The EquityKey Home Appreciation Rights Agreement
Moving Beyond Debt Finance in Residential Real Estate
Homeowners can sell 30%-75% of future property appreciation.

The EK Agreement is tied to a particular property, secured with a lien on title and has a minimum 7-10 year term.

Appreciation is measured using the S&P Case-Shiller Index.

EK realizes appreciation when the homeowner sells or transfers title.

EK only generates profit on its investment if home prices go up. If prices stay the same, or are lower, EK will make zero profit.
The Benefits of EquityKey

- Home ownership has typically been an “all-in” bet, demanding high degrees of debt leverage.

- Homeowners, using the EquityKey Agreement, can transfer some of the investment interest in their home to an investor, in exchange for tax-deferred cash.

- The patented “EquityKey Rights Agreement” is not a loan. No principal, interest or interim payments are due.

- EquityKey allows homeowners to “unbundle” the utility interest and the investment interest in their properties.

- Allows homeowners to fractionally enter/exit ownership as opposed to “all-or-nothing”
The Market for EquityKey

EquityKey brings equity capital to the residential home finance market.

Potential Sellers
- Significant market (62% of consumer assets)
- Currently limited to loans
- No ability to obtain funds using growth potential of home equity

Potential Buyers
- Large institutional investors (Pension, endowment etc.)
- Unlike lenders, willing to invest and hold without receiving periodic payments
- Difficult to obtain investment exposure to single family homes

EquityKey Target Market
- Homeowner who plans to stay in home for 5+ years
- Does not want interest or principal payments
- Desires market downside protection
- Hesitant to pledge the equity for debt, but willing to give up a portion of potential future gains
Homeowner Uses

• Reduce debt
  » Reduce debt service and improve cash flow
  » Improve Loan-to-Value ratio offering greater access to preferential mortgage loan rates

• Finance Property Improvements

• Financial Planning
  » Health Insurance
  » Education
  » Charitable Giving Goals

• Retirement and Estate Planning
  » Income Annuity for Living Expenses
  » Retirement Community or Long Term Care Program
  » Tax efficient wealth transfer
An Avenue for Capital Markets

- Single-family detached homes do not have the institutional investment base that commercial and multi-family have:
  - Difficult to achieve economies of scale in acquisitions and operations

- EquityKey provides a transparent investment:
  - SFD Real Estate has historically produced single digit average annual returns w/low volatility
  - Provides long term, mean reverting asset that historically, like all real assets, correlates with inflation