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The EquityKey Home Appreciation Rights Agreement Moving Beyond Debt Finance in Residential Real Estate

EquityKey Rights Agreement: Share of Appreciation

- 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





www.equitykey.com