

RCN  CAPITAL

C J PATRICK COMPANY

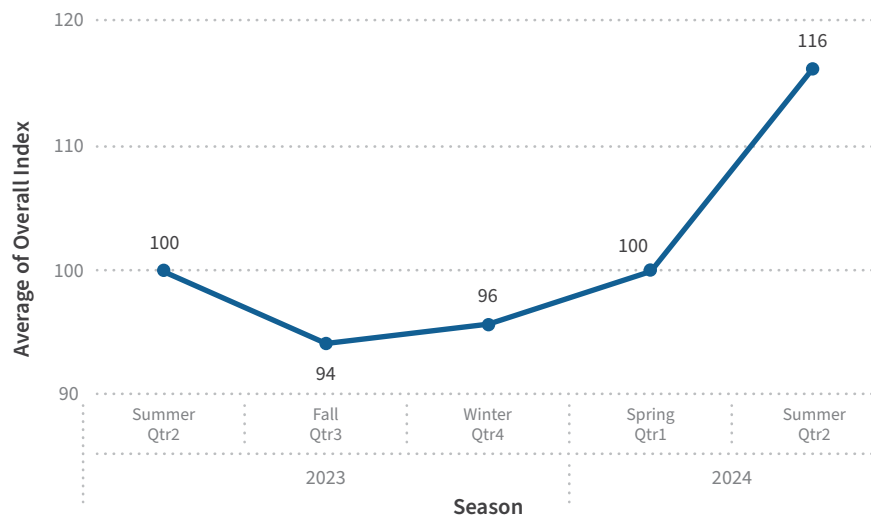
Investor Sentiment Index (ISI)

The RCN Capital/CJ Patrick Investor Sentiment Index (ISI) was designed to track the pulse of real estate investors across the country and gauge market outlook. The ISI is based on a quarterly survey of residential real estate investors and focuses on their responses to four specific questions:

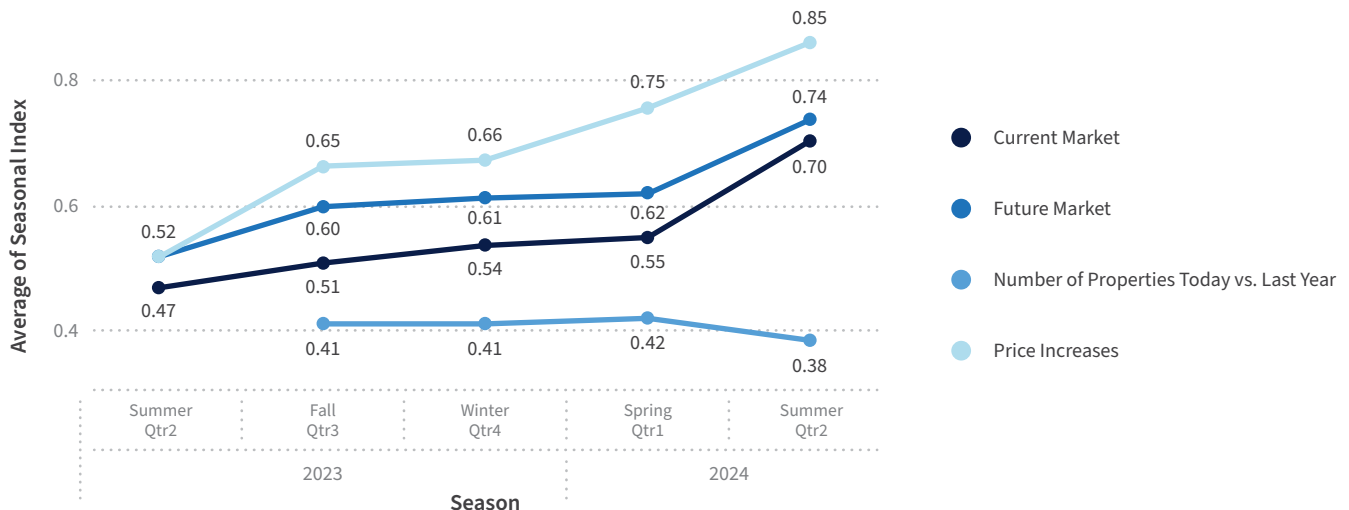
- **Current Market Outlook** - How does the environment for residential real estate investing compare to one year ago?
- **Future Market Outlook** - What's your outlook for residential real estate investing over the next 6 months compared to today?
- **Expected Home Price Increases** - What do you expect home prices to do over the next 6 months?
- **Number of Properties Compared to Past 12 Months** - How does the number of properties you plan to invest in over the next 12 months compare to the number of properties you've invested in over the past 12 months?

Each quarter, the ISI depicts the overall sentiment of residential real estate investors toward industry conditions starting with a baseline scale of 100. The initial baseline value of 100 was established from the results of the Summer 2023 Investor Sentiment Survey, serving as our reference point when we began the survey. A higher reading (>100) is an indication that the majority of residential real estate investors are confident about the current and near-term outlook for residential real estate investing. Lower readings (<100) signify less optimism among residential real estate investors.

Average of Overall Index by Year, Period and Season



Average of Seasonal Index by Year, Period, Season and Market



The ISI is a weighted average of four of the components of the quarterly Investor Sentiment Survey: current market outlook, future market outlook over the next 6 months, expected home price increases over the next 6 months, and number of investment property purchases compared to the past 12 months.

Survey respondents, who are residential real estate investors, rate the first two on a scale of “better”, “same”, or “worse”, the third on a scale of “increase”, “remain flat”, or “decline”, and the last on a scale of “more”, “same”, or “less”.

• **The index is calculated for each season by applying these formulas:**

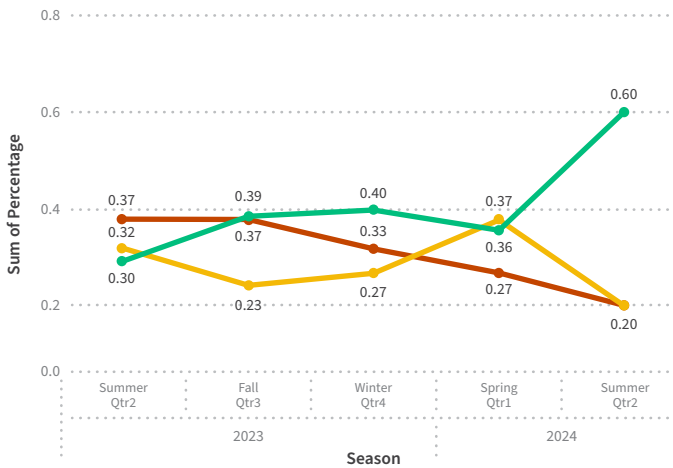
- Current Market Outlook - $“(Better - Worse + 1)/2”$
- Future Market Outlook - $“(Better - Worse + 1)/2”$
- Expected Home Price Increases - $“(Increase - Decline + 1)/2”$.
- Number of Properties Compared to Past 12 Months - $“(More - Less + 1)/2”$

• **Subsequently, each resulting index is weighted according to the following percentages to derive the Overall Index for each season:**

- Current Market Outlook - 40%
- Future Market Outlook - 25%
- Expected Home Price Increases - 10%
- Number of Properties Compared to Past 12 Months - 25%

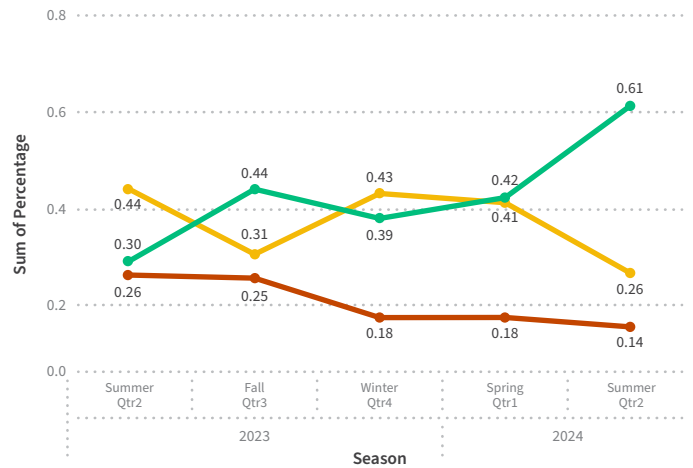
Current Market Sentiment Over Time

Sentiment ● Worse ● Same ● Better



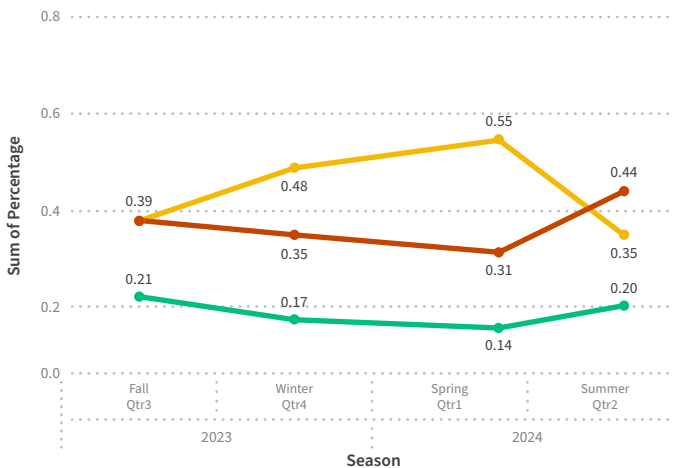
Future Market Sentiment Over Time

Sentiment ● Worse ● Same ● Better



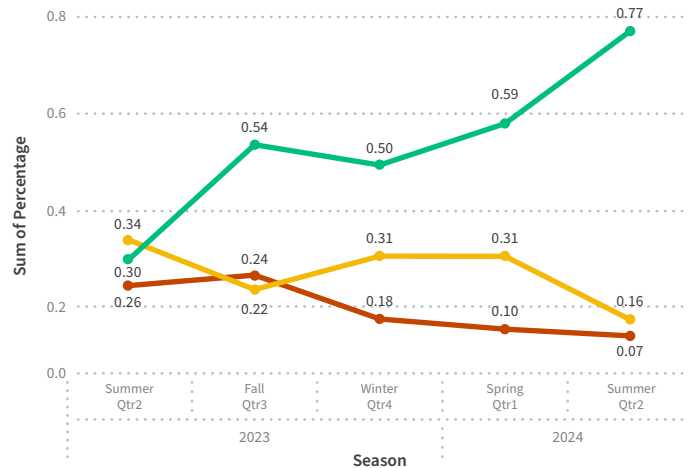
Number of Properties Today vs. Last Year

Sentiment ● 1-More ● 2-Same ● 3-Less



Price Increases

Sentiment ● Increase ● Flat ● Decline



The index was created this way to make it relatively easy to interpret and easily show market sentiment over time. In particular, the Overall index:

- Lies on a scale of +/- 100
- Is <100 only when respondents say sentiment is less optimistic
- Is >100 only when respondents say sentiment is more optimistic

The survey respondents represent residential real estate investors with diversified investing strategies from all over the United States. The survey is conducted quarterly with varying participants to ensure optimal response rates and balanced participation from residential real estate investors from across the country.

