

CASE STUDY:

Investing Like Your Peers

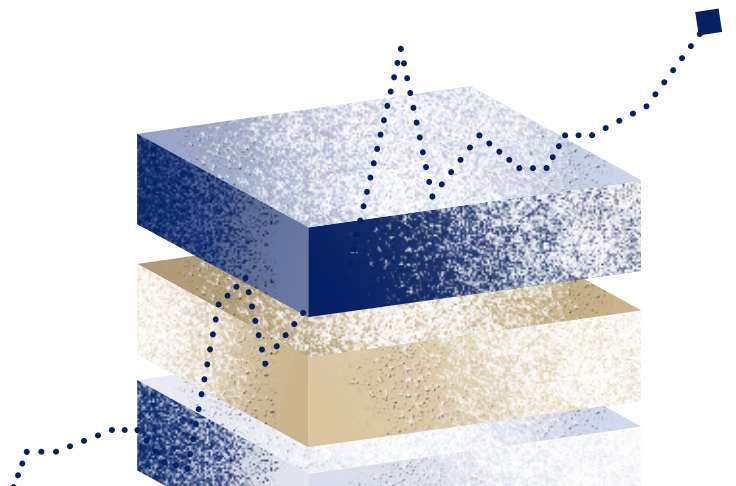


You have made the decision to invest in private-market real estate.

We believe this is a sound choice for any investor looking to diversify beyond stocks and bonds. Private-market CRE offers a wide range of choices. The risk/return profile of any CRE investment opportunity depends on a number of factors:

- **The structure of the investment** and where your investment sits in the capital stack.
- **The “strategy” of the investment**, and the sponsor’s business plan: e.g. core-plus, light value-add, or ground-up development.
- **More idiosyncratic factors** like the submarket and use of leverage.

While each investment decision should be made carefully, our general guidance is to diversify broadly across these parameters. That said, **the composition of your real estate portfolio may be tailored to your specific investing characteristics**, such as the phase of your investing journey, what your non-real estate portfolio looks like, and your general risk tolerance. Looking at our data, we see some definite patterns emerge across our investing base. **This case study summarizes these patterns**, and may be instructive as you build your real estate portfolio with EquityMultiple.



Aligning Age and Risk Tolerance to Our Investment Pillars

EquityMultiple's investments are organized into 'pillars' to help investors align their real estate portfolio with their overall investing mindset and strategy. To recap:

Keep

The Alpine Note is a flexible cash management tool that can provide compelling returns, and the option to redeploy capital into other real estate investments.

Earn

Investments offering a fixed, contractual rate of return. Debt, subordinate debt, or preferred equity. (This includes the Ascent Income Fund, a diversified private REIT that targets first lien CRE debt.)

Grow

LP equity investments designed to offer more upside opportunity.

Generally, these three pillars span the "risk/return" spectrum: **Keep** offers the shortest terms and first loss protection, with 100% of Alpine Note payments made to date. **Grow** investments offer the greatest return potential, but also generally the highest degree of risk factors. **Earn** investments lie in between in terms of risk and return potential.

How should you allocate between **Keep**, **Earn**, and **Grow**? Each investor's situation is unique, **but you may find it instructive to see the portfolio allocation of other investors by age group and risk tolerance.**

Age is an important factor in allocation choices. Zoomed out to the whole portfolio, most investors will opt to allocate more to higher-risk, higher-upside assets earlier in their career, when they have more years to absorb any major fluctuations. Older investors typically allocate a higher proportion to more fixed-income and defensive assets. This shows up in “100 minus your age” rule. The same may apply to private-market real estate investments; younger investors may opt to take on more **Grow** investments, while older investors and those in retirement may gravitate toward more **Earn** and **Keep** investments.

Other factors come into play within the CRE asset class, however. While younger investors may gravitate toward the **Grow** pillar, lower net-worth investors, or those with less experience evaluating real estate investments, may still choose to prioritize **Earn** or **Keep** investments, which are more liquid and offer more downside protections.

Looking at age alone within EquityMultiple data, the following portfolio constructs emerge, on average. When consolidated to 10-year groupings, a clear pattern emerges: lower percentages allocated to **Grow** for each successive age cohort. (The median investor age is 49.)

Age Group	Avg. Invested vs. Median	% Earn	% Grow	% Keep
20–24	0.51x	0%	100%	0%
25–29	3.16x	20%	20%	59%
30–34	0.56x	24%	56%	19%
35–39	0.74x	15%	60%	25%
40–44	0.88x	24%	51%	25%
45–49	1.00x	20%	54%	26%
50–54	1.14x	19%	49%	32%
55–59	1.29x	27%	46%	27%
60–64	1.52x	25%	45%	29%
65–69	1.36x	26%	51%	23%
70–74	1.33x	32%	42%	26%
75–79	1.31x	28%	38%	33%
80–84	0.93x	51%	30%	19%
85–89	1.61x	25%	65%	10%
90–94	1.21x	19%	19%	61%

Age Group	10 Year Groupings		
	% Earn	% Grow	% Keep
30-39	16%	59%	24%
40-49	22%	53%	26%
50-59	23%	48%	29%
60-69	25%	47%	27%

How about risk tolerance? Again, the data shows a somewhat predictable breakdown across the three ‘pillars’ of EquityMultiple’s investment offerings. Investors with a high risk tolerance allocate most to the **Grow** pillar; a substantial 27 points higher than low-risk tolerance investors as a percentage of their total EquityMultiple allocation.

Low-risk tolerance investors, on the other hand, allocated by far the highest percentage to **Keep** investments.

	Earn	Grow	Keep
High	21%	54%	25%
Low	24%	24%	52%
Moderate	22%	51%	27%

Aligning to Risk Tolerance with Investment Strategy

Let’s take a closer look at the breakdown across “investment strategies” — the type of business plan the sponsor for each investment is pursuing, from “**core**” at the least risky end of the spectrum, and “**opportunistic**” at the highest potential upside end of the spectrum.

	Core	Core-Plus	Opportunistic	Value-Add
High	12%	7%	7%	46%
Low	7%	3%	3%	34%
Moderate	12%	7%	7%	43%

Again, the results hold up. “Value-add” is the largest percentage of all EquityMultiple offerings, partly accounting for the high percentage allocated to that strategy among all risk tolerances.

Both “strategy” and “pillar” are important factors in the risk/return profile of a given investment. In the near future, we will be releasing a composite “risk rating” framework to help investors more fully align their real estate allocation to their strategy and phase of their investing journey.

You may well see a blueprint for yourself in these breakdowns. Keep in mind that, no matter the investment, **be sure to understand all the risk factors and get comfortable with the thesis and return potential.** EquityMultiple’s Investor Relations Team is standing by to answer questions.





If you have any questions, or would like to discuss your asset allocation strategy within EquityMultiple, please don't hesitate to reach out to Investor Relations at ir@equitymultiple.com, or [schedule some time](#) to speak with the team.



Hypothetical Returns: This material describes hypothetical net returns that may be earned by an investor in this offering for illustrative purposes only. These returns have not been achieved by any investor. In certain cases, the described returns are a function of the contractual interest rate or preferred return associated with the investment. In other cases, the forecasted net IRR or equity multiple is a hypothetical return derived from assumptions regarding the future operating performance of the property. The assumptions involved in such forecasting include growth of market rental rates in the market, achievable market rental rates based on current and future property conditions, growth rate in property operating expenses and prevailing cap rates upon future sales of the property. These assumptions are derived from comparable properties, market reports, broker opinions, industry underwriting conventions and prior Sponsor/Borrower experience. While EquityMultiple believes that these assumptions are reasonable, due to various risks and uncertainties, actual events or results or the actual performance can differ materially from those reflected or contemplated.

These investments have a high degree of risk, and there can be no assurances that any of the assumptions will be true or that the investment's actual performance will bear any relation to these hypothetical illustrations. The particular assumptions used to evaluate the return potential of this investment should be reviewed prior to investment. To access them click the "View Offering" button above in this email and download the Financial Overview available on that page.

Hypothetical performance is subject to inherent limitations, is prepared with the benefit of hindsight, and should not be relied upon in making an investment decision. Additional information regarding the projected performance metrics presented herein is available upon request.