurance of completion. As of 12/31/19, the Sponsor reported net worth of $25.3M, corresponding to $35.3M at fair market value. The first mortgage bank loan includes a minimum net worth covenant of $20.0M.

WHEN ANALYZING THIS INVESTMENT, PROSPECTIVE INVESTORS ARE URGED TO CAREFULLY CONSIDER EACH OF THE RISKS SET FORTH IN EXHIBIT C HERETO.

Contents

TRANSACTION

Overview: Yieldstreet Real Estate, a division of Yieldstreet Inc. ("Originator"), closed on a $7.1M preferred equity investment (the "Investment" or the "Preferred Equity") in a special purpose vehicle ("JVco") on 3/2/20. JVco is owned and operated by an investment entity ("Sponsor"), which is controlled by an experienced Florida based developer ("Principal"). The Sponsor is developing a 368-unit garden-style multi-family complex ("Multi-Family Development") and horizontally developing 5 retail parcels on a 33.60 acres parcel of land ("Property") in Riverview, Florida.

The special purpose vehicle YS REL VI LLC ("Issuer") was established for this investment and is a fund managed by Yieldstreet Management, LLC, an SEC-registered investment advisor ("Manager"). The Issuer funded $4.0M into the Issuer-controlled account on 7/28/20, and is expected to contribute the funds into the JVco upon the Sponsor's deployment of its $14.1M equity contribution. The Issuer is expected to fund the remaining $3.1M Preferred Equity commitment on or before 9/28/20. The Manager has advised the Issuer to fund the initial tranche of the Preferred Equity commitment into an Issuer-controlled account, which currently represents the Issuer's sole asset, and upon the expected funding of the remaining commitment, the Issuer's sole asset will be the full Investment. Yieldstreet investors have an opportunity to invest in the Issuer and thus indirectly participate economically in the Investment. In connection with making the Investment, the Issuer received an origination fee equal to 1.0% of the principal amount of the Investment, which origination fee will be distributed to the Manager (or an affiliate thereof). For the avoidance of doubt, such origination fee will not reduce the target rate of interest paid to the investors.

While the Property consists of both a multi-family component as well as a retail component, the Manager's investment decision was based solely on its evaluation of the multi-family component's ability to repay the Investment. While proceeds from the retail pads are expected to benefit the Investment by partially repaying the senior loan, they are regarded as secondary security. The Multi-Family Development is part of a brand of multi-family properties under development by the Sponsor. The properties (collectively, "Sponsor Brand Multi-Family Properties") are located across Florida and are designed to be consistent in quality and aesthetic, leveraging direct institutional knowledge, a single general contractor and existing supplier relationships. Of note, the Sponsor is the sponsor in a prior YS offering, Florida Multi-Family Development Preferred Equity, and the multi-family development contemplated in the aforementioned offering is part of the Sponsor Brand Multi-Family Properties.

The Property is located in Riverview, a suburban location within the Tampa-St. Petersburg-Clearwater ("Tampa Bay") metropolitan statistical area and approximately 15 miles from Downtown Tampa. The site has frontage on major thoroughfares in the Tampa region, connecting it to Downtown Tampa, Brandon and Tampa International Airport. Upon completion, the Property is expected to consist of a 368-unit Class A multi-family complex across nine buildings. The Sponsor expects the first unit to be completed in approximately 16 months (estimated December 2021), construction to be completed in approximately 20 months (estimated June 2022), with an additional 11-month lease-up period to stabilization (estimated May 2023). The exit strategy is a sale or refinance of the Multi-Family Development thereafter, anticipated to be five months from stabilization (estimated October 2023) and subject to change based on market conditions. The presented timeline reflects delays in construction start due to delays in obtaining site development plan approval as a result of COVID-19. The Sponsor expects the site development plan to be approved this month (August), and for construction to begin shortly thereafter.

The Sponsor is an investment entity controlled by the Principal, a Florida-based developer who has overseen billions in real estate investments including the development and acquisition of over 30,000 residential units. The Principal manages the Sponsor and affiliated entities (collectively, the "Sponsor Entities"). The Sponsor Entities have developed and continue to be developing projects across Florida. Such projects include the development of the Multi-Family Brand Properties, the recent development and sale of over 600 residential units near Orlando and a hospital facility in the Orlando Regional Healthcare System which is currently in progress.

The initial $4.0M tranche was funded into an Issuer-controlled account as of funding date 7/28/20. The second $3.1M tranche is expected to be funded on or before 9/28/20. The funding dates reflect amendments to the JVco operating agreement. The original Investment funding date was on or before 5/31/20 and the original second tranche funding date was on or before 7/30/20. The final approval of permits and plans, and thus construction, was delayed due to COVID-19. It was a condition precedent to the Issuer's funding into the JVco that the entirety of the Sponsor's $14.1M equity contribution had been called and spent. The delayed construction start delayed the Sponsor's equity spending, and as an accommodation, the Originator, on behalf of the Issuer, agreed to amend the funding dates. As of 8/11/20, the Sponsor has contributed the full $14.1M equity amount into the JVco, but has not yet spent the full amount. Therefore, the Issuer has funded the first tranche of $4.0M into an Issuer-controlled account, which has begun to accrue interest as of 7/28/20. The Issuer is expected to contribute the $4.0M to the JVco upon evidence of the Sponsor's spending of the full $14.1M equity contribution.

In addition to the equity and Preferred Equity tranches, the total project capitalization includes $47.5M in committed senior secured debt ("Senior Loan") from a publicly listed investment grade rated bank ("Senior Lender"), equating to a project loan-to-cost (LTC) of 79.4%. Proceeds from the Senior Loan will be disbursed to the JVco subsequent to the Preferred Equity contribution. The Preferred Equity tranche is subordinate to the Senior Loan which means that, among other things, upon an event of default under the Senior Loan, the Senior Lender will have the right to receive repayment of its interest and principal in respect of the Senior Loan in full prior to the Issuer's receipt of any payments or proceeds in respect of the Investment (for example, in the case of a foreclosure and sale of the Property).

Total project costs include $7.7M land acquisition costs, $47.2M hard (construction) costs, $10.4M soft costs (legal expenses, permit fees and developer fees), $2.6M in reserves for Senior Loan interest costs, and $0.8M in closing costs. The allocated amounts include $2.2M in hard cost contingencies (4.8% of non-contingency hard costs) and $0.5M in soft cost contingencies (5.0% of non-contingency soft costs). The risk of increases to hard costs is mitigated by a maximum price guarantee of $45.2M provided by the general contractor.

The sources and uses at closing are shown in detail below:

Uses	$	%
Land Acquisition Costs	$7,660,000	11.2%
Hard Costs	$47,150,000	68.6%
Soft Costs	$10,449,088	15.2%
Reserves	$2,598,800	3.8%
Closing Costs & Other	$826,585	1.2%
Total	**$68,684,474**	**100.0%**

Sources	$	%
Construction Loan	$47,505,107	69.2%
Preferred Equity	$7,056,474	10.3%
Equity	$14,122,893	20.6%
Total	**$68,684,474**	**100.0%**

The Investment has a term of 37 months remaining (42 months initial term) with one option to extend for 12 months. The option to extend is subject to certain conditions including the completion of a substantial portion of the development, a 75% fair market value LTV test and that the extended maturity date is not scheduled prior to the effective maturity date of the Senior Loan. Interest to Yieldstreet investors is "paid-in-kind" (known as PIK interest) and is expected to accrue and compound monthly at an annualized rate of 9.75% over the Investment's full term. Principal and accrued interest are expected to be repaid with proceeds from the sale or refinance of the Property. As such, it is important to note that Yieldstreet investors are not expected to receive monthly distributions of interest or principal.

Asset Class: Real estate bridge financing is a broad categorization of short-term financing solutions in relation to real estate assets. Bridge financing is different from traditional bank financing in that bridge financing provides borrowers with expedited access to capital albeit at a higher interest rate. Traditional bank financing is structured to provide a more permanent form of capital at a lower interest rate with often more restrictive terms. Bridge financing includes debt products such as bridge loans or mezzanine debt, as well as equity products such as preferred equity investments. Bridge financing is often refinanced with traditional bank financing after the underlying asset has achieved its intended business purpose and is thereby eligible for permanent financing or the property is sold. Borrowers choose bridge financing for a variety of reasons including:

1. Acquisition: Time sensitive opportunity to purchase a property.
2. Renovation: Modernization of an apartment building's vacant units to attract upscale tenants at higher rents.
3. Construction: Supplemental capital needed to complete a condominium development and begin the sale of units.
4. Unrelated Need: Buyout of an investing partner by leveraging the value of the real estate property.

Bridge financing related to construction are structured differently than other types of bridge financing due to how the underlying project or property is valued. Construction bridge financing is often structured with delayed draws which means that the borrower can only draw on its loan after certain construction criteria or milestones have been met. This can be accomplished primarily in two ways:

1. Expense Reimbursement: The borrower provides the lender proof of the work completed by submitting receipts and invoices. The financing provider would then remit funds on a periodic basis and after verification of the submitted documents.
2. Drawdown Schedule: The financing provider remits loan funds at scheduled intervals based on established milestones during the construction process. The financing provider will have a third-party oversee the construction process to ensure that the milestones are reached prior to the remittance of funds.

A construction bridge financing's draw methodology will vary based on the project undertaken but the reason for employing this structure is the same - risk mitigation. The financing provider wants to ensure that the value created during the construction process matches the amount of funds disbursed. It is important that appropriate collateral coverage remains in place at all times during the financing's term and the delay draw structure helps achieve that.

A notable subset of bridge financing known as "Value Add" also often employs the delayed draw concept and can be identified by the following specific process:

1. The purchase of a real estate property that is often distressed or in need of capital improvements.
2. The renovation and/or construction of that real estate property with a defined budget and time-frame outlined.
3. The sale of that real estate property at a profit above acquisition, renovation and financing costs.

This description of the Value Add process is highly simplified but conveys the general goal of buying at a discount and selling at a premium. For example, premium may be the result of simply purchasing, holding and then selling a property without any renovation. As such, the types of strategies may vary but the goal of generating profit in a defined time-frame remains the same.

Bridge financing related to construction are also often valued differently than other types of financing due to the possibly significant changes made to the property. The changes to the property can be summarized by three valuation phases:

1. "As-Is": The value of the property at the time of the appraisal which is often prior to construction.
2. "As-Complete": The value of the property at completion and according to the plans provided by the borrower.
3. "As-Stabilized": The value of the property at completion and after occupancy assumptions have been achieved.

The financing amount is often a percentage of the "As-Complete" or "As-Stabilized" value. The combination of the delayed draw structure and the three valuation phases helps the lender maintain adequate coverage throughout the financing's term. It is important to note that the "As-Complete" and "As-Stabilized" values are sometimes used synonymously.

The valuation of a real estate property requires a combination of available data sources and assumptions. There are various situational based approaches to valuing real estate which include:

1. Income Capitalization Approach – Based on the real estate property's net operating income (NOI) and chosen capitalization rate. The real estate property's value is the NOI divided by the capitalization rate.

A real estate property's NOI can be derived using either historical or projected performance figures. Projected performance figures would most often be used when the property was undergoing change over the bridge financing's term such as renovation, construction or rent increases. The capitalization rate is a way to compare the performance of properties similar in size and location as well as represent a property's annualized return based on its value. To determine the capitalization rate, various data points are considered including location, property type, cash flow stability, interest rate environment, market competition, etc. For example, multi-family properties in a defined locale were determined to be between 3.8% and 5.5% after considering the previously mentioned data points. A specific multi-family property in that defined locale would be analyzed in the context of that range to establish a capitalization rate for valuation purposes.

If the multi-family property was assigned a capitalization rate of 5.0% and generated $250k of NOI, then the resulting estimated value of the property would be $5.0M.

2. Sales Comparison Approach – Based on the sale price of similar real estate properties in a defined set of comparable assets. The accuracy of this approach is contingent on how similar the comparable properties are, how many similar properties can be used and how recent those sales occurred.

The use of comparable sales can be a reliable valuation approach after taking into account the quality of the dataset being used. For this reason, the sales comparison approach cannot be reliably used without a number of quality datapoints to reference. If quality datapoints are available, the sales comparison approach can provide an accurate valuation that can be validated by an actual market-based outcome.

Bridge financing is temporary in nature and not intended as a long-term financing solution. As such, the validity of the borrower's exit strategy is often evaluated during the due diligence process. The most common exit strategies involve the sale or refinancing of the underlying property:

1. Sale – The analysis is focused on the property value, marketability and time to sale.
2. Refinance – The analysis is focused on the target lender metrics and the prospective lenders.

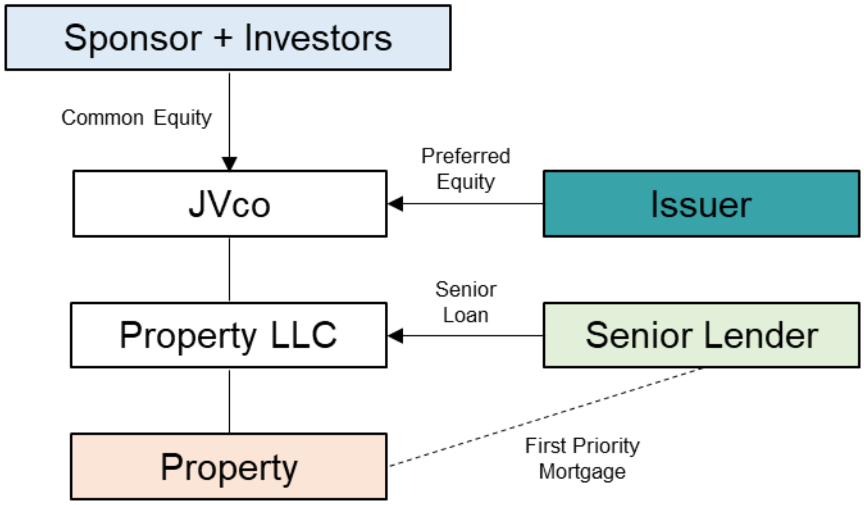
Financing providers use certain metrics to assess the attractiveness of a given opportunity. Such key metrics are based on details of the financing and the property assumptions at maturity. Despite the nomenclature, certain key metrics which reference "debt" or "loan" may be used in the assessment of non-debt opportunities, for example a preferred equity investment. Common key metrics include:

Debt Service Coverage Ratio	Debt Yield
Loan-to-Value	Loan-to-Cost

All financing providers have their own generally defined credit standards. The credit standards of bridge financing providers can be compared to prospective long-term financing providers to determine the prospective counterparties most likely to refinance the loan. The smaller the universe of potential long-term financing providers likely to refinance the loan, the less viable a refinance exit strategy is. Common prospective long-term financing provider categories include:

National Banks	Regional Banks
Bank Agencies	Community Banks
Bridge Lenders	

Structure: The Investment (both initial $4.0M tranche and remaining $3.1M tranche) will be funded into the JVco subsequent to $14.1M in equity from the Sponsor and its investor syndicate, and prior to the anticipated funding of $47.5M in committed senior secured debt. The term of the preferred equity tranche is coterminous with the Senior Loan. The Investment is in the preferred equity tranche of the capital structure. Preferred equity is a type of financing which is subordinate to debt but senior to common equity. Unlike a real estate bridge loan, which is a loan secured by the real estate, preferred equity is an investment in the preferred shares of the parent company (JVco) of the entity owning the real estate and is not secured by the real estate (or any other assets). An illustrative chart of the subject transaction's structure is shown below:



The preferred equity shares issued by JVco have a higher priority for distribution of the company's cash flows than common equity shares. All cash flows must first be distributed to holders of preferred shares until such time as they have received the full amount of the accrued interest and full repayment of the initial investment. After such time, the remaining cash flows are distributed to holders of common equity. Proceeds from the Property will be distributed as follows:

- *First*, proceeds will be applied towards interest payments on the Senior Loan;
- *Second*, remaining proceeds will be applied towards repayment of principal on the Senior Loan;
- *Third,* at such time that accrued interest and principal on the Senior Loan have been repaid in full, proceeds will be distributed to JVco;
- *Fourth*, proceeds from JVco will be applied towards the repayment of accrued interest on the Preferred Equity tranche (i.e., the Investment);
- *Fifth*, remaining proceeds from JVco will be applied towards the repayment of notional principal on the Preferred Equity tranche (i.e., the Investment);
- *Sixth*, remaining proceeds from JVco will be distributed to holders of common equity (ie., the Sponsor's and its investor syndicate's tranche)

There are several protective provisions structured into the Issuer's preferred equity instrument including:

1. In the event of a default under the Senior Loan, the Issuer retains the right to cure such default. Remedies include the payment of protective advances, which for example would enable Issuer to pay senior interest owed. Any protective advances paid by the Issuer would accrue interest at an annualized rate of 16.0% and would be repaid by proceeds from the Property prior to any distributions to the Sponsor.
2. In the event of a default in payments owing to the Preferred Equity tranche, the Issuer retains the right to remove the Sponsor as manager of JVco and appoint itself as manager (subject to the Issuer obtaining a release of Sponsor's liabilities to the senior lender or otherwise obtaining indemnities to cover any such liabilities, which may have the effect of requiring the Issuer to engage a third-party as manager). Remedies include the right to compel a sale of the Property. Proceeds from the sale would then be distributed in accordance to the payment waterfall detailed above.

PROPERTY

Composition: The Property is a 33.60-acre parcel of land located in Riverview, which is a suburban location within the Tampa Bay metropolitan statistical area and the South East Tampa Submarket. Riverview is approximately 15 miles southeast of Downtown Tampa, and is the part of the next wave of development around Tampa. The prior wave had concentrated to the North of the Property in Brandon. The Brandon market is now considered to have reached peak supply, and as such developers have looked to areas South of Brandon (such as Riverview) to build out. The site has frontage on US Highway 301, and is one mile from I-75, both of which are major thoroughfares in the Tampa region and connect the Property to Downtown Tampa, Brandon and Tampa International Airport. Job bases around the Property additionally include an Amazon fulfillment center ten minutes south, the Brandon office corridor 15 minutes north and a to-be-developed AdventHealth medical facility in immediate proximity. Furthermore, the Property is in close proximity to Gibsonton Drive, which together with Highway 301, provide immediate access to key commercial locations including a Publix Supermarket, Walmart and medical providers.

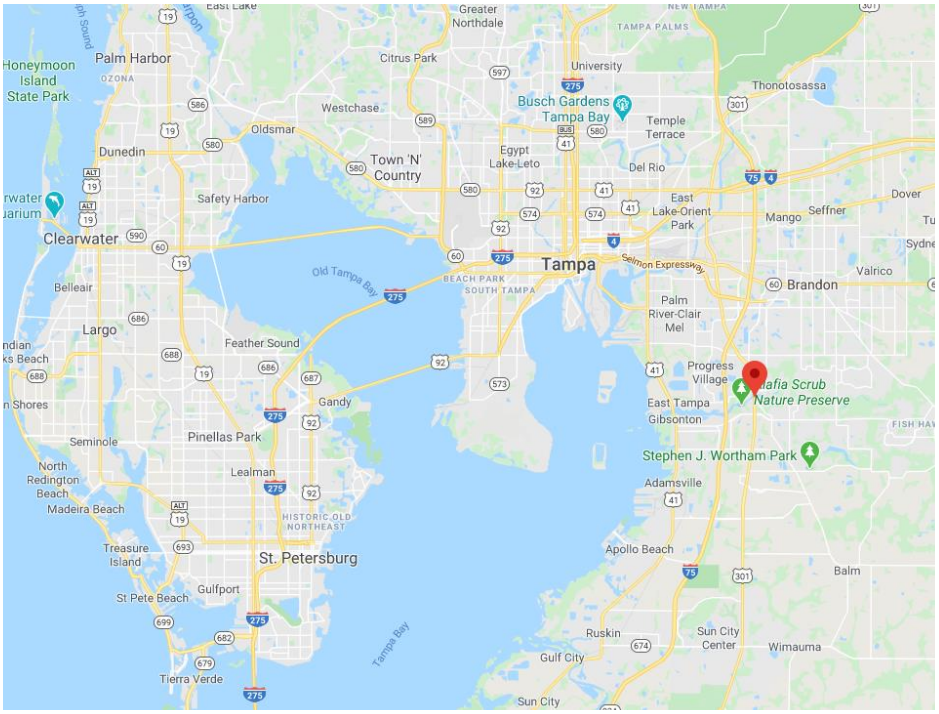


Fig. 1 – Riverview location in relation to Tampa Bay Metro

The Tampa Bay metro area has experienced sustained strong economic expansion, with job growth outperforming the nation for over 35 consecutive quarters and unemployment below the national average. During this time frame, annual job growth averaged at 2.5%, nearly twice the U.S. average. Job growth has, however, steadily cooled over the last four quarters as the market has neared full employment. The metro is supported by a relatively diverse economy. As of year-end 2018, healthcare, retail and professional/scientific/tech services were the top three industries, accounting for 35% of employment. Major employers include the Hillsborough County School board, the MacDill Air Force Base and Verizon Communications. In 2019, financial services was the fastest growing sector, growing at 4.5%. Other growth job sectors include construction (2.9%), professional and business services (2.7%), leisure and hospitality (2.5%) and manufacturing (2.0%). The metro faces several headwinds which include a median income which is below the national average, reliance on in-migration and an under-invested public infrastructure and public transit. These headwinds are partially offset by the lack of state income tax, a relatively affordable housing market which benefits in-migration and the approval of a $3Bn infrastructure plan in 2019.

There has been significant construction activity in recent years. However, demand has outstripped supply, with occupancy rates at 95.7% for the overall metro and rent growth above the long-term trend. While new deliveries may put downward pressure on vacancies and rent growth in the next 1-2 years, demand for housing has remained strong and continued growth of demand generators may offset the pressure new inventory will place on occupancy. The South-East Tampa submarket trends have been consistent with the overall market. Submarket vacancies have dropped from about 8.2% at its local peak in 2018 to above 6.5% in early 2020, and submarket rent growth has been above the broader metro average at approximately 3.6% YoY, as compared to 3.0% YoY for metro. Similarly, South East Tampa has seen sustained construction above its long-term average for several years, increasing inventory by over 10% since 2017. While there is some level of oversupply risk, CoStar notes that new constructions have been leasing up in relatively short timeframes. While market rents and annual rent growth in South East Tampa have been above the metro average, annual gains have slowed due to the increased volume of deliveries in recent years. Downward pressure is expected to reduce as construction starts to taper off. As of 1Q20, there were two multi-family projects in the development pipeline in

Riverview – Lola Apartments and Wildgrass Luxury Apartments. Lola Apartments, which was completed in December 2018, consists of 264 units and was reportedly progressing well with lease-up. Wildgrass Luxury Apartments, which is expected to be completed in April 2020, consists of 321 units and is expected to be absorbed by the time the Multi-Family Development goes into lease-up.

Upon completion, the Multi-Family Development is expected to consist of 368 multi-family units constructed in a garden-style setting across 9 building. Units are expected to consist of 1-3 bathroom units with a breakdown as follows:

Type	# Units	Avg. Size (SF)
1 Bedroom	164	822
2 Bedroom	172	1,113
3 Bedroom	32	1,305
Total	**368**	**1,000**

The unit sizes for each type are generally in line with comparable rental units in the market. The Multi-Family Development is expected to target renters in the middle-to-upper income range. Units are expected to be furnished with finishings consistent with Class A multi-family properties in the Property's market including wood vinyl floors, stainless steel kitchen appliances, granite/quartz counters, in-unit washer/dryer and a balcony. The Multi-Family Development is additionally expected to have numerous community amenities including a clubhouse, surface level parking, swimming pool, playground, fitness center, kids room and a dog park. Prior to completion of the development, the Sponsor is expected to engage a reputable management company to serve as the operator and manager of the Multi-Family Development.

The Sponsor expects the first unit to be completed in approximately 16 months (estimated December 2021), construction to be completed in approximately 20 months (estimated June 2022), with an additional 11-month lease-up period to stabilization (estimated May 2023). The exit strategy is a sale or refinance of the Multi-Family Development thereafter, anticipated to be five months from stabilization (estimated October 2023) and subject to change based on market conditions. The presented timeline reflects delays in construction start due to delays in obtaining site development plan approval as a result of COVID-19. The Sponsor expects the site development plan to be approved this month (August), and for construction to begin shortly thereafter. The Property's total project cost, inclusive of multi-family development and retail pad horizontal development is $68.7M. Costs include $2.2M in hard cost contingencies and $0.5M in soft cost contingencies. To date, there have been no draws from the contingency reserves.

The Sponsor's internal analysis formed the basis of its and the Manager's investment decision. CBRE ("Appraiser"), a real estate services firm, was additionally engaged by the Senior Lender to perform a third-party appraisal ("Appraisal") as of 1/8/20. The Appraisal's conclusions served as supplemental and confirmatory diligence to the Manager's investment decision.

The Sponsor projects an "As-Stabilized" valuation of $82.3M by month 31 based on projected stabilized Net Operating Income (NOI) of $4.4M and exit cap rate of 5.40%. The Sponsor constructed a cash flow model projecting future cash flows from operations and sale (exit). The Sponsor determined a base market rent of $1,520 per month based on a comparable set of multi-family rental apartments. The rental comparison set had a range of rent per SF of $1.35 to $1.52, with an average of $1.44. Based on the subject's high percentage of 1-bedroom units, location and expected quality upon completion, rent per SF of $1.52 at the high end of the comp range was determined to be reasonable. The third-party appraiser, CBRE, agreed with the Sponsor's rent conclusions and additionally increased its rent figure by 3.0% per year to account for inflation during the first year of stabilization. The Sponsor's rental comparison set is shown below:

Comp	City	Year Built	Avg. SF	Avg. Monthly Rent	Avg. Monthly Rent / SF
Comp 1	Riverview	2015	975	1,504	1.54
Comp 2	Riverview	2015	1,031	1,515	1.47
Comp 3	Riverview	2017	1,001	1,463	1.46
Comp 4	Riverview	2012	983	1,438	1.46
Comp 5	Lithia	2016	887	1,473	1.66
Comp 6	Riverview	2013	997	1,427	1.43

Comp 7	Tampa	2016	1,024	1,460	1.43
Comp 8	Riverview	2017	1,178	1,561	1.33
Avg.	**-**	**-**	**1,010**	**1,480**	**1.47**
Subject	**Riverview**	**2022E**	**1,000**	**1,520**	**1.52**

The Sponsor highlighted Comp 3 and Comp 8 as the most direct comparables to the Multi-Family Development:

- Comp 2 was highlighted due to its proximity in location and year built. As compared to the Multi-Family Development, Comp 2 has lower quality apartment finishing and is an inferior location to the south of the Property (further from Downtown Tampa) without frontage on a main roadway.
- Comp 8 was similarly highlighted due to its proximity to the Property. Of note, Comp 3 was built in 2011, and units show some sign of age with dated appliances. As of Jan 2020, Comp 3 reportedly had occupancy of 96%, and was pre-leased at 102%. The strong demand for units at Comp 8 provides a positive outlook for the market's ability to absorb additional units.

Based on the Sponsor's expertise and expenses of comparable properties, the Sponsor developed a set of assumptions for losses and expenses including vacancy loss, collection loss and operating expenses to calculate the Multi-Family Development's project NOI. A detailed breakdown of the Sponsor's calculations is shown below. The Sponsor expects to begin leasing units on month 17 of the expected 20-month construction period, and to attain stabilization over an 11 month stabilization period. The Sponsor projected vacancy to decrease to 5.0% upon stabilization, corresponding to approximately 20 units leased per month, and for concessions to decrease from 5.0% at the beginning of lease-up to 0.0% upon stabilization. The Sponsor assumed no rent increases (untrended rents) throughout its projections.

Sponsor "As-Stabilized" NOI	$	%
$ Monthly Rent per Unit	$1,520	-
Units	368	-
Monthly Gross Potential Rent	$559,489	-
Annual Gross Potential Rent	$6,713,864	-
Vacancy %	5.00%	-
Vacancy Loss	($335,693)	-
Gross Rental Income	$6,378,171	-
Non-Income Unit Loss	($18,244)	0.29%
Collection Loss	($63,782)	1.00%
Concession Loss	–	–
Amenity Income	$60,480	0.95%
Monthly Recurring Income	$471,382	7.39%
Other Income	$4,600	0.07%
Effective Gross Income	$6,832,607	-
Total Variable Expenses	($1,310,080)	19.17%
Total Fixed Expenses	($1,003,371)	14.69%
Capital Reserves	($73,600)	1.08%
Total Operating Expenses	($2,387,051)	34.94%
Net Operating Income	$4,445,556	65.06%

The Sponsor developed a comparable set of rental apartment sales to determine the appropriate exit cap rate. The properties in the sales comparison set transacted with cap rates in the range of 4.95% to 5.50%. The Sponsor's sales comparison set was more conservative than that of CBRE, which had cap rate range of 4.50% to 5.29%, and an average of 4.85%. The Sponsor's sales comparison set is shown below:

Comp	City	Year Built	Units	Sale Date	Purchase Price	$ / Unit	Cap Rate
Comp 1	Land O Lakes	2018	300	Sep-19	$62,150,000	$207,167	5.00%
Comp 2	Tampa	2016	180	Nov-17	$32,300,000	$179,444	5.30%
Comp 3	Brandon	2016	250	Jun-17	$49,700,000	$198,800	5.40%
Comp 4	Plant City	2015	125	Jan-19	$18,000,000	$144,000	5.50%
Comp 5	Bradenton	2012	272	Jun-17	$50,500,000	$185,662	5.50%
Comp 6	Brandon	2009	300	Jan-19	$53,704,458	$179,015	5.35%
Comp 7	Tampa	1999	390	Dec-16	$65,600,000	$168,205	4.95%
Max	–	2018	390	Sep-19	$65,600,000	$207,167	5.50%
Min	–	1999	125	Dec-16	$18,000,000	$144,000	4.95%
Average	–	2012	260	Mar-18	$47,422,065	$180,328	5.29%
Subject	Riverview	2021	368	Feb-23	$82,325,111	$223,710	5.40%

Based on the sales comparison set, the Sponsor determined a cap rate of 5.40%. The concluded cap rate was more conservative than the 5.0% cap rate determined by CBRE. The Sponsor's concluded valuation of the Multi-Family Development at time of sale is shown below:

Valuation Metrics	
Net Operating Income	$4,445,556
Exit Cap Rate	5.40%
"As-Stabilized" Valuation (Sponsor)	$82,325,111
"As-Stabilized" Valuation (Appraised)	$83,850,000
Senior Loan	$47,505,107
Preferred Equity	$7,056,474
Preferred Equity Exposure	$54,561,581
LTV (Sponsor)	66.3%
# Units	368
Loan Basis	$148,265

The third-party appraiser, CBRE, was engaged to value the Property as of 1/8/20. valued the Multi-Family Development "As-Complete" at $76.2M and "As-Stabilized" at $83.9M. Based on CBRE's "As-Stabilized" valuation, the Investment has an LTV of 65.1%. CBRE arrived at its valuation through a reconciliation between three valuation methodologies: Cost Approach, Sales Approach and Income Approach. The Sponsor's "As-Stabilized" valuation of $82.3M was more conservative than CBRE's reconciled "As-Stabilized" valuation. The Manager determined that CBRE's conclusions supported the Sponsor's underwriting.

Based on the Sponsor's projected valuation of $82.3M, the Investment has a Loan-to-value (LTV) of 66.3%. Although the Investment is not a loan, the LTV is a comparison of the Investment's credit exposure to the "As-Stabilized" value of the Multi-Family Development and indicates that proceeds from a sale or refinance can be 33.7% below the expected sale price before such proceeds are inadequate to repay the notional principal balance of the Investment. An additional important investment metric is the investment basis, which is calculated as an investment's credit exposure divided by the number of units to be constructed. The investment basis is $148,265, which means that proceeds from the sale of the Multi-Family Development must be above $148,265 per unit for the Investment's notional principal balance to be repaid. As shown in the sales comparison set, historic transactions for comparable multi-family sales have been in the range of $144,000 - $207,167 per unit, with an average of $180,328.

As previously discussed, the Manager's investment decision was based solely on the underwriting of the Multi-Family Development and its ability to repay the full Investment exposure. Based on preliminary discussions with brokers and potential purchasers, the Sponsor projects sales price of $7.0M for the retail pads. CBRE valued the "as-complete" retail pads separately at $5.9M, and assuming a 10% bulk sale discount at $5.3M. As per the Senior Loan agreement, each parcel has a minimum release price of the greater of $875,000 and its net sale proceeds. As such, proceeds from the retail pad sales will be used to repay the Senior Loan, and thus de-lever the JVco. Any such deleveraging scenario would be beneficial to the Investment by reducing its last dollar exposure relative to the underwriting, which did not give credit for such scenario while accounting for its costs.

The Sponsor has engaged a third-party construction firm as the general contractor ("General Contractor") for the project. The General Contractor is the general contractor for the Sponsor Multi-Family Properties, including the development associated with YS' offering Florida Multi-Family Development Preferred Equity. The General Contractor is a nationally recognized general contracting firm led by an operator who has over 30 years of constructing and general contracting experience. The General Contractor focuses on projects in the Southeast and Midwest of the United States and has completed over 100,000 multi-family units and 10,000,000 SF of commercial space. The general contracting agreement has a guaranteed maximum price provision capping the maximum hard (construction) costs at $45.2M. Any costs in excess of such amount would be paid solely by the General Contractor. In accordance with the general contracting agreement, subcontractors with subcontract receivables greater or equal to $500,000 are required to obtain payment and performance bonds equal in amount to the subcontract receivables. Such bonds protect the General Contractor in the event the subcontractors fail to complete its contracted work or fails to pay its subcontractors (if any) or suppliers.

Protections: Downside features to further secure repayment include:

1. The Sponsor has provided an unconditional guarantee of lien-free completion to the Issuer. Regardless of whether the General Contractor is able to honor the guaranteed maximum price, it would still be the Sponsor's obligation to ensure completion of the project. In order to mitigate the contractor's credit risk, subcontractors with subcontract receivables greater or equal to $500,000 are required to obtain payment and performance bonds in amount equal to the subcontract receivables, protecting the General Contractor in the event the subcontractors fail to complete their contracted work or fail to pay their subcontractors (if any) or suppliers.
2. The Sponsor has provided a bad actor carve-out to the Issuer. In the event of any fraud, misrepresentation, willful misconduct, gross negligence and/or other situations in which the Sponsor could willfully harm the Investment, the Issuer would have recourse to the Sponsor.
3. Under the terms of the Senior Loan agreement, the Sponsor is obligated to maintain minimum liquidity of $2.0M and net worth of $20.0M at all times while the Senior Loan is outstanding. Failure to maintain the minimum liquidity and net worth covenants would constitute a default on the Senior Loan.
4. The common equity provided by the Sponsor acts as first loss capital. In the event that proceeds from the sale or refinance of the Property are below the expected amount, proceeds will be applied first towards repayment of the Senior Loan, and then to the Preferred Equity tranche before any distributions are made with respect to the common equity.

PRIMARY PARTIES

Sponsor: The Sponsor is an investment vehicle of the Principal, an experienced Florida-based developer of large, high-profile master-planned residential and resort communities. The Principal currently manages the Sponsor Entities which includes two real estate funds and one private real estate investment trust (REIT).

Principal Experience

Over the last 30 years, the Principal has overseen the acquisition, development and sale of large-scale, master planned communities and over 30,000 residential units. The Principal's investments are concentrated in California, Texas, and Florida. According to the Sponsor, the Principal's investments have incurred no principal loss for debt (or preferred equity) providers over the last ten years.

As of 12/31/19, the Sponsor Entities, which are currently in operation, have developed 6 multi-family projects, delivering over 1,500 residential units. Total project costs for the projects was $239M, and total sale price was $323M, equating to a sale price to project cost multiple of 1.35x. Excluding the Property, the Sponsor Entities are currently developing 8 multi-family projects totaling 2,485 units with total project cost of $884M.

Sponsor Financials

The Manager reviewed the Sponsor's unaudited financial statements as of 12/31/19, which were submitted as part of the Sponsor's Senior Loan application. The financial statements reported total assets of $25.7M, corresponding to fair market value of $35.6M, which included $2.0M in cash. The Sponsor had total liabilities of $0.3M, which equated to member's equity value of $25.3M, corresponding to $35.3M at fair market value. The majority of assets related to $15.3M in JV investments, corresponding to $22.6M at fair market value. The Sponsor also reported $1.4M in real estate assets, corresponding to $4.0M at fair market value, and $7.0M in receivables. The senior lender was comfortable with the Sponsor's financial ability to support its obligations including the unconditional guarantee of completion.

Originator: Yieldstreet Real Estate, a division of Yieldstreet Inc., is a New York-based real estate financing provider. The Originator focuses on providing bridge financing for a wide variety of real estate, including commercial, industrial, hospitality and residential properties. The Originator is an opportunistic financing provider that focuses on segments of the real estate market that tend to fall outside the focus of traditional financing providers. These segments often include properties that are newly constructed, undergoing renovations, or temporarily experiencing reduced cash flows as a result of a transitioning business plan. Additionally, the Originator offers financing to borrowers who are seeking a more expedient closing than those offered by banks. The Originator's investment principles include:

- Primary and secondary markets
- Downside protection
- Properties that can be easily sold or repurposed
- Properties with long-term leases generating consistent cash flows
- Clear refinancing options
- Borrower experience

Mitch Rosen – Senior Director, Real Estate Investments

Mr. Rosen, who joined the Yieldstreet team as Head of Real Estate Investments in late 2018, has been investing in commercial real estate for the past 18 years. Mr. Rosen joined Yieldstreet from Brigade Capital Management, a credit-focused alternative asset management firm, where he spent five and a half years focusing on CMBS/CRE debt investing. Prior to Brigade, Mr. Rosen spent nine years at Marathon Asset Management working on both the direct lending program on transitional properties as well as the head credit analyst for their CMBS business. Prior to Marathon, he worked at Capital Trust, a publicly-traded mortgage REIT that exclusively invested in subordinate commercial real estate debt. Mr. Rosen graduated from Emory University with a Bachelor of Business Administration, concentration in finance.

Adil Hasan – Senior Associate, Real Estate Investments

Mr. Hasan joined the Yieldstreet team in early 2019 as Senior Investment Associate of Real Estate Investments from J.P.Morgan, where he spent four years underwriting and closing real estate debt transactions for CMBS issuance. Prior to J.P.Morgan, Mr. Hasan spent two years at Townhouse Partners focusing on real estate debt advisory for major banks and debt funds. Prior to Townhouse Partners, he co-founded and spent two years at a start-up called PaidPunch focusing on customer retention for businesses. Mr. Hasan graduated from University of San Diego with a Bachelor of Business Administration, concentration in finance.

Platform: Yieldstreet is changing the way wealth is created, providing access to asset-based investments historically unavailable to most investors. Yieldstreet allows you to participate in opportunities with low stock market correlation and target yields of 8-20%, across litigation finance, real estate, marine, art and other alternative asset classes. We believe our technology platform creates a unique experience for investors at every level and provides valuable diversification and strength to most portfolios.

APPENDIX

Exhibit A - Certain Flat Expenses Allocated to Investors

Annual SPV expenses include (i) mandated expenses required by the Securities and Exchange Commission (SEC) such as Form D filings, (ii) State blue sky filings, and (iii) the Fund's annual Delaware franchise and registered agent fees, (iv) annual audit fees conducted by a PCAOB compliant firm, and costs associated with preparation of the Fund's annual tax returns.

The flat expense allocations per investor ("Flat Expenses") are applied per calendar year. The Flat Expenses will be $150 per Class A participating investor in the first year of each offering, and $70 per Class A participating investor in subsequent years if the offering is active for more than one calendar year.

Yieldstreet has determined the Flat Expenses based on historical averages of these expenses per SPV and dividing by the average number of Class A investors per SPV.

The Flat Expenses will reduce the interest distributions in each calendar year. Once the Flat Expenses for that year have been applied in full on an individual investor basis, such investor will receive interest distributions to their account per the waterfall set forth in the Operating Agreement.

Exhibit B - Statement of Confidentiality

This Confidential Investment Memorandum (the "Memorandum") was prepared by the Issuer, solely for informational purposes, from materials and information supplied by the Sponsor. This Memorandum is furnished through the Platform operated by Yieldstreet Inc. (the "Platform Operator") solely for use by prospective investors considering an investment in membership interests in the Issuer. Except as may be required by applicable law, this Memorandum may not be used by you for any other purpose, nor may it be reproduced or distributed, nor may its contents be disclosed, to persons who are not directly involved with your evaluation of your investment, without our prior written consent. Your acceptance and review of the Memorandum shall constitute your acceptance and acknowledgement to the foregoing, and your agreement to ensure that any person with whom you share any portion of the Memorandum does not do, or omit to do anything which, if done or omitted to be done by you, would constitute a breach of your obligations hereunder.

The information contained herein was prepared to assist interested parties in making their own evaluation of an investment in membership interests in the Issuer and does not purport to be all-inclusive or to contain all of the information that may be required to evaluate an investment in such membership interests. In all cases, interested parties should conduct their own investigation and analysis of the Issuer and the data set forth in this Memorandum and supplementary documents available on the Yieldstreet Platform. The Platform Operator, the Issuer and Yieldstreet Management, LLC as manager ("Manager") of the Issuer, expressly disclaim any and all liability for any representations (whether expressed or implied) contained in, or any omissions from, this Memorandum or any other written or oral communication transmitted to prospective investors in the course of such prospective investor's evaluation of its purchase of membership interests in the Issuer.

Exhibit C - Risk Factors

When analyzing this offering to invest in the membership interests of the Issuer (the "Interests"), prospective investors should carefully consider each of the following risks.

GENERAL INVESTMENT RISKS

The Interests are Generally Risky and Speculative Investments for Suitable Investors Only

Investors should be aware that the Interests are risky and speculative investments and by investing, each investor assumes the risk of losing its entire investment. The Interests depend entirely for distributions on the receipt of payments in respect of the preferred equity owned by the Issuer (also referred to herein as an "investment"). The Interests are suitable only for investors of adequate financial means. Accordingly, only investors who are able to bear the loss of their entire investment should invest in the Interests.

The Interests are Restricted Securities and are Subject to Transfer Restrictions

The offering of Interests has not been registered under the Securities Act or with any State securities regulator or authority, nor is registration contemplated. Rather the Interests are being offered in reliance upon the exemption from such registration requirements set forth in Section 4(A)(2) of the Securities Act of 1933, as amended ("Securities Act") and Rule 506(c) of Regulation D thereunder. The Interests will not be listed on any securities exchange or interdealer quotation system. There is no trading market for the Interests, and the Issuer does not expect that such a trading market will develop in the foreseeable future. Although the Issuer has the right, but not the obligation, in its sole and absolute discretion, to repurchase Interests, there is no public market for the Interests and none is expected to develop in the future. Even if a potential buyer could be found, the transferability of these Interests are also restricted by the provisions of the Securities Act and Rule 144 promulgated thereunder. Unless an exemption is available, these Interests may not be sold or transferred without registration under the Securities Act and the prior written consent of applicable State securities regulator(s). Any sale or transfer of these Interests also requires the prior written consent of the Issuer. Therefore, investors must be capable of bearing the economic risks of the Interests and holding them for an indefinite period of time.

The Issuer and the Manager have no way of Knowing or Predicting Whether such Target Return is Realistic and Achievable or Whether such Return will ever be Realized for an Investment

Any projected return or estimate for an Issuer's investment is only a target and is in no way a financial projection, estimated result, guarantee, warranty, representation or promise of the Issuer or its Manager. The Issuer and the Manager have no way of knowing or predicting whether such target return is realistic and achievable or whether such return will ever be realized for an investment.

The Loss Position of Interests Creates a Risk that an Investor may not Receive any of its Principal Investment

Although investors will be able to assess the assets securing the Issuer's investment, in the event of a default under the senior loan, the Issuer may not be able to foresee or prevent a potential foreclosure and subsequent sale of such assets. If this were to occur, and insufficient proceeds remained after the sale of such assets, the loss position of the Interests creates a risk that the investor may not receive any of its principal investment. In addition, the investor will have no recourse against the Issuer or the Manager.

Loss Rates on Investments May Increase as a Result of Economic Conditions, Natural Disasters, War, Terrorist Attacks, or Acts of God beyond the Issuer's Control

Loss rates on investments may be significantly affected by economic downturns or general economic conditions, natural disasters, war, terrorist attacks, or Acts of God beyond the Issuer's control and beyond the control of any investors. In particular, loss rates on the Issuer's investments may increase due to factors such as (among other things) local real estate market conditions, prevailing interest rates, the rate of unemployment, the level of consumer confidence, the value of the U.S. dollar, energy prices, changes in consumer spending, the number of personal bankruptcies, disruptions in the credit markets and other factors. Price movements may also be influenced by, among other things, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and national and international political and economic events and policies. Loss rates may also increase due to certain natural disasters, such as fires, floods, hurricanes, tornados, tsunamis, or earthquakes, war, terrorist attacks, or other Acts of God.

Fluctuations in Interest Rates May Cause Investors to Suffer Loss of Yield on their Investment

If prevailing interest rates rise above the average interest rate being earned by the Issuer's investment, the investors may wish to liquidate their investment to take advantage of higher available returns but may be unable to do so due to restrictions on transfer and redemption.

Prepayment Will Extinguish or Limit the Ability to Earn Additional Returns on an Interest

Prepayment would occur if the JVco decides to pay some or all of the preferred equity investment earlier than originally scheduled. If the Issuer invests in fixed interest rate investments and interest rates rise, the value of such investments may decline. Moreover, to the extent that the investments may be prepaid without penalty or premium, the value of such investments may be negatively affected by increasing prepayments. Such prepayments tend to occur more frequently as interest rates decline. Upon a prepayment of the entire remaining unpaid notional principal amount of an investment, the investor will receive its share of such prepayment as a distribution, but further interest will not accrue after the date on which the distribution is made, and the investor's anticipated total investment return may thus decrease. In addition, the investor may not be able to find a similar rate of return on another investment at the time at which the Issuer's investment is prepaid.

Management Discretion with Respect to Investments is With the Manager and not Investors

The Manager will manage the Issuer's investment as it sees fit in its sole discretion, including relying on third-party servicers to undertake such management. The Manager may use certain strategies that may subject the investment to additional risks. Manager may, at its discretion, delay notification of or not notify investors of distressed or defaulting investments, unless the Manager determines that investors will probably lose some or all of their investment.

Information Supplied by Third Parties May be Inaccurate or Intentionally False

Third parties supply a variety of information regarding asset, property and other collateral valuations, market data, their experience, personal identifying information, use of proceeds, and other information. The Issuer makes an attempt to verify portions of this information, but as a practical matter, portions of the information may be incomplete, inaccurate or intentionally false. If a third party supplies false, misleading or inaccurate information, an investor may lose all or a portion of its investment in the Interests. An investor will not have any contractual or other relationship with any third party that would enable them to make any claim against such third party for fraud or breach of any representation or warranty in relation to any false, incomplete or misleading information supplied by such third party in relation to the Issuer's investment.

If Issuer is Required to Register under the Investment Company Act it could be Materially Adversely Affected

The Investment Company Act of 1940, as amended (the "Investment Company Act") contains substantive legal requirements that regulate the manner in which "investment companies" are permitted to conduct their business activities. The Issuer believes it has conducted, and will conduct, its business in a manner that does not result in being characterized as an investment company. If, however, the Issuer is deemed to be an investment company under the Investment Company Act, it may be required to institute burdensome compliance requirements and its activities may be restricted, which would materially adversely affect its business, financial condition and results of operations.

Failure of Third-Party Vendors to Meet Compliance Requirements Could Have an Adverse Effect on the Issuer

The Issuer either internally conducts or contracts out certain compliance services to meet regulations pertaining to "Know Your Customer", anti-money laundering and Rule 501 accredited investor compliance. The Issuer believes its internal procedures and vendors meet industry compliance standards. However, the SEC or other regulatory agencies could determine, for example, that the Issuer has failed to use "reasonable steps" for verification of accredited investor status. This determination could result in, among other things, penalties to the Issuer, a loss of some or all returns for certain investors, revocation of an investor's accredited investor status, loss of a valid exemption from registration under the Securities Act, delays in distributions to investors and cessation of Issuer's operations.

If Yieldstreet or the Manager Were to Enter Bankruptcy Proceedings, the Operation of the Platform and the Activities with Respect to the Investments and Interests Would be Interrupted

If Yieldstreet and/or the Manager were to enter bankruptcy proceedings or were to cease operations, the Issuer would be required to find other ways to meet obligations regarding its investments and the Interests. Such alternatives could result in delays in distributions on the Interests or could require the Issuer and/or investors to pay significant fees to another company to perform such services on its behalf.

The Issuer Relies on Third-Parties and FDIC-Insured Banks to Process Transactions

The Issuer relies on third-party and FDIC-insured depository institutions to process its transactions, including payments on investments and distributions to investors. If its third-party vendor and/or FDIC-insured bank that processes transactions, were no longer able to do so for any reason, the Issuer would be required to transition such services. In such event, the Issuer could experience significant delay in its ability to process payments timely and the investors' ability to receive distributions on the Interests will be delayed or impaired.

Security Breaches Could Materially Adversely Affect Issuer's Ability to Perform its Obligations

The platform operated by Yieldstreet ("Platform") may store investors' bank information and other personally-identifiable sensitive data. The Platform is compliant with payment card industry security standards and uses daily security monitoring services and intrusion detection services monitoring malicious behavior. However, any willful security breach or other unauthorized access could cause investors' secure information to be stolen and used for criminal purposes, and investors would be subject to increased risk of fraud or identity theft. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, the Platform and its third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. Certain security breaches could materially adversely affect the Issuer's ability to perform its obligations.

Any Significant Disruption in Service on the Platform or in its Computer Systems Could Materially and Adversely Affect the Issuer's Ability to Perform its Obligations

If a catastrophic event resulted in a Platform outage and physical data loss, the Issuer's ability to perform its obligations would be materially and adversely affected. The satisfactory performance, reliability, and availability of the Platform's technology and its underlying hosting services infrastructure are critical to the Issuer's operations and level of customer service. The Platform's hosting services infrastructure is provided by a third-party hosting provider (the "Hosting Provider"). The Platform also maintains a backup system at a separate location that is owned and operated by a third party. The Hosting Provider does not guarantee that users' access to the Platform website will be uninterrupted, error-free or secure. The Platform's operations depend on the Hosting Provider's ability to protect its and the Platform's systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or other attempts to harm the Issuer's systems, criminal acts and similar events. If the Platform's arrangement with the Hosting Provider is terminated, or there is a lapse of service or damage to its facilities, the Issuer could experience interruptions in its service as well as delays and additional expense in arranging new facilities. Any interruptions or delays in the Platform's service, whether as a result of an error by the Hosting Provider or other third-party error, the Issuer's error, natural disasters or security breaches, whether accidental or willful, could harm the Issuer's ability to perform any services with respect to its investment or maintain accurate accounts. The Issuer's disaster recovery plan has not been tested under actual disaster conditions, and there would be some delay in recovering data and services in the event of an outage at a facility operated by the Hosting Provider. In addition, there is no guarantee that all data would be recoverable. These factors could prevent and/or delay the Issuer from processing distributions on the Interests.

ERISA Risks

An investment in the Issuer involves certain risks specifically applicable to Keogh accounts, Individual Retirement Accounts and other tax-exempt investors. If a prospective investor is a trustee or other fiduciary of an Employee Benefit Plan or Other Benefit Arrangement, before purchasing Interests, they should consult with their own independent legal counsel to assure that the investment does not violate any of the applicable requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or the Internal Revenue Code of 1986, as amended (the "Code"), including, without limitation, the ERISA fiduciary rules and the prohibited transaction requirements of ERISA and the Code.

Fraudulent Misrepresentations or Behavior by the Property-Owning Entity or the Issuer's Partners Could Negatively Affect the Value of the Property

The Issuer could be adversely affected by material misrepresentations or omissions on the part of a property-owning entity or by fraudulent behavior by a joint venture partner, manager or other service provider. Inaccuracies or incompleteness of representations may adversely affect the valuation of property underlying the investment. The Issuer will rely upon the accuracy and completeness of representations made by the property-owning entity, other counterparties, joint venture partners, managers and other service providers and cannot guarantee that it will detect occurrences of fraud. In addition, under certain circumstances, payments by JVco to the Issuer may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential distribution.

<u>RISK FACTORS ASSOCIATED WITH REAL ESTATE GENERALLY AND THIS TRANSACTION</u>

General risks of preferred equity real estate investing

The nature of preferred equity financing is that the preferred equity investor will not have any lien on the property itself, but rather a contractual right to take over the sponsor's control rights in the property-owning entity (the "PropCo") in certain circumstances. The preferred equity is thus in a position effectively subordinate to any primary loan on the property or other indebtedness of the PropCo. This means that any such lender will have the right to receive full repayment of its principal and interest prior to the Issuer's receipt of any payments or proceeds in respect of its preferred equity investment.

The preferred equity interest of the Issuer in the JVco will typically not participate in any appreciation of the property's value. In addition, although there is a defined maturity date for the preferred equity investment in the JVco, there can be no assurance that the investment will be liquidated at or promptly after such maturity date.

Changes in value and cash flows of the underlying properties

The value of real property and its ability to generate cash flow is subject to volatility and may be adversely affected by many factors, including, without limitation: changes in national, regional or local economic conditions; changes in the supply and demand factors for the real property; rising interest rates; changing environmental regulations; unknown or unanticipated environmental related liabilities; costs associated with the need to periodically repair, renovate and re-lease space; withdrawal of tenants and difficulty of replacing tenants; bankruptcies, financial difficulties or lease defaults by tenants; adverse use of adjacent neighboring real estate; changes in the demand for or supply of competing property; uninsured losses; inability of the borrower to obtain any required permits or entitlements for a reasonable cost or on reasonable conditions or within a reasonable time frame or at all; inability of the borrower to obtain the services of appropriate consultants at a reasonable cost; changes in legal requirements for any needed permits or entitlements; the willingness and ability of the property's owner to provide capable management and adequate maintenance; changes or continued weakness in specific industry segments, convenience, services and attractiveness of the property; changes in government rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws; retroactive changes to building or similar codes; increases in construction costs; lack of adequate availability of liability insurance or all-risk or other types of required insurance at a commercially reasonable price; shortages in available energy; acts of God or other calamities; and other factors beyond the control of the Issuer or the Manager.

The ability of JVco to repay principal and interest in respect of the Issuer's preferred equity investment will be additionally subject to the risks and other factors generally incident to the ownership of real property, including such things as the effects of inflation or deflation; inability to control future operating costs; vandalism; uncertainty of cash flow; the availability and costs of borrowed funds; exposure to non-recourse carve-out guaranty obligations; the ultimate valuation of the property, whether determined at foreclosure or otherwise; competition from other property; residential patterns and uses; the general suitability of a property to its market area; and other factors beyond the control of the Issuer or the Manager.

Adverse changes in the factors above could affect the ability of the JVco to repay principal and interest in respect of the Issuer's preferred equity investment. Certain expenditures associated with real estate investments, principally mortgage payments, real estate taxes and some maintenance costs, generally remain constant despite a decrease in income derived from such investments. Thus, the cost of operating a given property may exceed the income earned therefrom. The ability of the JVco to repay principal and interest in respect of the Issuer's preferred equity investment in a timely manner will depend on factors such as these. The ability of the JVco to repay principal and interest in respect of the Issuer's preferred equity investment, and therefore the inability of the JVco to make repay principal and interest in respect of the Issuer's preferred equity investment either timely or at all, will have a material adverse effect on the Interests.

Furthermore, a decline in the value of the property or loss of liquidity in the capital markets could negatively impact the PropCo's ability to refinance the senior loan or sell the property. It is common for loans secured by real estate loans to be repaid through a refinance by another lender. A decrease in the value of the property would negatively impact the PropCo's ability to obtain refinancing of the senior loan, which could have a material adverse effect on the Interests. Furthermore, if the sale of the property is required to repay the senior loan, a decrease in the value of the property to the extent that the underlying senior loan exceeds the value of the property would result in the sale of the property failing to generate sufficient proceeds to repay the underlying senior loan, which would have a material adverse effect on the Interests.

The success of the real estate project investment is dependent on the performance of the PropCo and other third parties over which the Issuer has no control

With respect to the property, either the PropCo (or a third-party real estate management company affiliated with or engaged by the PropCo) is responsible for various management functions that are essential to the success of a real estate project, including property marketing and leasing rates, payment of bills, maintenance of insurance, and property management generally. Poor management on the part of the real estate company could adversely affect the financial performance of the project investment or expose it to unanticipated operating risk, which could reduce the property's cash flow and adversely affect the JVco's ability to repay principal and interest in respect of the Issuer's preferred equity investment, which could have a material adverse effect on the Interests.

This risk also pertains to construction of, or renovations to, the real estate. Real estate construction brings with it the risk of cost overrun and time delays. Construction projects are also contingent on correct zoning, various approvals, and regulation. These situations may require additional capital or delay the completion of the project and impair the JVco's ability to repay principal and interest in respect of the Issuer's preferred equity investment, which could have a material adverse effect on the Interests.

Construction and rehabilitation projects carry particular risks

Construction and rehabilitation projects involve a number of particular risks, involving, among other things, the timeliness of the project's completion, the integrity of appraisal values, whether or not the completed property can be sold for the amount anticipated, unanticipated extra construction costs, and the length of ultimate sale process. Unanticipated extra construction costs may be caused by inaccurate budgets, increases in materials or transportation expenses, material or labor shortages, substandard work performed by a property owner's employees or subcontractors that must be redone to satisfy contract performance conditions or to meet local building codes, increased interest expense, or delays caused by inclement weather. Projects that rehabilitate or extensively modify existing buildings can be exceptionally vulnerable to overruns because costs in these cases are more difficult to project. If construction work is not completed (due to contractor abandonment, unsatisfactory work performance, or various other factors) and available construction loan funds have already been expended, then the PropCo or JVco may have to invest significant additional funds to complete the construction work. Default risks also exist where it takes a property owner longer than anticipated either to construct or then resell the property, or if a property owner does not receive sufficient proceeds from the sale to repay its corresponding construction loan in full.

In addition, there are potential operational risks inherent in construction investments. An investor needs effective systems for monitoring property performance and the progress of construction. Ineffective systems can introduce significant operational risks which could have a material adverse effect on the Interests.

Insurance against risks faced by the properties could become costlier or unavailable altogether, and there is no requirement for the PropCo to self-insure the property

Real estate properties are typically insured against risk of fire damage and other typically insured property casualties, but are sometimes not covered by severe weather or natural disaster events such as landslides, earthquakes, or floods. Changes in the conditions affecting the economic environment in which insurance companies do business could affect the PropCo's ability to continue insuring the properties at a reasonable cost or could result in insurance being unavailable altogether. Moreover, any hazard losses not then covered by the PropCo's insurance policy could result in the real estate losing significant value which could have a material adverse effect on the Interests.

The property valuation models used by the Manager in determining whether the Issuer should make a preferred equity investment in the JVco may be deficient and may increase risk of default

Real estate valuation is an inherently inexact process and depends on numerous factors, all of which are subject to change. Appraisals or opinions of value may prove to be insufficiently supported, and the Manager's review of the value of the underlying property in determining whether the Issuer should make a preferred equity investment in the JVco and the value of the underlying property may be based on information that is incorrect or opinions that are overly optimistic. The risk of default in such situations is increased, and the risk of loss to investors in the Interests will be commensurately greater.

Liability for environmental issues

Under various federal, state and local environmental and public health laws, regulations and ordinances, the PropCo or other property-owning entity may be required, regardless of knowledge or responsibility, to investigate and remediate the effects of hazardous or toxic substances or petroleum product releases (including in some cases natural substances such as methane or radon gas) and may be held liable under these laws or common law to a governmental entity or to third parties for property, personal injury or natural resources damages and for investigation and remediation costs incurred as a result of the real or suspected presence of these substances in soil or groundwater beneath a property. These damages and costs may be substantial and may exceed insurance coverage the PropCo has for such events. The Manager will attempt to limit exposure to such conditions by conducting due diligence on the properties prior to advising the Issuer to make a preferred equity investment in the JVco, however, all or some of these conditions may not be discovered or occur until after the investment has been funded.

Bankruptcy of the PropCo will adversely affect the Interests

If the PropCo enters bankruptcy, the Issuer will not be deemed to be a creditor of the bankruptcy estate. A creditor, be it secured or unsecured, has certain rights in a bankruptcy proceeding (including sharing the proceeds of the estate based on priority), and as a result the Issuer will not have these rights. In addition, the automatic stay over the PropCo's assets will prevent any lender from foreclosing on borrower assets unless relief from the stay can be obtained, which will result in delay in the sale of the underlying property. Significant legal fees and costs may be incurred in in connection with a bankruptcy. As a result, a bankruptcy of the PropCo would adversely affect the JVco's ability to repay principal and interest in respect of the Issuer's preferred equity investment.

Investing in preferred equity involves greater risks of loss than senior loans relating to the same properties

Investments in preferred equity carry a higher degree of risk of loss than senior secured debt investments because in the event of default and foreclosure, holders of senior liens will be paid in full before preferred equity investors and, depending on the value of the underlying property, there may not be sufficient assets to pay all or any part of amounts owed to preferred equity investors. Moreover, preferred equity investments may have higher loan-to-value ratios than conventional senior lien financing, resulting in less equity in the property and increasing the risk of loss of principal.

A tenant's default in performing lease obligations, or the tenant's bankruptcy, could adversely affect cash flow from the property and materially adversely affect investors in the Interests

In the event that a tenant defaults in performing its lease obligations or there is an early termination of a lease by a bankrupt tenant and the tenant is not promptly replaced, this will have a materially adverse effect on the property's operating cash flow, which could materially adversely affect the Interests. In the event such tenant is not promptly replaced, such early termination may also result in unanticipated expenses to re-let the premises, in which case the servicer and other interested parties may incur legal costs and other costs that would not likely be recouped and could reduce the amount of interest and/or principal payable to the investors in the Interests.

Although the Issuer has the right to replace the Sponsor as manager of JVco in certain circumstances, this right is conditioned on the Issuer obtaining releases of Sponsor's liabilities to the senior lender or indemnities of such liabilities

Upon the occurrence of (i) certain bad acts of the Sponsor, (ii) acceleration of the senior loan as a result of an Event of Default thereunder or (iii) the failure of JVco to repay interest and principal on the Issuer's investment, among other things, the Issuer has the right to remove the Sponsor as manager of JVco and appoint itself or an affiliate as manager. As a condition to the Sponsor's removal, the Issuer is required to obtain releases of the Sponsor's potential liabilities owing to the senior lender after the date of its removal, or, if it is unable to obtain such releases, to obtain indemnities of such liabilities from credit-worthy affiliates of the Issuer or credit-worthy affiliates of a qualified developer. The practical effect of such requirement is that the Issuer may not be able to step into the shoes of the Sponsor without first engaging a qualified developer to manage the project. If the Issuer is unable to engage such a qualified developer, the Issuer will be unable to remove the Sponsor as manager and the Sponsor will continue to manage the JVco, which might adversely affect the ability of JVco to repay principal and interest in respect of the Issuer's preferred equity investment.

Investors may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, which may have a material effect on global financial markets.

The Investors may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Company, the Manager, any Sponsor, Originator, third-party partner or any guarantor or other obligor operates or participates (or has a material effect on locations in which the any of the foregoing entities operate or participate) the risks of loss can be substantial and this will have a material adverse effect on the yield of the Investment.

The Investment may be subject to risks arising from a novel strain of coronavirus (known as COVID-19), which has had a material effect on global financial markets and has caused a disruption of manufacturing supply chains and local and global economies.

In December 2019, COVID-19 surfaced in Wuhan, China, which has resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the world. These closures have caused the disruption of manufacturing supply chains and local and global economies, the duration of which remains uncertain. As of August 2020, COVID-19 has spread across the world, which has resulted in additional market disruptions. The extent to which COVID-19 may negatively affect the operations or performance of the Company, the Manager, any Sponsor, Originator, third-party partner or any guarantor or other obligor is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain COVID-19 or treat its impact. These potential impacts, while uncertain, could have a material adverse effect on the yield of the Investment or ability of the Issuer to repay Investors.