

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SHARESTATES INVESTMENTS, LLC
LIMITED RECOURSE PROMISSORY NOTES

June 22, 2023

This is a private offering of Limited Recourse Promissory Notes issued by a series of Sharestates Investments, LLC, a Delaware series limited liability company (“Sharestates” or “we,” “us,” “our,” or words to similar effect). We are making a private offering to sell to accredited investors (each, an “Investor,” “Noteholder” or “you”) certain promissory notes of Sharestates. We refer to our Limited Recourse Promissory Notes as the “Notes.” We will issue the Notes in series. Each series will use the proceeds of the Notes to fund, originate, and sell loans facilitated through our platform to one or more underlying borrowers for the purpose of financing real estate projects (each, a “Real Estate Loan”) or, in the discretion of the issuing series, to make payments on or redeem outstanding notes. Following the origination of a Real Estate Loan, it is anticipated the Real Estate Loan will be sold from the issuing series to an investor (such transaction, a “Real Estate Loan Acquisition”). Proceeds of Real Estate Loan Acquisitions will be applied (i) prior to the maturity date of the Note, in the sole discretion of Sharestates, to fund and originate additional Real Estate Loans, or (ii) upon the maturity date of the Note, to repay any outstanding principal and unpaid interest in accordance with the Note.

The Notes are limited recourse obligations of the issuing series of Sharestates, and investors have recourse only to the assets of the issuing series for payment on the Notes. The Notes are not a general obligation of Sharestates, Sharestates, Inc., a Delaware corporation and an affiliate of Sharestates (the “Parent”), any of their affiliates, or any other series of Sharestates, and payment on the Notes is dependent upon the issuing series generating sufficient cash flow from the funding, origination, and sale of Real Estate Loans or, if Real Estate Loans are not sold as anticipated, upon the issuing series receiving payment from the underlying borrowers of the Real Estate Loans held by the series, or upon the issuance by Sharestates, in its sole discretion, of subsequent notes to make payments on the outstanding Notes.

In this memorandum, we may refer to the Real Estate Loans as “member loans,” and we may refer to the loans funded and originated with the proceeds we receive from a particular series of Notes as the “corresponding project loans” for the series.

The Notes are being offered through the online investment platform www.Sharestates.com (the “Platform” or “Sharestates Website”). Important terms of the Platform include the following, each of which is described in detail in this memorandum and the Subscription Agreement:

- Any funds deposited on the Platform may not be available for immediate withdrawal. If you wish to withdraw any funds deposited on the Platform, you must provide at least ninety (90) days’ notice to Sharestates. Sharestates may, in its sole discretion, temporarily suspend the processing of all withdrawal requests received from investors in order to maintain any liquidity needs.
- Please note that while your funds remain uninvested in Notes on the Platform, Sharestates may, at its sole discretion, use such funds to fund or prefund additional loans, prior to the

receipt of a timely withdrawal request. You will not earn any interest for any or all amounts of uninvested funds used by Sharestates for the purposes described in the preceding sentence.

Important terms of the Notes include the following, each of which is described in detail in this memorandum or in the corresponding series note listing:

- This offering is highly speculative and the Notes involve a high degree of risk. Investing in the Notes should be considered only by persons who can afford the loss of their entire investment. See “Risk Factors”.
- Our obligation to make payments on a Note will be limited to an amount equal to the investor’s pro rata share of amounts we receive with respect to the corresponding project loan for that Note, net of our service charges, reimbursement of expenses, including servicing fees and legal expenses, and advances made by Sharestates in its sole discretion, and as further described in this memorandum.
- We do not guarantee payment of the Notes or the corresponding project loans, and the Notes are not obligations of our borrower members.
- The Notes will have a stated, fixed interest rate or profit sharing rate, which will be the rate for the corresponding project loan net of any servicing fees.
- The Notes will have the initial maturities and final maturities as set forth in the series note listings, and are redeemable at any time in the sole discretion of Sharestates.

Sharestates will issue the Notes on an ongoing basis, and will issue the Notes in series, through the Platform, which is owned and operated by the Parent. Each Note will be issued under and pursuant to the terms and conditions of an Indenture Agreement, as amended, restated, supplemented or otherwise modified from time to time (the “Indenture”) by and between Sharestates and Delaware Trust Company (the “Trustee”). The Indenture will be made available to an investor upon written request to Sharestates. Each series will correspond to the funding and origination of one or more real estate loans (the “project investments”) (i) that are made by Sharestates to, (ii) that is purchased by Sharestates from, or (iii) in which Sharestates participates alongside, a real estate company (or an individual operating a real estate business) (a “real estate company”). These investments in real estate may take the form of (i) common equity (“project equity” with a fixed profit/loss sharing), (ii) preferred equity (“project mezzanine equity”), (iii) a loan that has a first priority right of payment to other indebtedness (a “senior loan”), or (iv) a loan that is subordinate in right of payment to other indebtedness (a “mezzanine loan” and, together with a senior loan, each individually constituting a “project loan”). We expect each senior loan, and certain mezzanine loans, to be secured by a deed of trust, mortgage, security agreement, or legal title to the underlying real estate. The loans will be serviced by Investors Loan Servicing, LLC, a Delaware limited liability company and an affiliate of Sharestates (“Investors Loan Servicing”). The Trustee shall have no duty to ensure that any project investment described herein is properly secured and has no duty to investigate whether the Company has properly obtained title to any project investment or any security interest in the project investments. In this prospectus, we refer to project mezzanine equity and project loans collectively as “project investments,” and we refer to the project investments related to a particular series of Notes as the “corresponding project investments,” “corresponding project loans,” or “corresponding project mezzanine equity,” as applicable, for the series of Notes.

Each time we offer a series of Notes we may prepare a disclosure supplement (which will be posted to the Sharestates Website) with information about the applicable series of Notes and the corresponding project investments for that series, as such information becomes known, which we refer to as a “Series Note Listing.” Each Series Note Listing provides information about the series corresponding project investments funded and originated by the issuing series, as well as other applicable or relevant information relating to the series of Notes then being offered for sale on the Sharestates Website.

Important terms of the Notes include the following, each of which is described in detail in this private placement memorandum:

- Our obligation to make payments on a Note will be limited to an amount equal to the Investor’s pro rata share, net of any fees, legal expenses, charges or other reimbursements payable to Sharestates or its affiliates, of amounts we receive from the following sources:
 - (i) cash proceeds from a Real Estate Loan Acquisition;
 - (ii) payments received from the underlying borrowers of any Real Estate Loans originated, funded, and held by the issuing series prior to the sale of such Real Estate Loans; and
 - (iii) proceeds of subsequent notes issued by Sharestates, in its sole discretion.

Other than the above sources of payment and the assets of the issuing series, investors will have no recourse against the issuing series, Sharestates, any other series thereof, the Parent, or any of their affiliates. In each case payments to investors will be net of any applicable fees, reimbursement of expenses, including servicing fees and legal expenses, and advances made by Sharestates in its sole discretion, as further described in this memorandum. We do not guarantee payment of the Notes, sale of the Real Estate Loans, or any payments by borrowers on the Real Estate Loans or corresponding project investments, and the Notes are not obligations of any real estate company.

- The Notes will be special, limited obligations of the issuing series of Sharestates only, issued in accordance with the Indenture, and are not obligations of Sharestates in general or the real estate companies under the corresponding project investments.
- The Notes will be unsecured obligations of Sharestates, and Investors will have limited recourse against Sharestates and then only against the series issuing the Investor’s Note; Investors will not have any security interest in any of Sharestates’ assets, including (without limitation) the Real Estate Loans, the project investment, or any other series of Sharestates, nor will the Notes be secured by any assets of the real estate company. We expect each senior loan, and certain mezzanine loans, to be secured by a deed of trust, mortgage, security agreement, or legal title to the underlying real estate. In the event of a default on the project investment, any recovery by Sharestates under that security interest will be shared with Investors pro rata through the maturity date, net of any applicable fees and charges.

- The Notes will have a stated, fixed, interest rate, profit/loss sharing rate, or combination thereof, which will be the rate or projected rate for the corresponding project investment minus any “spread” and other expenses as outlined in this prospectus. Projected gross annual return rates will range from 8.00-11.00%. The rates are based on a formula described in this prospectus.
- Each series of Notes will have its own set of terms. Generally, each Note will bear interest from the earlier of (i) the date proceeds of the Note are invested in a project investment, or (ii) five (5) days after the date we have received all funding commitments for the Note and funding for the Note is fully subscribed. Different series of Notes will have different interest rates and have different terms to maturity, depending on the corresponding project investment.
- The initial maturity date of the Note may be extended under certain circumstances. If the issuing series of Sharestates has inadequate cash flow to repay the Notes on the initial maturity date, the initial maturity date will be extended by ninety (90) days. During this ninety (90) day period, the Notes will continue to accrue interest and any cash flow generated by the issuing series will be applied to make payments on the Notes; however, holders of the Notes will have no remedies or recourse against the issuing series, Sharestates, or any of its affiliates, and no event of default will be deemed to have occurred as a result of the ninety (90) day extension.
- Investors must consult the applicable Series Note Listing in respect of each Note, a copy of which will be posted online, to review and evaluate the specific terms and conditions associated with any particular Note.
- All Notes will be issued in electronic form only and are restricted securities; thus, they are generally not transferable and are subject to the legal restrictions governing private offerings generally. Accordingly, no public market for the Notes is likely to develop. Investors must be prepared, therefore, to hold their Notes to maturity. Further information regarding restrictions on transfers is provided herein.
- To the extent we are unable to sell the Real Estate Loans or collect payments under a project investment, unless the issuing series receives proceeds from subsequently issued notes, we may not have sufficient cash flow to make payments under the Notes.
- When you commit to purchase a Note, the Note may not be issued until up to 45 days after we have received all funding commitments for the Note and funding for the Note is fully subscribed. From the time when you make your purchase commitment to the time that your funds are invested in the Note, the funds you have committed toward the purchase of your Notes will not be available for investment in other Notes or for withdrawal from your account. Because your funds do not earn interest until the issuance of the Note, the delay in issuance of your Note will have the effect of reducing the effective rate of return on your investment. During this time period, Sharestates may, at its sole discretion, use such funds to fund or prefund additional loans. You will not earn any interest for any or all amounts of uninvested funds used by Sharestates for the purposes described in the preceding sentence.

- Because certain terms (e.g., issuance date) of a series of Notes may not be known until all funding commitments have been received and the closing for such series of Notes has occurred, the form of Note will simply be posted on the Sharestates Website along with the Series Note Listing and this Memorandum, and Investors will need to execute only a Subscription Agreement for the Note amount desired. Investors will be electronically notified by Sharestates of the closing date of the applicable series of Notes and of any material changes to Note terms, but clerical alterations to the final form of Notes will be reflected in Sharestates' internal records without further Investor notification.
- The Notes are redeemable at any time in the sole discretion of Sharestates and may be redeemed with proceeds from the issuance of subsequent Notes.
- We have a limited operating history, and, as an online company in the early stages of development, we face increased risks, uncertainties, expenses and difficulties.
- We may need to raise substantial additional capital to fund our operations, and if we fail to obtain additional funding, we may be unable to continue operations.
- The Notes are structured as Limited Recourse Promissory Notes. Investors should evaluate any investment in this context. There is no financial information provided herein with respect to Sharestates, and Investors are subject to the risk of Sharestates' overall business and financial condition which is uncertain.
- If we were to become subject to a bankruptcy or similar proceeding, your rights could be uncertain, your recovery of funds due on the note may be substantially delayed, and any funds you do recover may be substantially less than the amounts due or to become due on the Note.
- We have minimal operating capital and no significant assets; if we were to become subject to bankruptcy or similar proceeding, your investment dollars will be at significant risk.

This offering is highly speculative and the Notes involve a high degree of risk. The Notes have not been approved or disapproved by, and they will not be insured by, any governmental agency. Investing in the Notes should be considered only by persons who can afford the loss of their entire investment.

This offering is open solely to accredited investors domiciled in the U.S., investors that are not U.S. persons as defined by the Internal Revenue Code for purposes of the "Portfolio Interest Exception," and investors who are not a "U.S. Person" as is defined in Rule 902 under Regulation S promulgated under the Securities Act of 1933, as amended (the "Act"). Moreover, Notes whose corresponding project investment consists of project mezzanine equity generally may not be purchased by prospective investors (i) that are exempt from U.S. federal income tax pursuant to Section 501(a) of the Internal Revenue Code or (ii) that are not "United States persons" (as defined in the Internal Revenue Code).

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE NOTES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS OFFERING IS MADE IN RELIANCE ON AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION PROVIDED BY SECTION 4(a)(2) OF THE ACT, RULE 506 OF REGULATION D PROMULGATED THEREUNDER, REGULATION S WITH RESPECT TO NON-U.S. INVESTORS, AND ANY OTHER APPLICABLE EXEMPTION FROM THE ACT AS APPLICABLE.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK THAT MAY NOT BE SUITABLE FOR ALL PERSONS. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD PARTICIPATE IN THE INVESTMENT. (SEE "RISK FACTORS.")

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF AUTHORIZED PERSONS INTERESTED IN THE OFFERING. IT CONTAINS CONFIDENTIAL INFORMATION AND MAY NOT BE DISCLOSED TO ANYONE OTHER THAN AUTHORIZED PERSONS SUCH AS ACCOUNTANTS, FINANCIAL PLANNERS OR ATTORNEYS RETAINED FOR THE PURPOSE OF RENDERING PROFESSIONAL ADVICE RELATED TO THE PURCHASE OF THE NOTES OFFERED HEREIN. IT MAY NOT BE REPRODUCED, DIVULGED OR USED FOR ANY OTHER PURPOSE UNLESS WRITTEN PERMISSION IS OBTAINED FROM SHARESTATES. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO OR SOLICITATION OF ANY PERSON EXCEPT THOSE PARTICULAR PERSONS WHO SATISFY THE INVESTOR QUALIFICATION STANDARDS FOR ACCREDITATION DESCRIBED HEREIN. IN ADDITION, NOTES WHOSE CORRESPONDING PROJECT INVESTMENT CONSISTS OF PROJECT MEZZANINE EQUITY GENERALLY MAY NOT BE PURCHASED BY PROSPECTIVE INVESTORS (I) THAT ARE EXEMPT FROM U.S. FEDERAL INCOME TAX PURSUANT TO SECTION 501(A) OF THE INTERNAL REVENUE CODE OR (II) THAT ARE NOT "UNITED STATES PERSONS" (AS DEFINED IN THE INTERNAL REVENUE CODE).

THE SALE OF THE NOTES COVERED BY THIS MEMORANDUM HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS SET FORTH IN SECTION 4(a)(2) OF THE ACT AND RULE 506 OF REGULATION D THEREUNDER. THESE SECURITIES HAVE NOT BEEN QUALIFIED OR REGISTERED IN ANY STATE, IN RELIANCE UPON THE EXEMPTIONS FROM SUCH QUALIFICATION OR REGISTRATION UNDER STATE LAW. THESE SECURITIES ARE "RESTRICTED SECURITIES" AND MAY NOT BE RESOLD OR OTHERWISE DISPOSED OF UNLESS A REGISTRATION STATEMENT UNDER THE ACT COVERING DISPOSITION OF SUCH SHARES IS THEN IN EFFECT, OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THERE IS NO PUBLIC MARKET FOR THE NOTES AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE. THE NOTES OFFERED HEREBY SHOULD BE PURCHASED ONLY BY INVESTORS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM; ANY SUCH INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON. ANY PROSPECTIVE PURCHASER OF THE NOTES WHO RECEIVES ANY SUCH INFORMATION OR REPRESENTATIONS SHOULD CONTACT SHARESTATES IMMEDIATELY TO DETERMINE THE ACCURACY OF SUCH INFORMATION. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALES HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF SHARESTATES OR IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS MEMORANDUM SET FORTH ABOVE.

PROSPECTIVE PURCHASERS SHOULD NOT REGARD THE CONTENTS OF THIS MEMORANDUM OR ANY OTHER COMMUNICATION FROM SHARESTATES AS A SUBSTITUTE FOR CAREFUL AND INDEPENDENT TAX AND FINANCIAL PLANNING. EACH POTENTIAL INVESTOR IS ENCOURAGED TO CONSULT WITH HIS, HER OR ITS OWN INDEPENDENT LEGAL COUNSEL, ACCOUNTANT AND OTHER PROFESSIONALS WITH RESPECT TO THE LEGAL AND TAX ASPECTS OF THIS INVESTMENT AND WITH SPECIFIC REFERENCE TO HIS, HER, OR ITS OWN TAX SITUATION, PRIOR TO SUBSCRIBING FOR THE NOTES.

THE NOTES ARE OFFERED SUBJECT TO PRIOR SALE, ACCEPTANCE OF AN OFFER TO PURCHASE, AND TO WITHDRAWAL OR CANCELLATION OF THE OFFERING WITHOUT NOTICE. SHARESTATES RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTIONS IN WHOLE OR IN PART.

THE INFORMATION CONTAINED IN THIS MEMORANDUM HAS BEEN SUPPLIED BY SHARESTATES. THIS MEMORANDUM CONTAINS SUMMARIES OF DOCUMENTS NOT CONTAINED IN THIS MEMORANDUM, BUT ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCES TO THE ACTUAL DOCUMENTS. COPIES OF DOCUMENTS REFERRED TO IN THIS MEMORANDUM, BUT NOT INCLUDED AS AN EXHIBIT, WILL BE MADE AVAILABLE TO QUALIFIED PROSPECTIVE INVESTORS UPON REQUEST. THE TRUSTEE HAS NOT REVIEWED NOR IS IT RESPONSIBLE OR LIABLE FOR THE ACCURACY OR THE CONTENTS OF THIS OFFERING MEMORANDUM OR ANY INFORMATION CONTAINED HEREIN.

NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE MADE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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INTRODUCTION

About Sharestates

We were formed in Delaware in August 2014 under the name Sharestates Investments, LLC. Our principal executive offices are located at 45 North Station Plaza, Suite 400, Great Neck, New York, 11021 and our telephone number is (212) 201-0750. Our website address is www.sharestates.com. Information contained on our website is not incorporated by reference into this memorandum; however, some information in this memorandum may be displayed on our website. Sharestates is a national private lender focused on financing residential and commercial real estate, founded by a team of real estate partners. Sharestates has funded over \$3,000,000,000 in projects nationwide, with loans ranging from \$100,000 to \$20,000,000 for multifamily, mixed use, and commercial real estate properties.

Overview

We are offering the Notes directly to accredited investors only, through the Sharestates website for a purchase price of 100% of the principal amount of the Notes. The Notes will be limited recourse obligations of the issuing series of Sharestates. The proceeds of the Notes will fund equity or debt investments in multiple project investments, or, in Sharestates' sole discretion, will be applied to make payments on or redeem outstanding Notes. Each series of Notes is wholly dependent for payment on principal and interest, or redemption and preferred return, on the cash flow management of the issuing series of Sharestates, specifically proceeds generated from the following sources: (i) Real Estate Loan Acquisitions; (ii) payments received from underlying borrowers of any Real Estate Loans originated and held by the issuing series prior to their sale; and (iii) additional notes issued by Sharestates in its sole discretion. The Notes will be unsecured obligations of Sharestates. Investing in the Notes should only be considered by persons who can afford the loss of their entire investment. See "Risk Factors."

We will issue the Notes in series under and pursuant to the terms and conditions of the Indenture. Each series will correspond to multiple investments in real estate:

- (i) that are made by Sharestates to;
- (ii) that are purchased by Sharestates from; or
- (iii) in which Sharestates participates alongside, a real estate company.

These investments in real estate may take the form of (i) project equity (ii) project mezzanine equity, (iii) a senior loan, or (iv) a mezzanine loan. We expect each senior loan, and certain mezzanine loans, to be secured by a deed of trust, mortgage, security agreement, or legal title to the underlying real estate. Project equity will have a fixed profit/loss sharing rate and may or may not have a mandatory redemption date. The timing and aggregate amount of cash distributions, if any, on project equity may be at the sole discretion of the manager of the real estate company. Project mezzanine equity will not be secured by the underlying real estate. Project mezzanine equity will have a fixed rate of return in the form of a preferred return and a mandatory redemption date. The preferred return will be expressed as an annual rate, compounded monthly, quarterly, or annually until the project mezzanine equity is redeemed; however, the timing and

aggregate amount of cash distributions, if any, on project mezzanine equity may be at the sole discretion of the manager of the real estate company. Project mezzanine equity will not be secured by the underlying real estate.

The Notes are sold to investors who remit funds and execute a Subscription Agreement relating to a particular Series Note Listing on the Platform, which funds and Subscription Agreement may be ultimately accepted by Sharestates. Notes are issued in the principal amount of Investors' respective investments. After a Series Note Listing is posted, Investors can place investments on that listing until the listing has received investments totaling the requested funding amount. Real estate companies may request project investments in amounts ranging from \$30,000 to \$10,000,000. Sharestates currently accepts investments in amounts of as little as \$5,000, although in some cases larger or smaller minimum investment amounts may be required. Investor funds committed to a Series Note Listing will not accumulate interest prior to the requested funding amount being realized by the Series Note Listing. If the listing does not receive investments equal to or exceeding the minimum amount required for the listing to fund by the close of the escrow date for the underlying project investments, the listing may terminate and the requested loan may not be funded. However, in some instances Sharestates, or its affiliates, may, through the purchase of Notes or otherwise, fund the portion of the corresponding project investment remaining to meet the minimum amount, or, where Sharestates believes that additional Investors may later elect to participate in the listing, Sharestates may provide bridge financing in order for escrow to be closed on the underlying project investments, and the listing will remain active on the platform until the listing is fully funded and the bridge loan repaid to Sharestates. In such cases, Investors who had already committed to Notes at the time of the real estate company's escrow closing will begin to accrue interest as of such date. Any investment made by Sharestates or its affiliates in the Notes will be on the same terms and conditions as other Investors. However, if Sharestates provides bridge financing or other financing in a form other than investing in the Notes, Sharestates is entitled to repayment of such financing prior to any payments made to the Investors in the Notes. There will be no notation in any Series Note Listing signifying that Sharestates has participated in the funding of any corresponding project investments.

For some project investments, Sharestates will issue the corresponding project investment directly. In some cases, Sharestates may enter into a relationship whereby one or more third parties issues (and/or services) the corresponding project investment and Sharestates then purchases that corresponding project investment (or a participating interest therein) from the third party. Where Sharestates merely takes a participating interest in a project investment, the third party may sometimes remain the lead investor or lender, as the case may be, on that project investment, and may retain control of the deed of trust, mortgage, or other security documents, if any. In other cases, Sharestates may purchase all or a portion of a project investment that had been previously been issued by a third party.

In addition, Sharestates may be purchasing Notes and/or participating in Notes through originating Lenders.

Investors can review, on the Sharestates Website, each Series Note Listing describing the offering of that series of Notes and the type of corresponding project investments the series will originate, fund, and sell. The Series Note Listing will provide Investors with a description of the Notes, the type of corresponding project investments for which the series will originate and fund

Real Estate Loans, and the nature of the security of the proposed corresponding project investments. Taken together with this Memorandum and the form of Note, the Series Note Listing will contain the authoritative description of any series of Notes offered by Sharestates.

Sharestates will generally pay each Investor principal and interest on such Investor's Note in accordance with the terms of the Note. If, however, the series has inadequate cash flow due to a shortage of Real Estate Loan Acquisitions, and the series is dependent on payments from underlying borrowers of Real Estate Loans or the issuance of additional notes in order to make payments on the Notes, each Investor will receive an amount equal to such Notes' pro rata portion, determined with respect to all outstanding Notes of the series, of the (1) principal and interest payments, if any, we receive on the corresponding project loans, (2) redemption and preferred return payments, if any, we receive on the corresponding project mezzanine equity, (3) profit payments if any, we receive on the corresponding project equity that the issuing series of Sharestates receives on the corresponding project investments, or (4) proceeds from subsequent Notes issued by Sharestates in its sole discretion, as applicable, in each case net of any Sharestates fees and reimbursement of expenses and advances, including legal expenses and other third-party servicing fees, if applicable. Any such fees, expenses and advances will vary with each series of Notes, and the applicable information will be provided in the Series Note Listing posted online. Sharestates may vary from a precise pro rata formula if one or more investors have been granted special investment incentives, for example, where such Investor is investing sizable amounts. Investors may receive all or a portion of the fees charged by Sharestates to real estate companies for beneficiary statements and demands, late charges, postponement and extension fees, processing fees, default interest charged to the real estate company, forbearance fees, inspection fees, administrative fees and any other payments or fees due from the real estate company (except for returned check charges, which will always be retained in full by Sharestates). If a loan contains a prepayment charge, the proceeds of such charge will be retained in full by Sharestates. The Series Note Listing of each loan will describe all such charges and fees, and whether the Investors will be entitled to keep all or a portion of such fees and charges or the applicable fees and charges that are assigned, retained and to be received by Sharestates. In addition, the funds available for payment on the Notes will be reduced by the amount of any attorneys' fees or collection fees that Sharestates, an affiliate or a third-party servicer or a collection agency imposes in connection with collection efforts related to the corresponding project investment.

Sharestates reserves the right, in its sole discretion, to not disclose the name or identity of the real estate company with respect to any series of Notes. In such circumstances, Investors must make their respective investment decisions based solely on information provided about the real estate company, the Note, the corresponding project investment and other material facts, but without knowledge of the identity or name of the real estate company.

Sharestates earns revenue from the fees we charge our real estate companies and investors. We charge real estate companies origination fees that range from 0% to 4% of the project investment that are paid upon the issuance of the project loans, or purchase of project mezzanine equity. We also earn interest on project loans and preferred return on project mezzanine equity to the extent that we fund those project investments ourselves or create a spread between the interest paid by the real estate company and the interest paid to investors in the Notes. In addition, Sharestates may charge a listing fee and Investors Loan Servicing, LLC, a Delaware limited liability company and an affiliate of Sharestates ("Investors Loan Servicing") in its capacity as

servicer of the loans, may charge a servicing fee for each project investment that is listed on the Sharestates Website. The Notes are generally not transferrable and will not be listed on any securities exchange. Therefore, investors must be prepared to hold their Notes to maturity.

Investors should review this Memorandum, together with the Series Note Listing (made available to Investors on the Sharestates Website) prior to making any decision to invest in a Note.

Indenture Agreement and Trustee

The Notes are being issued subject to and in accordance with the Indenture. A copy of the Indenture will be made available to the investor upon written request. Prior to an Event of Default by Sharestates with respect to the Notes, the Trustee has no duty other than those limited duties set forth in the Indenture and shall have no duty to act with regard to the project investments and their servicing or payment nor shall the Trustee have any duty or liability with regards to payments under the Notes. Following an Event of Default, the duty of the Trustee to act in regards to project investments is limited by the Indenture, pursuant to which the Trustee may generally act after an Event of Default on behalf, and for the benefit, of the holders upon the continuance of an Event of Default with respect to a Note of a particular series if indemnified by the holders to a level reasonably satisfactory to the Trustee. An “Event of Default” occurs under the Indenture, with respect to each series of the Notes individually, if:

(a) Sharestates defaults, subject in each case, to the limitations set forth in the Indenture and in the Notes in the payment of any principal of, or interest upon, any Note of such series when the same becomes due and payable and continuance of such default continues for a period of ninety (90) days after receipt by Sharestates of a notice of default from the holders of Notes representing at least fifty one percent (51%) in aggregate principal amount of the outstanding Notes of all series for which such default exists;

(b) Sharestates fails to comply with any of its obligations in the Notes or the Indenture (other than those referred to in clause (a) above and other than a covenant or warranty a default in whose performance or whose breach is elsewhere in the Indenture specifically dealt with or which has been expressly included in the Indenture solely for the benefit of a series of Notes other than such series) and such failure continues for ninety (90) days after receipt by Sharestates of a notice of default from the holders of Notes representing at least fifty one percent (51%) of the outstanding principal balance of such series of Notes; provided, however, that if Sharestates shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of ninety (90) days, then such period shall be increased to such extent as shall be necessary to enable Sharestates to diligently to complete such curative action;

(c) there shall have been the entry by a court of competent jurisdiction of (i) a decree or order for relief in respect of Sharestates in an involuntary case or proceeding under any applicable bankruptcy law or (ii) a decree or order adjudging Sharestates bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of Sharestates under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of Sharestates or of any substantial part of its property, or ordering the wind up or liquidation of its affairs, and any such decree or order for

relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of sixty (60) consecutive days; or

(d) any other Event of Default occurs that is specifically provided with respect to the Notes of that series.

Upon the occurrence of an Event of Default by Sharestates with respect to a particular series of Notes, the total amount of principal and unpaid interest under such series of Notes shall become immediately due and payable by Sharestates in the manner, with the effect and subject to the conditions provided in the Indenture.

* * *

SUMMARY OF THE OFFERING

The Offering is summarized as follows:

Issuer	Sharestates Investments, LLC (“Sharestates”)
Notes Offered	<p>Limited Recourse Promissory Notes (the “Notes”), issued in series, pursuant to the terms and conditions of the Indenture, with each series of Notes related to the origination, funding, and sale of corresponding real estate project loans (the “Real Estate Loans”) as described on the Sharestates Website. Each series of Notes is dependent for payment on the cash flow management of the issuing series of Sharestates and proceeds generated from (i) the origination and funding of Real Estate Loans and the sale thereof to investors (each sale, a “Real Estate Loan Acquisition”), (ii) payments received from underlying borrowers of Real Estate Loans originated, funded, or held by the series prior to their sale, and (iii) the issuance by Sharestates, in its sole discretion, of subsequent notes.</p> <p>This offering is made solely to accredited investors under Regulation D, Rule 506 promulgated under Section 4(a)(2) of the Securities Act of 1933, as amended (the “Act”), and to non-U.S. Person within the meaning of Regulation S under the Act. Investors will be deemed “accredited” based upon application of Rule 501(a) of the Securities Act of 1933. Moreover, Notes whose corresponding project investment consists of project mezzanine equity or project equity generally may not be purchased by prospective Investors (i) that are exempt from U.S. federal income tax pursuant to Section 501(a) of the Internal Revenue Code (as amended, the “Code”) or (ii) that are not “United States persons” (as defined in the Code).</p>
Indenture	The Notes will be issued pursuant to the terms and conditions of an Indenture Agreement dated October 3, 2017, as amended, restated, supplemented or otherwise modified from time to time (the Indenture”) by and between Sharestates and Delaware Trust Company (the “Trustee”).
Interest Rate	Interest rates will be fixed and will vary among series of Notes. Within a series of Notes, interest rate schedules will be standardized. Some series of Notes may also provide for additional contingent payments upon the occurrence of certain events (any such contingent payments to be described in detail in the Series Note Listing).

Servicing Fee and other Expenses

When making any payments on a Note, Investors Loan Servicing will deduct a service charge equal to the amount specified in the Series Note Listing, if any, which will be remitted to Investors Loan Servicing, as servicer of the corresponding loan. The service charge will reduce the effective yield on the Notes below their stated interest rate. Payments to Investors will also be net of legal expenses, reimbursements of expenses and amounts advanced by Sharestates in connection with a given corresponding project investment.

Term

The term of each of the Notes will vary by series and the term of the corresponding project investment. Generally, the terms will be six (6), nine (9), or twelve (12) months from the date that the corresponding project investment is made.

Redemption Program

The Notes are subject to the Redemption Program offered by Sharestates, pursuant to the terms and conditions provided for on the Sharestates website at www.Sharestates.com.

Security Interest

The Notes will not be contractually senior, or subordinated, to other indebtedness (if any) that Sharestates incurs. All Notes will be unsecured special, limited obligations of Sharestates. Holders of Notes will not have a security interest in the assets of Sharestates, the Real Estate Loans or corresponding project investments, the proceeds of those investments, or of any underlying assets of the real estate company or its affiliates. The Notes will rank effectively junior to the rights of the holders of our existing or future secured indebtedness with respect to the assets securing such indebtedness.

Maturity

The Notes in each series will mature at the end of the given term (the “Initial Maturity Date”), unless redeemed prior thereto by Sharestates in its sole discretion, or unless any payments remain due and payable upon such date, in which case the maturity of the Notes will be automatically extended by a period of ninety (90) days or to the time when the issuing series has sufficient cash flow to make payments due thereon (which shall not be later than one (1) year from the date of the Initial Maturity Date) (the “Final Maturity Date”). However, because we may, in our sole discretion and, subject to our loan standards as then in effect, amend, modify, sell to a third-party purchaser or charge off the corresponding project investments at any time after their delinquency, and because we generally charge off a corresponding project investment after it becomes more than one year past due, the corresponding project investments may never reach the Final Maturity Date. Any amounts recovered by us after the Final Maturity Date of a series of Notes will not be paid

to investors in those Notes. After the Final Maturity Date, your funds that remain uninvested in additional Notes and are not subject to any timely withdrawal request may be used by Sharestates to fund or prefund additional loans. You will not earn any interest for any or all amounts of uninvested funds used by Sharestates for the purposes described in the preceding sentence.

Investors may elect, by designating on the signature page of the Subscription Agreement, upon the Initial Maturity Date, to (i) receive a maturity payment of all outstanding principal and accrued interest thereon, subject to the limitations described herein, (ii) automatically have the proceeds of the Note reinvested in Notes of a subsequent series, or (iii) be notified of the Initial Maturity Date in order to select whether to receive payment or reinvest the proceeds in Notes of a subsequent series.

Payment Dates

Payments on the Notes will depend on the terms of each series of Notes. Generally, payments are expected to be on a monthly or quarterly basis during the term of the Note. Payments will only be made to the extent Sharestates has sufficient cash flow generated from (i) proceeds of Real Estate Loan Acquisitions, (ii) payments received from underlying borrowers of Real Estate Loans originated, funded, and held by the series prior to their sale, or (iii) proceeds from the issuance by Sharestates, in its sole discretion, of subsequent notes. No payments will be made after the Final Maturity Date of a series of Notes.

Prepayment

Real estate companies may or may not have prepayment penalties attached to the corresponding project investment. On project investments that do not have a prepayment penalty, the Notes will similarly be pre-payable without penalty. If the real estate company has a prepayment penalty and such penalty is actually paid, that prepayment penalty will be retained in full by Sharestates. Each Series Note Listing will describe such terms.

Use of Proceeds

Proceeds from each series of the Notes, net of any applicable fees, including legal expenses, will be used to prefund and originate Real Estate Loans or, in Sharestates' sole discretion, to make payments on or redeem outstanding Notes. Following the origination of a Real Estate Loan, it is anticipated the Real Estate Loan will be sold from the issuing series to an investor through Real Estate Loan Acquisitions. Proceeds from Real Estate Loan Acquisitions will be applied (i) prior to the maturity date of the Notes, to fund and originate additional Real Estate Loans and make interest payments on the Notes, and (ii) upon the maturity

date of the Notes, to repay any outstanding principal and unpaid interest in accordance with the Notes.

U.S. Federal Income Tax Consequences

Although the matter is not free from doubt, Sharestates intends to treat the Notes as indebtedness of Sharestates for U.S. federal income tax purposes. As a result of such treatment, the Notes will have original issue discount, or “OID”, for U.S. federal income tax purposes because payments on the Notes are dependent on payments on the corresponding project investment. Furthermore, a holder of a Note will be required to include the OID in income as ordinary interest income for U.S. federal income tax purposes as it accrues (which may be in advance of interest being paid on the Note), regardless of such holder’s regular method of accounting. Prospective purchasers of the Notes should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences of the purchase and ownership of the Notes, including any possible differing treatments of the Notes. See “Certain U.S. Federal Income Tax Considerations” for more information.

About the Platform

Through our online platform, we allow qualified borrower members to obtain project equity, project mezzanine equity, secured and unsecured loans with interest rates and returns that they find attractive. We also provide investors with the opportunity to invest in (directly or indirectly) loans with credit characteristics, interest rates and other terms the investor finds attractive. As a part of operating our platform, we may verify the identity of borrowers, may obtain borrower’s credit profiles from consumer reporting agencies (which are also called credit bureaus) such as Trans-Union, Experian or Equifax and may screen borrower members for eligibility to participate in the platform. Investors Loan Servicing or a third party may service the loans on an ongoing basis. Investors under this memorandum have the opportunity to buy Limited Recourse Promissory Notes issued by Sharestates and to originate, fund, and sell Real Estate Loans to be facilitated through our platform. Each Note will bear interest at the rate stated in the Series Note Listing for such Note. Payment of interest on and principal of the Note is dependent on the cash flow management of the issuing series of Sharestates. In the event we have insufficient Real Estate Loan Acquisitions and cash flow is generated by Real Estate Loans originated and held by the issuing series, payment on the Notes will be dependent on payments we receive from the underlying borrowers of such Real Estate Loans, in which case investors will receive payment on each Note in an amount equal to each such Note’s pro rata portion of the principal and interest payments, if any, Sharestates receives on

the corresponding Real Estate Loans held by that series. Payment to investors in all cases will be net of service charges due to Investors Loan Servicing, if any, and expenses, including legal fees. Sharestates will also pay to investors any other amounts Sharestates receives on each Note, including late fees and prepayments, subject to the service charges owed to Investors Loan Servicing and legal expenses incurred, except that Sharestates will not pay to investors any prepayment fee, unsuccessful payment fees, check processing and other processing fees, collection fees we or a third-party collection agency charge and any payments due to Sharestates on account of the portion of the corresponding borrower loan, if any, that Sharestates has funded itself. If Sharestates were to become subject to a bankruptcy or similar proceeding, the holder of a Note will have limited rights subject to the terms of the Indenture. See “Risk Factors — If we were to become subject to a bankruptcy or similar proceeding...”

Any funds deposited on the Platform may not be available for immediate withdrawal. If you wish to withdraw any funds deposited on the Platform, you must provide at least ninety (90) days’ notice to Sharestates. Sharestates may, in its sole discretion, temporarily suspend the processing of all withdrawal requests received from investors in order to maintain any liquidity needs. Additionally, while your funds remain uninvested in Notes on the Platform, Sharestates may, at its sole discretion, use such funds to fund or prefund additional loans, prior to the receipt of a timely withdrawal request. You will not earn any interest for any or all amounts of uninvested funds used by Sharestates for the purposes described in the preceding sentence.

INVESTOR QUALIFICATIONS

With respect to each investment made by an Investor, that Investor will be required to sign a subscription agreement pursuant to which he, she or it must represent or provide documentation verifying the conclusion that the Investor meets certain requirements related to private offerings made to accredited investors. The federal securities laws define the term accredited investor in Rule 501(a) of Regulation D as:

1. An employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million;

2. A bank, insurance company, registered investment company, business development company, or small business investment company;

3. A charitable organization, corporation, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets exceeding \$5 million;

4. A director, executive officer, or general partner of the company selling the securities, or any director, executive officer, or general partner of a general partner of that issuer;

5. A natural person who has individual net worth, or joint net worth with the person's spouse or spousal equivalent, that exceeds \$1 million at the time of the purchase, excluding the value of the primary residence of such person;

6. A natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse or spousal equivalent exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;

7. A trust with assets in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person;

8. A business in which all the equity owners are accredited investors;

9. A natural person holding in good standing one or more professional certifications or designations or other credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status;

10. A natural person who is a "knowledgeable employee," as defined in rule 3c-5(a)(4) under the Investment Company Act of 1940, of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in Section 3 of such act, but for the exclusion provided by either Section 3(c)(1) or Section 3(c)(7) of such act;

11. A family office as defined in Rule 202(a)(11)(G)–1 under the Advisers Act that: (i) has assets under management in excess of \$5 million; (ii) was not formed for the specific purpose of acquiring the securities offered; and (iii) has its prospective investments directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; and

12. A family client as defined in Rule 202(a)(11)(G)–1 under the Advisers Act whose prospective investment is directed by a family office that is an Accredited Investor.

In addition, each person acquiring a Note will also be required to represent that he, she, or it is purchasing for his, her, or its own account for investment purposes and not with a view to resell or distribution. Each Investor domiciled in the United States must meet certain income and/or net worth requirements before investing in the Notes. Notes whose corresponding project investment consists of project equity or mezzanine equity generally may not be purchased by prospective Investors (i) that are exempt from U.S. federal income tax pursuant to Section 501(a) of the Code or (ii) that are not “United States persons” (as defined in the Code). Only Investors with adequate assets should invest in the Notes. (See “Risk Factors”.)

NOTES WHOSE CORRESPONDING PROJECT INVESTMENT CONSISTS OF PROJECT EQUITY OR MEZZANINE EQUITY GENERALLY MAY NOT BE PURCHASED BY PROSPECTIVE INVESTORS (I) THAT ARE EXEMPT FROM U.S. FEDERAL INCOME TAX PURSUANT TO SECTION 501(A) OF THE CODE OR (II) THAT ARE NOT “UNITED STATES PERSONS” (AS DEFINED IN THE CODE).

THE NOTES

The Notes are unsecured Limited Recourse Promissory Notes, are limited obligations of the issuing series of Sharestates, and will be used to originate, fund, and sell Real Estate Loans. Repayment of the Notes will be dependent upon the cash flow management of the issuing series, specifically, cash flow generated from (i) Real Estate Loan Acquisitions, (ii) payments of underlying borrowers on Real Estate Loans originated, funded, and held by the issuing series, or (iii) subsequent notes issued by Sharestates in its sole discretion. The Notes will be U.S. dollar denominated and will be issued in series, subject to the terms and conditions of the Indenture. We have no obligation to make any payments on the Notes unless, and only to the extent that, we generate sufficient cash flow available from Real Estate Loan Acquisitions, payments received by underlying borrowers of the Real Estate Loans, or the issuance by Sharestates, in its sole discretion, of new notes.

The exact form of Note for each particular series of Notes offered to Investors through this offering will vary based on the terms and conditions of the specific transaction. Because certain terms (e.g., issuance date) of a series of Notes may not be known until all funding commitments have been received and the closing for such series of Notes has occurred, the form of Note will simply be posted on the Sharestates Website along with the Series Note Listing and this Memorandum, and Investors will need to execute only a Subscription Agreement for the Note amount desired. Investors will be electronically notified by Sharestates of the closing date of the applicable series of Notes and of any material changes to Note terms, but clerical alterations to the final form of Notes will be reflected in Sharestates' internal records without further Investor notification. The Notes are subject to the Redemption Program offered by Sharestates, pursuant to the terms and conditions provided for on the Sharestates website at www.Sharestates.com.

All Notes will be issued in electronic form only, through the Sharestates Website. The recordation, processing and payment systems are automated and electronic. We do not have any physical branches, deposit-taking or interest payment activities. The Sharestates Website, will provide detailed information about the platform, including the full text of the necessary legal agreements, as well as the Series Note Listing applicable to each series of Notes. The Series Note Listing will provide Investors with a description of the Notes, the intended type of corresponding project investments, some information about the real estate companies (but not necessarily the name or identity of the real estate companies), and the nature of the security of the project investments (if any). In addition to the customer support materials available on the Sharestates Website, Sharestates makes additional customer support available to members by email and phone.

For each series, the Notes will be sold to Investors who remit funds and execute a Subscription Agreement relating to a particular Series Note Listing on the platform, which funds and Subscription Agreement may be ultimately accepted by the Issuer. Notes are issued in the principal amount of Investors' respective investments. After a Series Note Listing is posted online, Investors can place investments on that listing until the listing has received investments totaling the requested loan amount. Investments will not accumulate interest while the Series Note Listing is pending. While your funds remain uninvested in Notes on the Platform, Sharestates may, at its sole discretion, use such funds to fund or prefund additional loans. You will not earn any interest for any or all amounts of uninvested funds used by Sharestates for the purposes described in the preceding sentence. Sharestates currently accepts investments in amounts of as little as \$5,000,

although in some cases larger minimum investment amounts may be required. If the Series Note Listing does not receive the minimum aggregate investments prior to the scheduled closing date for the underlying project investment, either (i) the listing will terminate and the requested project investment will not be funded, (ii) Sharestates, or its affiliates, may fund the portion of the corresponding project investment left unfunded through the purchase of Notes, or (iii) where Sharestates believes that additional Investors may later elect to participate in the listing, Sharestates may elect (in its sole discretion) to arrange bridge financing to close the project investment, and the listing will remain active on the platform until the listing is fully funded and the bridge loan repaid. In such cases, Investors who had already committed to Notes at the time of the real estate company's escrow closing will begin to accrue interest as of such date. Any investment made by Sharestates or its affiliates in the Notes will be on the same terms and conditions as other Investors. However, if Sharestates provides bridge financing or other financing in a form other than investing in the Notes, Sharestates is entitled to repayment of such financing prior to any payments made to the Investors in the Notes. There will be no notation in any Series Note Listing signifying that Sharestates has participated in the funding of any corresponding project investment.

For some project investments, Sharestates will participate in the project investments directly. Investors Loan Servicing will service the project investments directly or, in certain cases, may put in place a third party servicer. In some cases, Sharestates may enter into a relationship whereby one or more third parties issues (and/or services) the corresponding project investment and Sharestates then purchases that corresponding project investment (or a participating interest therein) from the third party. Where Sharestates merely takes a participating interest in a project investment, the third party may sometimes remain the lead lender on that project investment, and may retain control of the deed of trust, mortgage, or other security documents, as applicable. In other cases, Sharestates may purchase all or a portion of a project investment that had been previously issued or to by a third party. Sharestates may enter into a relationship with one or more third parties to have the third party undertake and service the project investment and for Sharestates to then purchase the corresponding project investment remittances from the third party.

Holders of any Notes will not have a security interest in the assets of Sharestates, the Real Estate Loans or corresponding project investments, the proceeds of those investment or of any underlying assets of the real estate companies or their affiliates. The Notes will rank effectively junior to the rights of the holders of our existing or future secured indebtedness with respect to the assets securing such indebtedness.

Investors can review on the Sharestates Website each Series Note Listing describing that series of Notes and the corresponding project investment. The Series Note Listing will provide Investors with a description of the Notes in that series, the type of project investments, some information about the real estate companies, and the nature of the security of the project investments if any. The Series Note Listing (posted online) will, together with this Memorandum and the form of Note, contain the authoritative description of any Notes offered by Sharestates.

Denominations, Form and Registration

We will issue the Notes only in recorded, electronic form, in denominations of \$5,000 or other amounts as we may determine from time to time. This means that each Note will be stored

on the Sharestates Website. You can view a record of the Notes you own and the form of your Notes online and print copies for your records by visiting your secure, password-protected webpage in the “Portfolio” section of the Sharestates Website. We will not issue certificates for the Notes. Investors will be required to hold their Notes through Sharestates’ electronic Note register. The Notes will not be registered on any securities exchange.

We will treat the Investors in whose names the Notes are registered as the owners thereof for the purpose of receiving payments and for all other purposes.

Interest Rates

The interest rate applicable for each series of Notes will be set forth in the Series Note Listing. Sharestates expects that, in nearly all cases, the interest rate provided to Investors in the Notes will be less than the interest rate on a project loan, the preferred return rate on project mezzanine equity or the return on project equity paid to Sharestates or its affiliates by the real estate company on the corresponding project investment, as Sharestates may receive an economic “spread” of interest that will vary among the series of Notes.

The interest rates payable on each project loan, preferred return on project mezzanine equity or return on project equity will be fixed but will vary amongst the project investments, depending on various factors applicable to the underlying property and the real estate company. Consequently, the interest rate will vary for each series of Notes, and the yield an Investor earns on one series of Notes may differ from the yield earned by other Investors in other series of Notes.

Maturity

Each series of Notes will have varying terms, depending on the term of the corresponding project investment. Most of the project investments, and thus the Notes, will have a typical term and initial maturity date of six (6), nine (9), or twelve (12) months from the date of issuance.

The Notes are redeemable by Sharestates in its sole discretion at any time. Unless redeemed prior to maturity, the Notes in each series will mature at the end of the term of the corresponding project investment. If there are amounts owing to Sharestates on the corresponding project investment at the end of the initial maturity date, the term of the Notes will be automatically extended for a period of ninety (90) days to allow for more time for the issuing series of Sharestates to generate cash flow and receive further payments due under any Real Estate Loans held by such series and for Investors to thus receive further payments on the corresponding Notes; provided, however, that the final maturity date shall not be a time later than one (1) year after the initial maturity date, after which Investors will have no further right to receive payments on the Notes (even if Sharestates receives further proceeds from any Real Estate Loan Acquisitions or payments by underlying borrowers of Real Estate Loans held by the series).

The Notes may never reach maturity, however, because we expect that in most cases project investments may be prepaid without penalty, and because we may, in our sole discretion and, subject to the applicable servicing standards, amend, modify, or assign or sell our rights under a project investment to a third-party, or charge off a project investment at any time after any delinquency thereon. Our obligation to make payments on a Note is limited to an investor’s pro rata portion of cash flow generated by (i) proceeds of Real Estate Loan Acquisitions; (ii) payments

received from an underlying borrower on any Real Estate Loan originated and held by the issuing series; and (iii) the issuance of subsequent notes by Sharestates in its sole discretion, in each case net of any applicable fees and reimbursement of expenses and advances, including servicing fees and legal expenses, prior to the Final Maturity Date.

Ranking; Sinking Fund

The Notes will be unsecured special, limited obligations of the issuing series of Sharestates. For each series of Notes, Sharestates will be obligated to make payments on the Notes if and only if, and only to the extent that, such series of Sharestates has generated sufficient cash flow from (i) Real Estate Loan Acquisitions, (ii) payments of principal and interest from underlying borrowers of Real Estate Loans originated, funded, and held by the series, or (iii) the issuance of subsequent notes by Sharestates in its sole discretion. Proceeds from any of the foregoing will be shared ratably among all Investors in the related series of Notes until the Final Maturity Date, unless the Notes of such series are redeemed by Sharestates in its sole discretion prior the Final Maturity Date. In the event of a bankruptcy or similar proceeding of Sharestates, the Trustee will have the option to exercise the rights afforded to it under the Indenture. See “Risk Factors.” Each series of Notes will correspond to the origination, funding, and sale of real estate project investments, and payment will depend on cash flow management and proceeds of the issuing series. The Notes will not have the benefit of a sinking fund.

Servicing and Payments

Subject to the limitations described below under “Limitations on Payments,” we will make installment payments on the Notes upon cash flow generation, in accordance with the payment schedule for the Notes. In some cases, Sharestates will collect payments on the project investments, while in other cases Investors Loan Servicing may enter into a relationship with a third party in order to have that third party issue, or act as the servicer of, the project investment. In all cases, Sharestates, an affiliate or a third party will disburse corresponding payments on the applicable series of Notes.

Each series of Notes will have a payment schedule providing for periodic payments over a term as described in the Series Note Listing. Such schedule will specify the payment dates and the type of periodic payments (monthly, quarterly, etc.) applicable to that series of Notes. Prior to the Initial Maturity Date, Sharestates will have the ability to apply the proceeds of Real Estate Loan Acquisitions to originate and fund additional Real Estate Loans. Upon the Initial Maturity Date, subject to the limitations described herein, Sharestates will pay the Investor the outstanding principal of and any accrued and unpaid interest on the Note (net of any fees, legal expenses, charges and reimbursement of advances and expenses payable to Sharestates) as soon as practicable. Sharestates shall receive reimbursement of any amounts advanced to a project investment or expenses paid in connection with such project investment in priority to any payment or disbursement of proceeds to the Investor. In the event there are any amounts under a corresponding project investment still due and owing to us after the Final Maturity Date of the Notes, we will have no further obligation to make payments on the Notes, even if we later receive payments after the Final Maturity Date of the Notes. Sharestates will not extend the term for any Note beyond the Final Maturity Date.

We expect that, for any Real Estate Loans held by the issuing series, we will request a payment from the real estate company no later than one (1) business day prior to the payment due date, and that we will normally receive payment within five (5) business days. A payment by the real estate company may not be distributed to the Note holder until as late as the 20th business day after the ACH payment was requested. Investors can review their account statements online and see that they have received payment on the Notes beginning on the 20th business day after the ACH payment was requested. The same process occurs upon maturity of the Note. Although payment under the Notes will be made up to 20 business days after the applicable payment and maturity date, Sharestates may treat the payment date and maturity date of the Note the same as the dates applicable to any corresponding project investments.

Pursuant to the terms of any applicable project investment, the real estate company may have a grace period from the date that payments are due under the project investment. Within ten (10) days after the expiration of any grace period and/or in accordance with applicable state law, Sharestates or its retained servicing provider will generally telephone and/or send a notice of delinquency to the real estate company. If the real estate company does not adequately respond to the notice of delinquency within a reasonable time, then (or as may be in accordance with state law) Sharestates or its retained service provider generally will record a notice of default, if applicable, with respect to the project investment. Sharestates may exercise its discretion in the timing of the filing of the notice of default. Sharestates may also exercise its discretion in the timing of any foreclosure under the power of sale contained in the applicable security instrument (if any), including granting short term extensions of the foreclosure date.

Sharestates will communicate with Investors through the Sharestates Website at www.sharestates.com or via electronic mail as to material developments regarding a corresponding project investment. Sharestates or its affiliates will maintain possession of all original project investment documents and related security instruments.

Limitations on Payments

Our obligation to make payments on a Note will be limited in all cases to an amount equal to the Investor's pro rata share of amounts we receive from the following sources:

- (i) cash proceeds from Real Estate Loan Acquisitions;
- (ii) payments received from the underlying borrowers of any Real Estate Loans originated, funded, and held by the issuing series prior to the sale of such Real Estate Loans; and
- (iii) proceeds of subsequent notes issued by Sharestates, in its sole discretion.

Other than the above sources of payment and the assets of the issuing series, Investors will have no recourse against the Parent, the issuing series, Sharestates, any other series thereof, or any of their affiliates.

The issuing series of Sharestates has the right to extend the maturity date by ninety (90) days in the event there is insufficient cash flow to make payments on the Notes of the series.

In the event Sharestates elects to fund an advance to a project investment, Sharestates shall be entitled to recover the costs of any amounts advanced (with applicable interest thereon) and the reimbursement of any expenses, including servicing fees and legal expenses, incurred by Sharestates prior to any payment or other distribution being made to Investors. Such advance may be funded at any time during the life of the project investment, including concurrently with the closing of such project investment. To the extent the cash flow of the issuing series is dependent on payment from one or more borrowers of Real Estate Loans originated, funded, and held by the series, if the series does not receive a required payment on a Real Estate Loan, the series may have inadequate cash flow to make payments on the series of Notes related to those Real Estate Loans (or the portion thereof that we do not receive, in the case of a partial payment), and a holder of a Note will not have any rights against the issuing series, Sharestates, any other series thereof, the Parent, the real estate company, or any of their affiliates in respect of the Note or the Real Estate Loan.

In the event a project investment is serviced by Investors Loan Servicing or a third party servicer, such servicer may charge a servicing fee on amounts collected, and this fee will be paid prior to any distribution to Investors.

An “unsuccessful payment fee” is a fee charged by Sharestates or a third-party or affiliated servicer or collection agency when a payment request is denied or a check is returned unpaid for any reason, including but not limited to, insufficient funds in the real estate company’s bank account or the closing of that bank account. The unsuccessful payment fee currently charged by Sharestates on project investments is \$35 or such lesser amount permitted by law.

Sharestates retains the authority to grant appropriate payment deferrals based on its overall assessment of a real estate company, the property situation, and market conditions generally. In such cases, the payment terms of the Notes may be correspondingly adjusted. In such event, Sharestates will communicate any adjustments to investors via electronic mail and/or on the Sharestates Platform. Sharestates, or an affiliate, may also, in its sole discretion, advance amounts necessary in the ordinary course of business, including, among other things, to protect the security of any project investment. Such amounts may include the payment of taxes, prior encumbrances or liens, property and casualty insurance, foreclosure expenses, repair, litigation expenses, construction advances, bridge advances and similar items, and also for accountant fees, consultants, property maintenance and similar items. Investors acknowledge that the above list of scenarios in which Sharestates may fund an advance in is not meant to be an exhaustive list of any and all instances in which Sharestates may elect to provide an advance to a project investment. Sharestates may make such advances in its sole discretion, including, among other things, if it determines that a project investment may be at risk of total or partial loss and believes that the making of such advances will ultimately be economically beneficial. Investors also acknowledge that such advances will not be considered an “investment” in the project investment by Sharestates unless specifically designated as such by Sharestates. Therefore, advances will not be on the same terms and conditions as investments by other Investors. Sharestates will notify Investors in the applicable series of Notes if such advances are made and that the amount of such advances may be withheld from payments that Investors would otherwise receive on the Notes. Sharestates is

not required to make any such advances and may choose whether or not to make any such advance in its sole discretion. Any advances made by Sharestates will, at Sharestates' sole discretion, bear interest at the lesser of the applicable Note interest rate or the maximum rate allowed by law, and will be reimbursable to Sharestates upon receipt of funds from the real estate company. Furthermore, in the event of foreclosure, Sharestates is entitled to recover the costs of foreclosure and any amounts advanced by Sharestates (with applicable interest thereon) in respect of the property being foreclosed upon prior to any payment or other distribution being made to Investors.

Subject to Sharestates' right to redeem Notes at any time in its sole discretion, each series of Notes will mature on its initial maturity date, unless any scheduled payments in respect of the Note remain due and payable, in which case the maturity of the Notes will be automatically extended by ninety (90) days or to the final maturity date and the unpaid principal of the Note will continue to accrue interest at the applicable rate. After the final maturity date, Investors will have no further right to receive payments on the Notes, even if the issuing series later receives additional proceeds from Real Estate Loan Acquisitions or payments relating to the corresponding project investments of the series.

Prepayments

To the extent that a real estate company prepays a corresponding project investment, holders of the series of Notes related to that corresponding project investment will typically be entitled to receive their pro rata share of the prepayment, net of any accrued or owing fees, advances, charges or other reimbursements otherwise due and payable to Sharestates or its affiliates. If a Note has a prepayment penalty and such penalty is actually paid, that prepayment penalty will be retained in full by Sharestates.

Certain Aspects of Project Investments

As discussed above, if the real estate company remains in default on a project loan after any accommodation granted by Sharestates to the real estate company to cure such default, Sharestates (or, in a participation arrangement, the lead lender) may, in the case of a senior loan, and, if secured, a mezzanine loan, foreclose on the property underlying the corresponding project investment. The terms of project loans with respect to default and foreclosure will vary. Project loan documents may provide, for example, that a default by the real estate company on any other loan or obligation made or arranged by Sharestates will cause Sharestates (or lead lender) to declare a default under the deed of trust relating to the corresponding project loan (if any). Sharestates may add a shortfall from the real estate company on one loan to the payoff demand on another loan from the same real estate company; in such a case, Sharestates would direct the shortfall amount back to the Investors in the series of Notes relating to the first loan.

Sharestates may also determine in its sole discretion that an advance is necessary and prudent to protect Investors' interests. Such instances might include, but are not limited to, the cancelation or expiration of casualty insurance or the delinquency of property taxes. An advance may be funded to a project investment at any time during the course of the project investment and for any purpose Sharestates deems necessary. Any such advances would be added to the corresponding project investment amounts, bear interest at the lesser of the applicable Note interest rate or the maximum rate allowed by law, and, in the case of forced insurance, may be significantly

more expensive than conventional casualty insurance. In the event Sharestates elects to fund an advance to a project investment, Sharestates shall be entitled to recover the costs of any amounts advanced (with applicable interest thereon) prior to any payment or other distribution being made to Investors.

Some series of Notes and their corresponding project investments may provide for monthly payments of interest or preferred return only, as applicable, and will require the real estate company to make a “balloon” payment of the unpaid principal and interest, or redemption and preferred return, as applicable, at the end of the project investment term. Some series of Notes and the corresponding project investments may be partially amortized loans, and will require the real estate company to make a “balloon” payment of the unpaid principal and interest at the end of the loan term. Sharestates does not currently expect to make or arrange loans that contain provisions for negative amortization.

From time to time Sharestates will rewrite project investments requiring “balloon” payments that Sharestates has previously made to a real estate company. With respect to such rewritten terms, Sharestates will apply the same underwriting guidelines and may not obtain a new appraisal or other evaluation of the property.

Construction, Rehabilitation, Home Improvement and Entitlement Loans

Sharestates may offer some series of Notes relating to construction loans for various types of properties, including single family residential, condominiums, multi-family residential, industrial, small commercial, foreclosed (REO), unimproved land with entitlements and small tract properties. The loan underwriting for construction, rehabilitation and unimproved land with entitlement loans is typically based upon a determined “as completed” value, i.e., the projected value of the property after the completion of the construction or rehabilitation of a property. Special builder’s risk insurance, or “course of construction” insurance, may be required by Sharestates in these cases.

Construction loans can either be fully funded at the closing of the series of Notes, or Sharestates may fund disbursements on construction loans only when the disbursement becomes payable, and in such case will issue additional Notes under the same series as the initial funding for the construction loan. Investors who purchase the additional offering of Notes may differ from the initial purchasers of the series of Notes, and Sharestates cannot guarantee Investors will be offered the ability to invest in any additional offering. In either case, the proceeds of a construction loan will typically be disbursed by Sharestates or its service provider to a construction or builder’s fund control company (which may be affiliated with Sharestates) as agent for the Investors. The real estate companies will typically be required to enter into a construction loan agreement that governs the release of the loan proceeds. Disbursements would be made by Sharestates, its authorized agent, or the construction or builder’s fund control company, as applicable, only as portions of the construction work are completed, and only upon instructions from Sharestates or its agent after monitoring such progress, with the amount of disbursement based upon a percentage of work completed. Disbursements may include interest on the construction loan and advance payments to the Investors of up to three months interest or more. The amount of the disbursement to pay the contractor and the subcontractors generally would be based upon a percentage of completion of construction. In its discretion, Sharestates may require the retention of a percentage

of the amounts paid to the contractor or subcontractors. Disbursements may be made directly to the real estate company or contractors or subcontractors or jointly to the real estate company and to the contractors or the subcontractors or jointly to the contractors and subcontractors.

For rehabilitation loans, a portion of the loan proceeds will typically be disbursed directly to the real estate company or to a construction or builder's fund control company, and the real estate company would enter into a loan disbursement agreement that will govern the release of the portion of the loan proceeds that are intended to be used for repairs and rehabilitation. The real estate company will generally be required to commence work promptly, and Sharestates will generally limit the initial amount released to the real estate company to one-third of the total amount of the retained proceeds, although this figure can vary. In most cases, Sharestates will require the real estate company to have already completed certain line items within the scope of work before they will be entitled to receive any money. Construction or rehabilitation disbursements will be made by Sharestates, its servicing agent, or the construction or builder's fund control company based on the disbursement schedule and fund control authorization. If the improvements have not been completed within the time period set forth in the construction or rehabilitation agreement, or if Sharestates were to determine that the balance of the loan proceeds was not sufficient to complete the construction, then Investors Loan Servicing may use any remaining retained funds to complete the construction or may require the real estate company to deposit additional funds with Sharestates or the construction or builder's fund control company.

Interest on this type of loan will accrue and be payable as set forth in the applicable Note and Series Note Listing. Upon any default pursuant to the corresponding project investment, Investors Loan Servicing, in its capacity as servicer of the loan, may apply all or any portion of the amount in Sharestates' trust account or held by the construction or builder's fund control company to amounts due under the corresponding project investment.

To the extent possible, Sharestates will require the real estate company to obtain builder's risk insurance, which is also known as course of construction insurance. This specialized insurance is intended to insure structures, while they are under construction. Materials, fixtures and appliances that are intended to become an integral part of the structure being built are also insured. The insurance is provided for loss resulting from accidental direct physical damage to the structure under construction. The policies generally include broad coverage, but exclude earthquake, flood and damage caused by earth movement. Some builder's risk policies limit coverage to physical damage caused by specifically named perils, such as fire and theft. The coverage provided for specific perils would be specifically listed in the insurance policy or policies.

Government Regulation

There are many levels of state and federal government regulations that may potentially affect Sharestates' business.

If Sharestates is required to register under the Investment Company Act or become subject to the U.S. Securities and Exchange Commission's regulations governing broker-dealers, it may be required to institute burdensome compliance requirements.

Some states require nonfinancial companies, such as Sharestates, to obtain a real estate or other license in order to make commercial loans on a regular basis. Sharestates does not intend to finance project investments in states where such licenses are required until it obtains the required license. Sharestates may, in the future, affiliate itself with third parties such as financial institutions in order to be able to arrange loans in jurisdictions where it might otherwise be restricted.

RISK FACTORS

Investing in the Notes involves a high degree of risk. In deciding whether to purchase Notes, you should carefully consider the following risk factors. Any of the following risks could have a material adverse effect on the value of the Notes you purchase and could cause you to lose all or part of your initial purchase price or could adversely affect future payments you expect to receive on the Notes. Only investors who can bear the loss of their entire purchase price should purchase Notes. Below is not a complete list of potential risks, but a risks which Sharestates thought were most important.

Risks Related to the Notes and the Real Estate Loans Originated, Funded, and Sold with Proceeds of the Notes

You may lose some or all of your initial purchase price for the Notes because the Notes are highly risky and speculative. Only investors who can bear the loss of their entire purchase price should purchase.

The Notes are highly risky and speculative because payments on the Notes are special, limited obligations of Sharestates that depend on the cash flow management of the issuing series of Sharestates, specifically on the origination, funding, and sale of Real Estate Loans. Notes are suitable purchases only for investors of adequate financial means. If you cannot afford to lose all of the money you plan to invest in Notes, you should not purchase Notes.

Sharestates may, in its discretion and from time to time, amend, modify, or aggregate project loans corresponding to a series of Notes, and the underlying project loans may change over time.

If an investor makes a purchase of Notes in a particular series corresponding to a specific real estate project, and Sharestates determines in its discretion to modify the terms of such real estate project, or to aggregate such series of Notes with those of another series of Notes, the risk factors and characterization of the investment may change. Sharestates discretion to change the underlying loan or group of loans corresponding to a Note could lead to an investor holding a Note with investment characteristics and a risk profile different from the initial investment. In such event, the investor may be subject to redemption restrictions and may be required to hold the Note until maturity.

Payment of principal and interest of the Notes is dependent on Sharestates originating and selling Real Estate Loans in an efficient manner in order to generate cash flow to make principal and interest payments on the Notes.

Our obligation to make payments on a Note will be limited to an amount equal to the Investor's pro rata share, net of any fees, legal expenses, charges or other reimbursements payable to Sharestates or its affiliates, of amounts we receive from the following sources:

- (i) cash proceeds from a Real Estate Loan Acquisition;
- (ii) payments received from the underlying borrowers of any Real Estate Loans originated, funded, and held by the issuing series prior to the sale of such Real Estate Loans; and

- (iii) proceeds of subsequent notes issued by Sharestates, in its sole discretion.

Other than the above sources of payment and the assets of the issuing series, including Real Estate Loans, if any, held by the series, investors will have no recourse against the issuing series, Sharestates, any other series thereof, the Parent, or any of their affiliates.

Repayment of the principal of and interest on the Notes is dependent upon the cash flow management of the issuing series of Sharestates, which must fund and originate Real Estate Loans in an efficient manner such that there is an adequate number of investors purchasing the Real Estate Loans through Real Estate Loan Acquisitions and providing cash proceeds thereof to the issuing series to allow for payments on the Notes. If the issuing series funds and originates an excess amount of Real Estate Loans and is required to hold Real Estate Loans on its books and records due to a lack of demand by investors to consummate Real Estate Loan Acquisitions, payment on the Notes will then be dependent upon the series receiving payments from the underlying borrowers of the Real Estate Loans. In the event an underlying borrower fails to make a timely payment on a Real Estate Loan, repayment of the principal of and interest on the Notes may be missed. The issuing series may, in its sole discretion, issue new notes in order to make payments on the Notes; however, if no new notes are issued, there may be inadequate cash flow for the series to make payments on the Notes. In the event the issuing series has inadequate cash flow to repay the Notes, investors' only recourse will be against the assets of the issuing series of Sharestates, if any.

Payments on the Notes may depend on payments Sharestates receives on Real Estate Loans. If a real estate company fails to make any payments on the corresponding project investment held by the issuing series corresponding to your Note, payments on your Note may be correspondingly reduced.

Sharestates may only have sufficient cash flow to make payments pro rata on a series of Notes, net of our service charge, after it receives a real estate company's payment on a corresponding project investment. Sharestates also will retain from the funds received from the relevant real estate company and otherwise available for payment on the Notes any non-sufficient funds fees and the amounts of any attorneys' fees or collection fees it, a third-party servicer or collection agency imposes in connection with collection efforts. Under the terms of the Notes, if Sharestates does not receive any or all payments on the corresponding project investment, unless cash flow is available from Real Estate Loan Acquisitions or the issuance by Sharestates in its sole discretion of subsequent notes, payments on your Note will be correspondingly reduced in whole or in part. If the relevant real estate company does not make a payment on a specific monthly loan payment date, no payment may be made on your Note on the corresponding succeeding Note payment date.

The Notes are special, limited obligations of Sharestates only and are not secured by any collateral or guaranteed or insured by any third party.

While a Real Estate Loan may be secured by a mortgage, deed of trust, security agreement, or legal title, the Notes themselves are special, limited obligations of Sharestates and will not represent an obligation of Sharestates in general, any other series thereof, the Parent, the real estate company, or any other party. Project mezzanine equity and project equity is unsecured. The Notes

will not be secured by any collateral and are not guaranteed or insured by any governmental agency or instrumentality or any third party. Investors in the Notes may look only to the issuing series of Sharestates for payment of the Notes and then only to the extent such series Sharestates has assets or cash proceeds received from Real Estate Loan Acquisitions, payments received from borrowers on the Real Estate Loans originated, funded, and held by such series prior to their sale, or proceeds of subsequent note issued by Sharestates in its sole discretion. If an issuing series has insufficient cash flow, investors in the related Notes will not receive any payments on their respective Notes. Investors will not be able to pursue collection against any underlying borrower or real estate company and are prohibited from contacting the real estate company about a Real Estate Loan.

The recourse of investors is limited solely to the assets of the issuing series of Sharestates, and then only to the following sources: (i) cash proceeds from Real Estate Loan Acquisitions; (ii) payments received from any underlying borrowers on Real Estate Loans originated and held by the issuing series; and (iii) proceeds, if any, received by the issuing series from new notes issued by Sharestates in its sole discretion.

No Sinking fund has been established to provide for repayment of the Notes.

No sinking fund or other similar deposit has been or will be established by Sharestates to provide for the repayment of the Notes. Therefore, the relative risk level may be higher for the Notes than for other securities.

Sharestates does not have significant historical performance data about performance on the corresponding project investments. Loss rates on the corresponding project investments may increase and prior to investing you should consider the risk of non-payment and default.

Sharestates is in the early stages of its development and has a limited operating history. Only a limited number of project investments have been offered through Sharestates' platform prior to this offering. Sharestates' management has experience in real estate loans and related loan syndication, and Sharestates has made other real estate loans under other formats, but the performance of previous project investments may not be indicative of the future performance of the Sharestates' project investments relating to corresponding Notes, and Sharestates cannot predict what its long-term loan loss experience will be.

If Real Estate Loans are not sold to investors through Real Estate Loan Acquisitions and payments on the Real Estate Loans originated and funded with proceeds relating to your Notes are not paid, it is likely you will not receive the full principal and interest payments that you expect to receive on your Notes, and you may not recover your original purchase price.

If the issuing series is unable to sell Real Estate Loans originated and funded with proceeds of the Notes and is required to hold the Real Estate Loans, if a Real Estate Loan becomes past due or is otherwise in default, Sharestates may need to foreclose on the property underlying the Real Estate Loan at a foreclosure sale unless the property is purchased by a third party bidder at the foreclosure sale. Sharestates or one of its affiliates may act as manager for the foreclosed real estate, and the costs of foreclosure will be advanced by Sharestates, but if Sharestates cannot quickly sell such property and the property does not produce any significant income, the cost of owning, maintaining, and selling the property would reduce any proceeds gained through the sale.

If the foreclosed real estate cannot be sold for net proceeds that can fully return the outstanding amount of the related Notes, Investors will lose part or all of their investment.

For some non-performing Real Estate Loans, Sharestates may not be able to recover any of the unpaid loan balance or equity investment and, as a result, an Investor who has purchased a Note corresponding to such Real Estate Loan may receive little, if any, of the unpaid principal and interest payable under the Note in the event the issuing series otherwise has inadequate cash flow. In the event collection proceedings are initiated, you must rely on the collection efforts of Sharestates or the applicable collection agency to which such Real Estate Loans are referred. You are not permitted to attempt to collect payments on the Real Estate Loans in any manner.

The Notes are redeemable at any time by Sharestates in its sole discretion.

Sharestates may redeem a Note at any time prior to its stated maturity. Consequently, an Investor may receive less than the expected amount of interest payments corresponding to such Note.

The initial maturity date of the Notes is subject to extension. You will not receive any payments after the final maturity date of the Notes.

The initial maturity date of the Notes may be extended by ninety (90) days in the event the issuing series has insufficient cash flow to make payments on the Notes to allow the Note holder to receive any payments that Sharestates receives during such extended period from Real Estate Loan Acquisitions or payments received from underlying borrowers on Real Estate Loans after the maturity or redemption date of a Real Estate Loan. However, if we receive any proceeds from Real Estate Loan Acquisitions or principal or interest payments from a corresponding project loan, preferred return or redemption payments from corresponding project mezzanine equity, or return payments from corresponding project equity after the extended final maturity date of a Note, we may retain 100% of such payments and are not obligated to distribute those payments to you with respect to your Note. A conflict of interest could thus exist, as significant delays in receiving real estate company funds may result in additional money coming to us. Since the confidence of Investors is, however, of primary importance to the success of Sharestates, diligent collection efforts and success thereon will generally be in Sharestates' best interest. During the ninety (90) day extension period, the Notes will continue to accrue interest and any cash flow generated by the issuing series will be applied to make payments on the Notes; however, holders of the Notes will have no remedies or recourse against the issuing series, Sharestates, the Parent, or any of their affiliates, and no event of default will be deemed to have occurred as a result of the ninety (90) day extension.

Qualifying noteholders that wish to redeem their Notes pursuant to the Redemption Program may be subject to limitations and restrictions applicable to their redemption requests.

The Redemption Program offered by Sharestates is only available to individual noteholders and imposes caps on guaranteed redemption amounts on a per noteholder, project investment and time period basis. If you are eligible to redeem your notes, redemption requests are processed in the order they are received by Sharestates and the repurchase price of the Notes that are the subject of a redemption request is dependent on whether the issuing series has sufficient cash flow.

Additionally, Sharestates may amend, suspend or terminate the Redemption Program at any time and as a result, there is a chance you may not be able to redeem your Notes at all.

Loss rates on Real Estate Loans and inability to consummate Real Estate Loan Acquisitions may increase as a result of economic conditions beyond Sharestates' control and beyond the control of the real estate company.

Real Estate Loan loss rates and demand for Real Estate Loans and the consummation of Real Estate Loan Acquisitions may be significantly affected by economic downturns or general economic conditions beyond Sharestates' control and beyond the control of individual real estate companies. In particular, loss rates on Real Estate Loans and lack of investor interest to acquire Real Estate Loans through Real Estate Loan Acquisitions 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.

The success of each Real Estate Loan is dependent on the performance of the real estate company and other third parties over which we have no control.

With respect to a particular property, the real estate company is responsible for various management functions that are essential to the success of the 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 corresponding project investment or expose it to unanticipated operating risks, which could reduce the property's cash flow and adversely affect the real estate company's ability to repay the Real Estate Loan.

Information supplied by real estate companies may be inaccurate or intentionally false.

Real Estate companies supply a variety of information regarding the current rental income, property valuations, market data, and other information, some of which is included in the Series Note Listings. Sharestates makes an attempt to verify some of this information, but as a practical matter, cannot verify the majority of it, which may be incomplete, inaccurate or intentionally false. Real estate companies may also misrepresent their intentions for the use of project investment proceeds. Sharestates does not verify any statements by applicants as to how loan proceeds are to be used. If a real estate company supplies false, misleading or inaccurate information, you may lose all or a portion of your investment in the Note.

With the exception of loans which have a draw feature coupled with them, when Sharestates finances a corresponding project investment, its primary assurances that the financing proceeds will be properly spent by the real estate company are the contractual covenants agreed to by the real estate company, along with the real estate company's business history and reputation. Should the proceeds of a financing be diverted improperly, the real estate company might become insolvent, which could cause the purchasers of the corresponding Notes to lose their entire investment.

The real estate company may have no operating history, and the manager of the real estate company may lack experience in developing projects similar to a property underlying a Real Estate Loan.

Real estate companies are often organized solely for the purpose of developing a particular property. In that case, the real estate company will have no history of operations. It therefore should be considered a development stage company, and its operations will be subject to all of the risks inherent in the establishment of a new business enterprise, including, but not limited to, hurdles or barriers to the implementation of its business plans. Further, because there is no history of operations there is also no operating history from which to evaluate the real estate company manager's ability to manage the real estate company's operations and achieve its goals or the likely performance of the company. No assurances can be given that a real estate company can operate profitably.

Projected revenues from a property could fall short of the amounts projected.

The payment schedules with respect to many corresponding project investments are based on projected revenues generated by the property over the term of the corresponding project investment. These projections are based on factors such as expected vacancy rates, expense rates, and other projected income and expense figures relating to the property. The actual revenues generated by a property could fall short of projections due to factors such as lower-than-expected rental revenues, or greater-than-expected vacancy rates or property management expenses. In such event, the real estate company's cash flow could be inadequate to repay the corresponding project investment in full.

Insurance against risks faced by a property could become more costly or could become unavailable altogether. There is no requirement for a real estate company to self-insure.

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 real estate company's ability to continue insuring the property at a reasonable cost or could result in insurance being unavailable altogether. Moreover, any hazard losses not then covered by the real estate company's insurance policy would result in the corresponding project investment becoming significantly under secured, and an Investor in a Note could sustain a significant reduction, or complete elimination of, the return and repayment of principal from that Note.

Environmental issues may affect the operation of a real estate company property.

If toxic environmental contamination is discovered to exist on a property underlying a corresponding project investment, it might affect the real estate company's ability to repay the corresponding project investment and Sharestates could suffer from a devaluation of loan security. To the extent that Sharestates is forced to foreclose and/or operate such a property, potential additional liabilities include reporting requirements, remediation costs, fines, penalties and damages, all of which would adversely affect the likelihood that Investors would be repaid on the Notes.

Of particular concern may be those properties that are, or have been, the site of manufacturing, industrial or disposal activity. These environmental risks may give rise to a diminution in value of the security property or liability for clean-up costs or other remedial actions. This liability could exceed the value of the real property or the principal balance of the related mortgage loan. For this reason, Sharestates may choose not to foreclose on contaminated property rather than risk incurring liability for remedial actions.

Under the laws of certain states, an owner's failure to perform remedial actions required under environmental laws may give rise to a lien on mortgaged property to ensure the reimbursement of remedial costs. In some states this lien has priority over the lien of an existing mortgage against the real property. Because the costs of remedial action could be substantial, the value of a mortgaged property as collateral for a project loan could be adversely affected by the existence of an environmental condition giving rise to a lien.

The state of law is currently unclear as to whether and under what circumstances clean-up costs, or the obligation to take remedial actions, can be imposed on a secured lender. If a lender does become liable for cleanup costs, it may bring an action for contribution against the current owners or operators, the owners or operators at the time of on-site disposal activity or any other party who contributed to the environmental hazard, but these persons or entities may be bankrupt or otherwise judgment-proof. Furthermore, an action against the real estate company may be adversely affected by the limitations on recourse in the loan documents.

Sharestates has an incentive to fund as many corresponding project investments as possible, which could impair its ability to devote adequate attention and resources to collection of corresponding project investments and may require the issuing series to hold Real Estate Loans in the event there are insufficient Real Estate Loan Acquisitions.

Other than any revenue generated from the management of certain equity investment opportunities offered by Sharestates from time to time by Sharestates, substantially all of Sharestates' revenues are derived from, listing, origination, and servicing fees, or "spreads" generated through making and arranging or acquiring project investments and offering related series of Notes. As a result, Sharestates has an incentive to finance as many projects as possible to maximize the amount of fees it is able to generate. Increased project volume increases the demands on its management resources and its ability to devote adequate attention and resources to the collection of corresponding project investments, and, if there is insufficient investor demand for Real Estate Loan Acquisitions, may require the issuing series to hold Real Estate Loans it has originated and funded, in which case investors will be dependent upon proceeds received from payments by underlying borrowers of such Real Estate Loans, potentially causing cash flow management issues and an inability of the issuing series to make payments on the Notes. In the event that Sharestates takes on loan volumes that exceed its ability to service outstanding corresponding project investments and to sell Real Estate Loans to investors in an efficient manner to generate cash flow, our ability to make timely payments on the Notes will suffer.

The property valuation models used by Sharestates in determining whether to make a Real Estate Loan may be deficient and may increase the 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 Sharestates' review of the value of the underlying property in determining whether to make a corresponding project investment and the value of the underlying security 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 will be commensurately greater.

Grades for the project investments are subjective.

Sharestates may from time to time institute one or more rating systems (whether it be a letter grade (i.e. A, B, C, etc.) or numerical (i.e. 10, 9, 8, etc.) in nature) with respect to project investments. The rating system will be used to summarize Sharestates' findings during the underwriting process with respect to the project investments and may rely upon numerous factors such as borrower credit ratings, loan type, borrower experience, LTV, estimated property values, property location and type, occupancy levels, market strength and various other factors. Many of these factors are subjective in nature and cannot be certain. Accordingly, Sharestates' rating system is imperfect, is not indicative of future results and cannot be used to predict the outcome of a given investment for which that system applies. Moreover, Sharestates' rating system is not a recommendation by Sharestates to buy, sell or hold a Note.

Lack of diversification carries particular risks.

Each Note will correspond to a pool of real estate project investments, some of which may be located in similar geographic regions. As a result, in the event there are inadequate Real Estate Loan Acquisitions and the issuing series is required to hold Real Estate Loans originated and funded by such series, an investment in a Note will not have the geographic diversification present in some other types of investment programs and this lack of diversification will increase the investor's exposure to adverse local real estate, economic and market conditions and other risk factors. Because Sharestates primarily limits its activities to lending, it may also experience more volatility and be exposed to greater risk than a more diversified portfolio containing non-real estate investments, including foreign and domestic equity and debt securities. A Note's potential lack of geographic and market diversification will have the effect of increasing the risks associated with an investment in the Notes.

The real property security for the Real Estate Loans may decline in value.

The value of the real property security for a Real Estate Loan will be subject to the risks generally incident to the ownership of improved and unimproved real estate, including changes in general or local economic conditions, increases in interest rates for real estate financing, physical damage that is not covered by insurance, zoning, entitlements, and other risks. Many real estate companies expect to use resale proceeds to repay their project loan or redeem their project mezzanine equity or project equity. A decline in property values could result in a project investment amount being greater than the property value, which could increase the likelihood of the real estate company failing to make payments on the Real Estate Loan.

Although real estate assets are generally cyclical in nature, Sharestates' operating history since its inception does not yet span any prolonged down cycles in the real estate market.

Real Estate Loans ending with large “balloon” payments, project mezzanine equity, and project equity carry particular risks.

Some of the corresponding Real Estate Loans may be interest-only loans providing for relatively small monthly payments with a large “balloon” payment of principal due at the end of the term. Likewise, project mezzanine equity and/or project equity typically will provide for periodic preferred return payments (at the discretion of the manager of the real estate company) with a large redemption payment due on the mandatory redemption date. Real estate companies may be unable to make principal or redemption payments out of their own funds and will be compelled to refinance or sell their property. Fluctuations in real estate values, interest rates and the unavailability of mortgage funds could adversely affect the ability of real estate companies to refinance their loans at maturity or successfully sell the property for enough money to pay off the corresponding project loans or redeem the corresponding project mezzanine equity or project equity.

Construction and rehabilitation investments carry particular risks.

Construction and rehabilitation loans 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, and the length of ultimate sale process.

If construction work is not completed (due to contractor abandonment, unsatisfactory work performance, or various other factors) and all the project investment funds have already been expended, then in the event of a default Sharestates may have to invest significant additional funds to complete the construction work. Any such investment would be recuperated by Sharestates prior to the Investor being paid back on the Note. If the value of an uncompleted property is materially less than the amount of the project loan, even if the work were completed, then upon a default Sharestates might need to invest additional funds in order to recoup all or a portion of the investment. Default risks also exist where it takes a real estate company longer than anticipated either to construct or then resell the property, or if the real estate company does not receive sufficient proceeds from the sale to repay the corresponding project investment in full.

Security of certain corresponding project loans does not remove the risks associated with foreclosure.

Senior loans and certain mezzanine loans will be secured by a first lien security interest such as a mortgage, deed of trust or security deed on the underlying real estate. Different property types involve different types of risk in terms of realizing on the collateral in the event that the real estate company defaults. These risks include completion costs in the case of an incomplete project, partial resale for condominiums and tracts and lease-up (finding tenants) for multi-family residential, small commercial and industrial properties. Sharestates may not be able to sell a foreclosed commercial property, for example, before expending efforts to find tenants to make the property more fully leased and more attractive to potential buyers.

Moreover, foreclosure statutes vary widely from state to state. Properties underlying defaulted loans will need to be foreclosed upon in compliance with the laws of the state where such property is located. Many states require lengthy processing periods or the obtaining of a court decree before a mortgaged property may be sold or otherwise foreclosed upon. Further, statutory rights to redemption and the effects of anti-deficiency and other laws may limit the ability for Sharestates to timely recover the value of its loan in the event that a real estate company defaults on a loan. If recovery is delayed until after the Final Maturity Date on the corresponding Notes, Investors will not share in such recovery.

A bankruptcy of the real estate company will prevent Sharestates from exercising its foreclosure remedy promptly.

Where a project loan is secured, if the real estate company enters bankruptcy, an automatic stay of all proceedings against the real estate company's property will be granted. This stay will prevent Sharestates from foreclosing on the property unless relief from the stay can be obtained from the bankruptcy court, and there is no guarantee that any such relief will be obtained. Significant legal fees and costs may be incurred in attempting to obtain relief from a bankruptcy stay from the bankruptcy court and, even if such relief is ultimately granted, it may take several months or more to obtain. In such event, Sharestates will be unable to promptly exercise its foreclosure remedy and realize any proceeds from a property sale.

In addition, bankruptcy courts have broad powers to permit a sale of the real property free of Sharestates' lien, to compel Sharestates to accept an amount less than the balance due under the loan and to permit the real estate company to repay the loan over a term which may be substantially longer than the original term of the loan.

The Real Estate Loans on which the Notes may be dependent may not restrict real estate companies from incurring additional unsecured or secured debt, nor may they impose any financial restrictions on real estate companies during the term of the project investment, which may increase the likelihood that a real estate company may not make payments on the project investments in accordance with their terms.

If a real estate company incurs additional debt after the funding of a project investment, that additional debt may adversely affect the real estate company's creditworthiness generally, and could result in the financial distress, insolvency, or bankruptcy of the real estate company. This circumstance could ultimately impair the ability of that real estate company to make payments on the Real Estate Loans and your ability to receive the principal and interest payments that you expect to receive on Notes dependent on those project investments. To the extent that the real estate company has or incurs other indebtedness and cannot pay all of its indebtedness, the real estate company may choose to make payments to other creditors, rather than to us.

Project mezzanine equity and project equity will be subordinate to the existing and future indebtedness of a real estate company.

Project mezzanine equity and project equity will constitute equity interests in a real estate company, not indebtedness. As such, project mezzanine equity and project equity will rank junior to all indebtedness and other non-equity claims on the real estate company, and potentially other

classes of equity of the real estate company, with respect to assets available to satisfy claims against the real estate company, including in its liquidation. Further, a real estate company's existing and future indebtedness, and potentially other classes of equity, may restrict payment of preferred return on project mezzanine equity or project equity. Additionally, unlike project loans, where principal and interest will be payable on specified due dates, in the case of project mezzanine equity and project equity, preferred return and common equity returns are payable at the discretion of the manager of the real estate company. Project mezzanine equity and project equity also likely will place no restrictions on the development company's business or operations on its ability to incur indebtedness.

The Notes are restricted securities, will not be listed on any securities exchange, and no liquid market for the Notes is expected to develop.

The Notes are not being registered under the Securities Act, but rather are being offered in reliance on Rule 506 of Regulation D of the Securities Act under the "non-public" offering exemption of Section 4(a)(2) of the Securities Act. Except to a limited extent permitted by the Subscription Agreement, the Securities Act, applicable state securities law and/or pursuant to a registration, qualification or exemption therefrom, no Investor will be entitled to transfer, sell, gift, assign, encumber, hypothecate or otherwise dispose of all or any part of the Notes except with the prior written consent of Sharestates, which consent may be given or withheld, conditioned or delayed as Sharestates may determine in its sole and absolute discretion. Moreover, the Notes will not be listed on any securities exchange or interdealer quotation system. There is no trading market for the Notes, and we do not expect that such a trading market will develop in the foreseeable future, nor do we intend in the near future to offer any features on our platform to facilitate or accommodate such trading. Although the Notes by their terms are pre-payable at any time without penalty, there is no obligation on our part to repurchase or otherwise prepay any Notes at the election of an Investor. Therefore, any investment in the Notes will be highly illiquid, and investors in the Notes may not be able to sell or otherwise dispose of their Notes in the open market. Accordingly, you should be prepared to hold the Notes you purchase until they mature.

The U.S. federal income tax consequences of an investment in the Notes are uncertain.

No statutory provisions, Treasury regulations, published rulings or judicial decisions directly address the characterization of the Notes or instruments similar to the Notes for U.S. federal income tax purposes. However, although the matter is not free from doubt, we intend to treat the Notes as our debt instruments that have "original issue discount" for U.S. federal income tax purposes unless and until there is a change or clarification in the law, by Treasury regulation or otherwise, that would require a different characterization of the Notes.

You should be aware that the characterization of the Notes for U.S. federal income tax purposes is subject to substantial uncertainty, the IRS is not bound by our characterization and the IRS or a court may take a different position with respect to the Notes' proper characterization. For example, the IRS could determine that, in substance, each Investor owns a proportionate interest in the corresponding project investment for U.S. federal income tax purposes. Alternatively, the IRS could seek to treat the Notes as a different financial instrument (including an equity interest in us or a derivative financial instrument).

Any different characterization of the Notes could significantly affect the amount, timing and character of income, gain or loss recognized by an Investor in respect of a Note. Moreover, any such different characterization may significantly reduce the amounts available to pay interest and principal on the Notes. For example, if each Investor was treated as owning a proportionate interest in the corresponding project investment, the U.S. federal income tax consequences of owning the Notes would depend on the characteristics of the project investment, which characteristics could differ significantly from the intended characteristics of the Notes for U.S. federal income tax purposes, particularly in the case of project mezzanine equity or project equity. Among other things, an Investor whose Note corresponds to project mezzanine equity or project equity of a real estate company would be treated as an equity owner of such company and, if such company was a partnership for U.S. federal income tax purposes, an Investor would be treated as a partner in such partnership and would be required to report its allocable share of the company's taxable income or loss. Alternatively, if the Notes were treated as our equity and we were characterized as a corporation for U.S. federal income tax purposes, (i) we would be subject to U.S. federal income tax on any income, including interest, accrued on the corresponding project investment but would not be entitled to deduct interest or OID on the Notes, which, among other things, would reduce the amount of cash available to make payments on the Notes, and (ii) payments on the Notes would be treated by the Investor for U.S. federal income tax purposes as dividends (that may be ineligible for reduced rates of U.S. federal income taxation or the dividends-received deduction) to the extent of our earnings and profits as computed for U.S. federal income tax purposes.

You are strongly advised to consult your own tax advisor regarding the U.S. federal, state, local and non-U.S. tax consequences of the purchase, ownership and disposition of the Notes (including any possible differing treatment of the Notes). For a discussion of the U.S. federal income tax consequences of an investment in the Notes, see "Certain U.S. Federal Income Tax Considerations."

Sharestates may, in its sole discretion, use proceeds from the issuance of Notes to make payments on and redeem outstanding Notes.

Sharestates may determine to use proceeds from the issuance of Notes to make payments on or redeem outstanding Notes rather than allocate proceeds from such Notes in a project investment. The use of proceeds to make payments on or redeem outstanding Notes may cause returns or payments on the newly issued Notes to decline if the proceeds are used solely to repay existing Notes. If payments on Notes are being made from proceeds of the issuance of subsequent Notes rather than repayment of an investment in an underlying loan for a project investment, a systemic problem may develop.

A potential conflict of interest exists for Sharestates management in determining whether to make payments on underperforming Notes by issuing and using proceeds of subsequent Notes or to foreclose on the nonperforming project investment or make no payments to the holder of Notes corresponding to a nonperforming investment. Further, an Investor intending to make an investment in a particular project investment based on a Series Note Listing may instead have their proceeds used to make payments on or redeem existing Notes, rather than invested in the project investment. Sharestates makes no representations and takes no responsibility to notify an Investor

as to whether proceeds will be used to invest in the project investment corresponding to a series in which an Investor has subscribed or to make payments on or redeem outstanding Notes.

Risks Related to Sharestates and the Investment Platform

Sharestates has a limited operating history. As a company in the early stages of development, Sharestates faces increased risks, uncertainties, expenses and difficulties.

Sharestates has a limited operating history. Sharestates began offering online real estate investments in 2014, but has not issued Notes prior to this offering, nor has it to date directly held or serviced any project investments that are tied to securities such as the Notes.

For Sharestates to be successful, the volume of financings originated through the online platform will need to increase, which will require Sharestates to increase its facilities, personnel and infrastructure to accommodate the greater obligations and demands on the platform. Sharestates' platform is dependent upon the Sharestates Website to maintain current listings and transactions in Notes. Sharestates also expects to constantly update its software and website, expand its customer support services and retain an appropriate number of employees to maintain the operations of its platform. If Sharestates is unable to increase the capacity of its platform and maintain the necessary infrastructure, you may experience delays in receipt of payments on the Notes and periodic downtime of Sharestates' systems.

Sharestates will need to raise substantial additional capital to fund its operations, and if it fails to obtain additional funding, it may be unable to continue operations.

At this early stage in its development, Sharestates has funded substantially all of its operations with proceeds from private financings from individual investors. To continue the development of its platform, Sharestates will require substantial additional funds. To meet its financing requirements in the future, it may raise funds through equity offerings, debt financings or strategic alliances. Raising additional funds may involve agreements or covenants that restrict Sharestates' business activities and options. Additional funding may not be available to it on favorable terms, or at all. If Sharestates is unable to obtain additional funds, it may be forced to reduce or terminate its operations. Any inability for Sharestates to fund operations could have a substantial and deleterious effect on the viability and operations of Sharestates.

If we were to become subject to a bankruptcy or similar proceeding, the rights of the holders of the Notes could be uncertain, and the recovery, if any, of a holder on a Note may be substantially delayed and substantially less than the amounts due and to become due on the Note.

In the event of Sharestates' bankruptcy or a similar proceeding, Sharestates will be in default under virtually all of the Notes and the Trustee will, at the direction of the holders holding at least fifty-one percent (51%) of the outstanding principal balance of the Notes, have the option to exercise the rights afforded to it under the Indenture. The rights of investors to continue receiving payments on the Notes could be subject to the following risks and uncertainties:

- Interest on the Notes may not accrue during a bankruptcy proceeding. Accordingly, if investors received any recovery on their Notes, any such recovery might be based on

the investors' claims for principal and interest accrued only up to the date the proceeding commenced.

- Our obligation to continue making payments on the Notes would likely be suspended even if the funds to make such payments were available. Because a bankruptcy or similar proceeding may take months or years to complete, even if the suspended payments were resumed, the suspension might effectively reduce the value of any recovery that a holder of a Note might receive by the time such recovery occurs.
- The Notes are unsecured, and investors do not have a security interest in the corresponding project investments. Accordingly, the holders of Notes may be treated as general creditors and thus be required to share the proceeds of corresponding project investments with other general creditors of Sharestates.
- Because the terms of the Notes provide that they will be repaid only out of the proceeds of the corresponding project investments, investors might not be entitled to share in the other assets of Sharestates available for distribution to general creditors, even though other general creditors might be entitled to a share of the proceeds of such corresponding project investments.
- If a real estate company has paid Sharestates on any corresponding project investments before the bankruptcy proceedings are commenced and those funds are held in the clearing account and have not been used by Sharestates to make payments on the Notes, there can be no assurance that Sharestates will be able to use such funds to make payments on the Notes.
- If a bankruptcy proceeding commences after the purchase price of Notes has been paid, holders of the Notes may not be able to obtain a return of the purchase price even if the offering proceeds have not yet been used to fund a project investment.
- Our ability to transfer our obligations to a back-up entity may be limited and subject to the approval of the bankruptcy court or other presiding authority. The bankruptcy process may delay or prevent the implementation of back-up services, which may impair the collection of corresponding project investments to the detriment of the Notes.
- To enforce your rights and remove the project investments out of the bankruptcy proceeding, the Trustee would be required to foreclose on its interest in the project investments documents which may prove impossible, take significant time and/or result in significant expense, especially if such foreclosure is challenged by Sharestates' creditors or the holders are unwilling to adequately indemnify the Trustee to the level required under the Indenture.

If Sharestates were to enter bankruptcy proceedings, the operation of the Investment Platform and the activities with respect to the corresponding project investments and the Notes would be interrupted.

If Sharestates were to enter bankruptcy proceedings or were to cease operations, we would be required to find other ways to meet obligations regarding the corresponding project investments and the Notes. Such alternatives could result in delays in the disbursement of payments on your Notes or could require us to pay significant fees to another company that we engage to perform services for the corresponding project investments and the Notes.

In a bankruptcy or similar proceeding of Sharestates, there may be uncertainty regarding the rights of a holder of a Note, if any, to access funds sent to Sharestates.

If Sharestates became a debtor in a bankruptcy proceeding, the legal right to administer Sharestates funds would vest with the bankruptcy trustee or debtor in possession. In that case, investors may have to seek a bankruptcy court order lifting the automatic stay and permitting them to withdraw their funds. Investors may suffer delays in accessing their funds in any Sharestates account as a result. Moreover, U.S. bankruptcy courts have broad powers and a bankruptcy court could determine that some or all of such funds were beneficially owned by Sharestates and therefore that they became available to the creditors of Sharestates generally.

The Company has minimal operating capital, no significant assets and has no revenue from operations.

The Company has minimal operating capital and for the foreseeable future will be dependent upon its ability to finance its operations from the sale of equity or other financing alternatives. There can be no assurance that the Company will be able to successfully raise operating capital. The failure to successfully raise operating capital, and the failure to attract qualified real estate companies and sufficient investor purchase commitments, could result in the bankruptcy of the Company or other event which would have a material adverse effect on the Company and its shareholders. The Company has no significant assets or financial resources, so such adverse event could put your investment dollars at significant risk.

When you commit to purchase a Note, you must commit funds toward your purchase, but the funds may not be deployed until 45 days from when the funding request for the applicable Note is fully subscribed.

Each funding request for an investment opportunity remains open for a designated time, and then Sharestates has up to 45 days to invest such amounts from the time that the funding request is fully subscribed. Investors' commitments to purchase Notes are irrevocable. During the period between the time of your purchase commitment and the time when your Note is issued, you will not have access to your funds. Because your funds do not earn interest prior to the time when the Note is issued, the delay in issuance of your Note will have the effect of reducing the effective rate of return on your investment.

Real estate company prepayments will extinguish or limit your ability to earn additional returns on a Note.

Prepayment of a project investment will occur if a real estate company decides to pay some or all of the principal amount on the corresponding project loan or redeem some or all of the project mezzanine equity or project equity earlier than originally scheduled. With most of the investment opportunities financed on the investment platform, the real estate company may prepay all or a portion of the remaining principal amount or redemption amount at any time without penalty. Upon a prepayment of the entire remaining unpaid principal amount of the corresponding project loan or redemption amount of the corresponding project mezzanine equity or project equity, you will receive your share of such prepayment (excluding the proceeds of any prepayment penalty, which will be retained in full by Sharestates), but further interest or preferred return will not accrue after the date on which the payment is made. If prevailing commercial loan rates decline in relation to the Note's effective interest rate, the real estate company may choose to prepay the corresponding project loan, project mezzanine equity, or project equity with lower-cost funds. If the real estate company prepays a portion of the remaining unpaid principal balance on the corresponding project loan or redemption amount of the corresponding project mezzanine equity or project equity, the term for repayment of the corresponding project loan, redemption of the corresponding project mezzanine equity or project equity will not change, but you will not earn a return on the prepaid portion, and your anticipated total investment return may thus decrease. In addition, you may not be able to find a similar rate of return on another investment at the time at which the corresponding project loan, project mezzanine equity, or project equity is prepaid. See "The Notes."

The market in which we participate is competitive and, if we do not compete effectively, our operating results could be harmed.

The real estate lending market is competitive and rapidly changing. We expect competition to persist and intensify in the future, which could harm our ability to increase volume on our platform.

Our principal competitors include major banking institutions, private equity funds, real estate investment trusts, as well as other online lending platforms. Competition could result in reduced volumes, reduced fees or the failure of our online lending platform to achieve or maintain more widespread market acceptance, any of which could harm our business. In addition, in the future we may experience new competition from more established internet companies possessing large, existing customer bases, substantial financial resources and established distribution channels. If any of these companies or any major financial institution decided to enter the online lending business, acquire one of our existing competitors or form a strategic alliance with one of our competitors, our ability to compete effectively could be significantly compromised and our operating results could be harmed.

Most of our current or potential competitors have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms and distribution channels. Our potential competitors may also have longer operating histories, more extensive customer bases, greater brand recognition and broader customer relationships than we have. These competitors

may be better able to develop new products, to respond quickly to new technologies and to undertake more extensive marketing campaigns. Our industry is driven by constant innovation. If we are unable to compete with such companies and meet the need for innovation, the demand for our platform could stagnate or substantially decline.

We rely on third-party banks and on third-party computer hardware and software. If we are unable to continue utilizing these services, our business and ability to service the corresponding project investments may be adversely affected.

We rely on third-party and FDIC-insured depository institutions to process our transactions, including payments of corresponding project investments and remittances to holders of the Notes. Under the ACH rules, if we experience a high rate of reversed transactions (known as “charge backs”), we may be subject to sanctions and potentially disqualified from using the system to process payments. Sharestates also relies on computer hardware purchased and software licensed from third parties to operate the platform. This purchased or licensed hardware and software may be physically located off-site, as is often the case with “cloud services.” This purchased or licensed hardware and software may not continue to be available on commercially reasonable terms, or at all. If Sharestates cannot continue to obtain such services elsewhere, or if it cannot transition to another processor quickly, our ability to process payments will suffer and your ability to receive payments on the Notes will be delayed or impaired.

If the security of our investors’ confidential information stored in Sharestates’ systems is breached or otherwise subjected to unauthorized access, your secure information may be stolen.

Sharestates’ investment platform may store investors’ bank information and other personally identifiable sensitive data. Sharestates’ investment platform is hosted in data centers that are compliant with payment card industry security standards and the website uses daily security monitoring services. However, any accidental or willful security breach or other unauthorized access could cause your secure information to be stolen and used for criminal purposes, and you 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, Sharestates and its third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many states have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause our investors and real estate companies to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or perceived, would harm our reputation, we could lose investors, and the value of your investment in the Notes could be adversely affected.

Any significant disruption in service on the Sharestates Website or in its computer systems could reduce the attractiveness of the investment platform and result in a loss of users.

If a catastrophic event resulted in a platform outage and physical data loss, Sharestates’ ability to perform its obligations would be materially and adversely affected. The satisfactory performance, reliability, and availability of Sharestates’ technology and its underlying hosting services infrastructure are critical to Sharestates’ operations, level of customer service, reputation

and ability to attract new users and retain existing users. Sharestates' hosting services infrastructure is provided by a third party hosting provider (the "**Hosting Provider**"). Sharestates 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 Sharestates Website will be uninterrupted, error-free or secure. Sharestates' operations depend on the Hosting Provider's ability to protect its and Sharestates' 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 our systems, criminal acts and similar events. If Sharestates' arrangement with the Hosting Provider is terminated, or there is a lapse of service or damage to its facilities, Sharestates could experience interruptions in its service as well as delays and additional expense in arranging new facilities. Any interruptions or delays in Sharestates' service, whether as a result of an error by the Hosting Provider or other third-party error, Sharestates' own error, natural disasters or security breaches, whether accidental or willful, could harm our ability to perform any services for corresponding project investments or maintain accurate accounts, and could harm Sharestates' relationships with its users and Sharestates' reputations. Additionally, in the event of damage or interruption, Sharestates' insurance policies may not adequately compensate Sharestates for any losses that we may incur. Sharestates' disaster recovery plan has not been tested under actual disaster conditions, and it may not have sufficient capacity to recover all data and services in the event of an outage at a facility operated by the Hosting Provider. These factors could prevent us from processing or posting payments on the corresponding project investment or the Notes, damage Sharestates' brand and reputation, divert its employees' attention, and cause users to abandon the investment platform.

Uninsured losses could reduce returns to Investors in the Notes.

Although Sharestates intends to require real estate companies to maintain builder's risk insurance coverage for the properties serving as collateral for the obligations corresponding to the Notes, there are certain types of losses that are either uninsurable or not economically insurable.

The Notes limit your rights in some important respects.

To protect Sharestates from having to respond to multiple claims by investors in the event of an alleged breach or default with respect to a series of Notes, the Subscription Agreement restricts investors' rights to pursue remedies individually in connection with such breach or default.

In addition, Sharestates may require that any claims against it be resolved through binding arbitration rather than in the courts. The arbitration process may be less favorable to investors than court proceedings and may limit your right to engage in discovery proceedings or to appeal an adverse decision.

"Events of Default" under the Note are limited to narrow circumstances.

Under the Notes, Sharestates' bankruptcy or a similar event related to Sharestates' insolvency is deemed to be an Event of Default pursuant to the Subscription Agreement, upon which the entire outstanding principal balance of the Notes and all accrued and unpaid interest thereon will become immediately due and payable. Other acts or omissions by Sharestates that

may represent breaches of contract, including Sharestates' failure to act in good faith in collecting corresponding project investments, do not represent Events of Default under the Notes and do not result in the entire principal balance becoming due and payable.

Sharestates' ability to pay principal and interest on the Notes may be affected by its ability to match the timing of its income and deductions for U.S. federal income tax purposes.

You should be aware that Sharestates' ability to pay principal and interest on a Note may be affected by its ability, for U.S. federal income tax purposes, to match the timing of income it receives from a corresponding project investment that it holds and the timing of deductions that it may be entitled to in respect of payments made on the Notes that it issues. For example, if the Notes are treated as equity of Sharestates, or if the Notes are treated as contingent payment debt instruments for U.S. federal income tax purposes but the corresponding project investments are not, there could be a potential mismatch in the timing of Sharestates' income and deductions for U.S. federal income tax purposes, and Sharestates' resulting tax liabilities could affect its ability to make payments on the Notes.

If we fail to retain our key personnel, we may not be able to achieve our anticipated level of growth and our business could suffer.

Our future depends, in part, on our ability to attract and retain key personnel. Our future also depends on the continued contributions of our executive officers and other key personnel, each of whom would be difficult to replace. In particular, the Founder/Chief Executive Officer and Founder/Chief Financial Officer of our parent company, Sharestates, Inc., are critical to the management of our business and operations and the development of our strategic direction. The loss of the services of Allen Shayanfekr, Radni Davoodi, Raymond Davoodi, Kevin Shane, Michael Ramin, Richard Wisniewski, Brian Halbesian, Hari Maddali or other executive officers or key personnel and the process to replace any of our key personnel would involve significant time and expense and may significantly delay or prevent the achievement of our business objectives.

Company compensation is not determined on an arms'-length basis.

Sharestates and its affiliates are entitled to significant compensation under the terms of the Notes and the corresponding project investments. No independent third party has determined the fairness or reasonableness of any compensation. None of this compensation was or will be determined by arms'-length negotiations. To the extent that borrowers are charged an origination fee, the principal amount of the borrower loan may be higher than it otherwise would be, which may adversely affect the ability of the borrower to repay the loan. In addition, origination fees (when added to the amount of the loan) will increase the gross amount of the loan thereby decreasing the borrower's equity in his or her property and correspondingly decreasing the loan security.

Relationships with affiliated parties may create conflicts of interest.

Some of the investors and principals in Sharestate's parent companies are affiliated with or part of entities or organizations with which Sharestates may hold a past, present or future business or commercial relationship. Sharestates may, in its sole and absolute discretion, conduct

business with these affiliated parties, and without any notice or disclosure thereof to Investors. These arrangements may not be at arms'-length and may create a potential conflict of interest for Investors.

Effects of the COVID-19 Pandemic.

Laws, orders, public guidance and other measures taken by federal, state and local governments in response to the COVID-19 pandemic are unpredictable, and continued developments in response to changing conditions are likely. Laws, regulations and orders which may adversely affect the operations of businesses in general may also adversely affect the business of Sharestates, its affiliates, and the underlying project loan borrowers. At this time, such impacts are difficult to predict in nature, scope and duration, and may continue to change as the COVID-19 pandemic continues.

Additionally, the business operations of Sharestates, the underlying project loan borrowers, and any third parties that each of the foregoing may rely on in connection with the transactions contemplated in this offering may be adversely impacted by the effects of COVID-19 on their respective directors, officers, employees, agents and representatives.

Risks Related to Compliance and Regulation

Non-compliance with laws and regulations may impair our ability to arrange or service Project investments.

Failure to comply with the laws and regulatory requirements applicable to our business may, among other things, limit our, or a collection agency's, ability to collect all or part of the payments on the project investments on which the Notes are dependent for payment. In addition, our non-compliance could subject us to damages, revocation of required licenses or other authorities, class action lawsuits, administrative enforcement actions, and civil and criminal liability, which may harm our business and ability to maintain our platform and may result in real estate companies rescinding their project investments.

If Sharestates is required to register under the Investment Company Act or became subject to the SEC's regulations governing broker-dealers, its ability to conduct its business could be materially and adversely affected.

The SEC heavily regulates the manner in which "investment companies" and "broker-dealers" are permitted to conduct their business activities. Sharestates believe it has conducted its business in a manner that does not result in it being characterized as an investment company or broker-dealer, as it does not believe that it engages in any of the activities described under Section 3(a)(1) of the Investment Company Act of 1940 or any similar provisions under state law, or in the business of (i) effecting transactions in securities for the account of others as described under Section 3(a)(4)(A) of the Securities Exchange Act of 1934 (the "Exchange Act") or any similar provisions under state law or (ii) buying and selling securities for our own account, through a broker or otherwise as described under Section 3(a)(5)(A) of the Exchange Act or any similar provisions under state law. Sharestates intends to continue to conduct their business in such manner. If, however, it is deemed to be an investment company or a broker-dealer, it may be

required to institute burdensome compliance requirements and its activities may be restricted, which would affect its business to a material degree.

We are not subject to the banking regulations of any state or federal regulatory agency.

We are not subject to the periodic examinations to which commercial banks and other thrift institutions are subject. Consequently, our financing decisions and our decisions regarding establishing loan loss reserves are not subject to period review by any governmental agency. Moreover, we are not subject to regulatory oversight relating to our capital, asset quality, management or compliance with laws.

Recent Legislative and Regulatory Initiatives Have Imposed Restrictions and Requirements on Financial Institutions That Could Have an Adverse Effect on Our Business.

The financial industry is becoming more highly regulated. There has been, and may continue to be, a related increase in regulatory investigations of the trading and other investment activities of alternative investment funds. Such investigations may impose additional expenses on us, may require the attention of senior management and may result in fines if we are deemed to have violated any regulations.

As internet commerce develops, federal and state governments may adopt new laws to regulate Internet commerce, which may negatively affect our business.

As Internet commerce continues to evolve, increasing regulation by federal and state governments becomes more likely. Our business could be negatively affected by the application of existing laws and regulations or the enactment of new laws applicable to lending. The cost to comply with such laws or regulations could be significant and would increase our operating expenses, and we may be required to pass along those costs to our investors in the form of increased fees. In addition, federal and state governmental or regulatory agencies may decide to impose taxes on services provided over the Internet. These taxes could discourage the use of the Internet as a means of commercial financing, which would adversely affect the viability of our platform.

Laws intended to prohibit money laundering may require Sharestates to disclose investor information to regulatory authorities.

The Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “PATRIOT Act”) requires that financial institutions establish and maintain compliance programs to guard against money laundering activities, and requires the Secretary of the U.S. Treasury (“Treasury”) to prescribe regulations in connection with antimoney laundering policies of financial institutions. The Financial Crimes Enforcement Network (“FinCEN”), an agency of the Treasury, has announced that it is likely that such regulations would subject certain pooled investment vehicles to enact anti-money laundering policies. It is possible that there could be promulgated legislation or regulations that would require Sharestates or its service providers to share information with governmental authorities with respect to prospective investors in connection with the establishment of anti-money laundering procedures. Such legislation and/or regulations could require Sharestates to implement additional restrictions on the transfer of the Notes. Sharestates reserves the right to request such information as is necessary to verify the identity of prospective Investors and the source of the payment of

subscription monies, or as is necessary to comply with any customer identification programs required by FinCEN and/or the U.S. Securities and Exchange Commission. In the event of delay or failure by a prospective investor to produce any information required for verification purposes, an application for or transfer of the Notes may be refused.

Withdrawal of funds from the Platform may be subject to delays, and you may not be able to access your funds immediately.

Any funds deposited on the Platform may not be available for immediate withdrawal. If you wish to withdraw any funds deposited on the Platform, you must provide at least ninety (90) days' notice to Sharestates. Sharestates may, in its sole discretion, temporarily suspend the processing of all withdrawal requests received from investors in order to maintain any liquidity needs. Additionally, while your funds remain uninvested in Notes on the Platform and prior to the receipt of a timely and completed withdrawal request, Sharestates may, at its sole discretion, use such funds to fund or prefund additional loans. You will not earn any interest for any or all amounts of uninvested funds used by Sharestates for the purposes described in the preceding sentence. The imposition of ninety (90) days' notice to process withdrawal requests and the temporary suspension of withdrawal requests may result in the delay of receipt of your funds.

While funds on the Platform remain unvested in Notes and in the absence of a timely withdrawal request received by Sharestates, Sharestates, may, in its sole discretion, use such funds to fund or prefund additional loans.

Any funds deposited on the Platform that are not invested in Notes or subject to a timely withdrawal request received by Sharestates may be used by Sharestates, in its sole discretion, to fund or prefund additional loans. You will not earn any interest for any or all amounts of uninvested funds used by Sharestates for the purposes described in the preceding sentence. Although Sharestates anticipates that it will be able to timely process withdrawal requests in a commercially reasonable manner, given the prospective use by Sharestates of uninvested funds on the Platform as described herein, you are subject to any cash management risks of Sharestates.

Risks applicable to non-U.S. persons.

If an Investor is a non-U.S. person, the Investor should inform itself as to the legal requirements and tax consequences within the countries of the Investor's citizenship, residence, domicile, and place of business with respect to the purchase, ownership and disposition of Notes and any foreign exchange restrictions that may be relevant thereto. The Company may need to report certain information regarding the identity of its Investors, and certain information regarding payments under the Notes, to revenue authorities to which it is subject. If the Company is deemed engaged in a U.S. trade or business (either directly or indirectly through an investment in a flow-through entity such as a partnership or limited liability company) at any time during the taxable year, each non-U.S. Investor may be treated as being engaged in a United States trade or business and may be subject to United States income taxation at the same rates applicable to United States citizens and residents and domestic corporations on income that is effectively connected with the conduct of the Company's trade or business. A Non-U.S. Investor should seek advice on any applicable income tax or other treaties that may provide for different rules.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this Memorandum regarding real estate investments, real estate companies, our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management and expected market growth are forward- looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward- looking statements include, among other things, statements about:

- expected rates of return and interest rates;
- the attractiveness of our platform;
- our financial performance;
- regulatory developments; and
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing.

We may not actually achieve the plans, intentions or expectations disclosed in forward-looking statements, and you should not place undue reliance on forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in forward-looking statements. We have included important factors in the cautionary statements included in this Memorandum, particularly in the “Risk Factors” section, that could cause actual results or events to differ materially from forward-looking statements contained in this prospectus. Forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this Memorandum completely and with the understanding that actual future results may be materially different from what we expect. We do not assume any obligation to update any forward- looking statements, whether as a result of new information, future events or otherwise, except as required by law.

USE OF PROCEEDS

Sharestates will use the proceeds from each series of the Notes, net of any applicable fees, including legal expenses, to prefund and originate a loan or pool of loans to borrowers for real estate projects (each, a “Real Estate Loan”) or, in Sharestates’ sole discretion, to make payments on or redeem outstanding Notes. Following the origination of a Real Estate Loan, it is anticipated the Real Estate Loan will be sold from the issuing series to an investor (such transaction, a “Real Estate Loan Acquisition”). Proceeds from Real Estate Loan Acquisitions will be applied (i) prior to the maturity date of the Notes, to fund and originate additional Real Estate Loans and make interest payments on the Notes, and (ii) upon the maturity date of the Notes, to repay any outstanding principal and unpaid interest in accordance with the Notes.

PLAN OF DISTRIBUTION

The Notes will be offered by Sharestates through the Sharestates Website at www.Sharestates.com or through the efforts of brokers or dealers with whom Sharestates may enter into agreements from time to time, and with whom Sharestates may be affiliated. Sharestates will pay all commissions to brokers or dealers.

ABOUT SHARESTATES

Overview

Sharestates provides a marketplace that allows accredited investors to become equity or debt holders in real estate opportunities that may have been historically difficult to access for some such investors. Through the use of the Sharestates Website, investors can browse and screen real estate investments, view details of an investment and sign legal documents online.

The investment platform was designed to, among other things, benefit investors because of the relatively low minimum investments needed (sometimes as little as \$100) when pools of such investors are aggregated together in this way, and because such smaller individual investment amounts allow investors to diversify their investment portfolio across a greater number of investment opportunities. The platform was also designed to help real estate companies accelerate their access to desired funds.

Key drivers of online real estate investment opportunities directed toward accredited investors include:

- The possibility of lower rates and better terms for real estate companies compared to traditional sources of real estate lending, such as commercial banks;
- A new asset class for investors with the possibility of attractive risk-adjusted returns available for a smaller minimum investment amount than has historically been available;
- A convenience and ease of use that allows investors to access real estate investment opportunities from their desktop or mobile computing device while also potentially earning attractive returns; and
- Growing acceptance of the Internet as an efficient and convenient forum for consumer transactions.

Sharestates was formed as a Delaware limited liability company in August 2014, and is a wholly owned subsidiary of Sharestates, Inc., a Delaware limited liability company formed in August 2013. In August 2013, Sharestates, Inc., opened its investment platform online (www.Sharestates.com) and initiated its first real estate investment on the investment platform. Initially, Sharestates, Inc. hosted offerings by affiliated issuers pursuant to Regulation A of the Securities Act. All of the membership interests in such LLCs were sold in exempt public offerings to residents of the District of Columbia and State of New York, as applicable.

For persons who first confirm (or have previously confirmed) their status as accredited investors, the Sharestates Website contains updated information on the total amounts of monies raised through the Sharestates Website and other updated information about Sharestates and its business activities. From time to time, Sharestates may also post (but has no obligation to post) on www.Sharestates.com pertinent information about its financial condition, business activities and investment results. Investors can review such information as is posted from time to time by Sharestates on www.Sharestates.com.

Properties

Sharestates' headquarters are located at 45 North Station Plaza, Suite 400, Great Neck, New York 11021.

Sharestates Financial Information

Sharestates was formed in August 2014 as a wholly owned subsidiary of Sharestates, Inc., and has had minimal operations since that time. The investment platform owned by Sharestates, Inc. (www.Sharestates.com), an affiliated entity, went live on the internet in March 2014, and subsequently, Sharestates and its affiliated entities have been steadily expanding its operations to meet user demand.

Sharestates Management

The following section sets forth information regarding the management of Sharestates, Inc., our parent company.

Allen Shayanfekr is the CEO, Managing Member and Co-Founder of Sharestates, Inc., an online crowd funding portal focused on bringing real estate investment opportunities to the general public. Prior to launching Sharestates, Inc., Mr. Shayanfekr joined Atlantis National Services as their National Title Producer and Account Executive, holding approximately 28 Producer's licenses across the Country.

Mr. Shayanfekr's other credentials include acting as an editor of the Municipal Lawyer (a quarterly journal published by the New York State Bar association). He was also published for an article entitled, "To Mitigate or Not to Mitigate: The Residential Landlord's Dilemma", which explored recent changes in New York residential landlord-tenant law and the obligations of a residential landlord to his or her tenants.

Mr. Shayanfekr received his J.D. Magna Cum Laude from Touro Law Center where he graduated in the top 6% of his class and his B.A. in Political Science from New York University.

Radni Davoodi is the Principal and Co-Founder of The Atlantis Organization ("Atlantis"). Over the past seven years, Atlantis has provided insurance and related escrow services for approximately \$2 billion worth of real estate transactions generating approximately \$100 million receivables including premiums, escrows and recording fees. Mr. Davoodi benefits Sharestates by providing a network of several thousand real estate professionals with the capability of identifying properties, often before they are listed on the market, for potential acquisition and lending by the Company.

Atlantis' title and due diligence resources will facilitate the investigation of potential acquisitions and loans including evaluation of the sellers' of violations, liens, and certificates of occupancy and financing history. Atlantis' proprietary software will, on an expedited basis, provide maximum information to the Company for use in negotiations, minimizing acquisition time and costs.

Atlantis's vast contacts in the insurance industry, including but not limited to provide property and casualty, general liability, builder's risk, vacant real estate owned property and workers compensation insurance and to provide real estate and construction bonding services which will help the Company save time, decrease costs and control investments.

Mr. Raymond Y. Davoodi is the Principal and Co-Founder of The Atlantis Organization, A series of real estate service providing entities, including Atlantis Holdings Group, LLC, a real estate Consulting & Negotiation Company. Mr. Raymond Y. Davoodi has established relationships with high profile firms through the Atlantis network of entities, which has led to the insurance of major projects across New York State area. Furthermore, Mr. Raymond Y. Davoodi has successfully overseen the acquisition, renovation / construction and sale of various types of real estate properties over the past several years, with a high success rate. Mr. Raymond Y. Davoodi is currently working on the expansion of The Atlantis Organization to allow real estate professional across the globe to work in congruency to acquire large commercial holdings.

Mr. Raymond Y. Davoodi will use his knowledge & experience in the Sales/Marketing phase to procure investors and borrowers for the platform.

Technology

The Sharestates Website and supporting services run on a cloud-based platform. Sharestates owns, operates and maintains elements of this system, but significant elements of the system are operated by third parties that Sharestates does not control. In particular, a significant portion of the system is hosted by a third party host (the "Hosting Service"), which uses multiple locations. The Hosting Service provides Sharestates with computing, storage capacity, and other services pursuant to an agreement that continues until terminated by either party. The Hosting Service may terminate the agreement without cause by providing 30 days written notice, and may terminate the agreement immediately upon notice to Sharestates for cause, including any material default or breach of the agreement by Sharestates. The agreement requires the Hosting Service to provide Sharestates with the Hosting Service's standard computing and storage capacity and related support in exchange for timely payment by Sharestates. Sharestates also maintains backups at a separate region within its cloud infrastructure. It backs up all customer data daily and replicates this data to a separate region within its cloud infrastructure via an encrypted connection.

Sharestates continuously monitors the performance and availability of its platform. It has a scalable infrastructure that utilizes standard techniques such as load-balancing and redundancies. It has developed its architecture to work effectively in a flexible cloud environment that has a high degree of elasticity to enable it to quickly respond to significant changes in demand.

Sharestates processes electronic deposits and payments by originating ACH transactions. The investment platform hosted for us by Sharestates, Inc. is designed and built as a highly

scalable, multi-tier, redundant system. The platform incorporates technologies designed to prevent any single point of failure within the infrastructure from taking the entire system offline.

Sharestates maintains a complete backup of the Sharestates Website and supporting services within a separate region of its cloud infrastructure in order to minimize service disruptions in the event of significant regional outages.

Data Integrity and Scalability

Access to the data and services by Sharestates' employees is restricted based upon a least-privilege principle such that employees have access only to the information and systems needed to perform their function. Logging and monitoring of host systems is done in real-time to a centralized database with web based reporting and additional notification to the appropriate staff for any remediation.

Sharestates collects nonpublic personal information from several sources, including Investor applications, authorized verifications, credit reporting agencies, and title insurance companies. Sharestates' privacy policies with respect to such information are set forth on the Sharestates Website at www.Sharestates.com.

Competition

Sharestates' business is highly competitive. Sharestates faces competition for real estate companies from traditional sources such as other real estate brokers, mortgage loan brokers, and from other lenders, including commercial banks, savings and loan associations, credit unions, and other online lending and investment platforms. Sharestates also competes against other finance companies and other lenders whose loan structures and fee schedules might vary from those of traditional banking institutions.

We may also face future competition from new companies entering our market, which may include large, established companies. These companies may have significantly greater financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their consumer lending platforms. These potential competitors may be in a stronger position to respond quickly to new technologies and may be able to undertake more extensive marketing campaigns. These potential competitors may have more extensive potential borrower bases than we do. In addition, these potential competitors may have longer operating histories and greater name recognition than we do. Moreover, if one or more of our competitors were to merge or partner with another of our competitors or a new market entrant, the change in competitive landscape could adversely affect our ability to compete effectively.

Conflicts of Interest

Sharestates and its affiliated entities reserve the right to acquire properties in foreclosure, including properties that were subject to loans originated or funded by Sharestates relating to the Notes described in this Memorandum. Sharestates may serve as the original or substituted trustee of a deed of trust and may be entitled to all or some portion of the statutory trustee fees upon

foreclosure (i.e., the fees that would otherwise be payable or paid to a third party serving as the trustee).

Sharestates may arrange and service other loans for other investors at the same time that Notes are being offered to Investors (such loans may not be part of this offering), and these loans may be more secure or more profitable than the loans funded pursuant to this offering. In addition, Sharestates may also arrange multiple loans for a single real estate company. Where a real estate company with multiple loans arranged by Sharestates defaults, Sharestates may choose or be required to enforce or forbear from enforcing this loan to the detriment of the Investors while not enforcing or forbearing on another loan with the same real estate company arranged by Sharestates and managed or administered by Sharestates.

Sharestates may provide some loans for short-term purposes. This type of lending will typically occur through a bridge financing facility between Sharestates and affiliates of Sharestates. In some instances, Sharestates may fund portions of the corresponding project investments through the purchase of Notes, or Sharestates may provide bridge financing in order for escrow to be closed on an underlying project investment, so that the listing can remain active on the investment platform until the listing is fully funded. If Sharestates provides bridge financing or other financing in a form other than investing in the Notes, Sharestates is entitled to repayment of such financing prior to any payments made to the Investors in the Notes.

Sharestates or an affiliate may itself purchase or fund Notes. Sharestates or its affiliate will hold all such Notes in parity with the other Investors and will have the same rights, as any other Investor. As such, Sharestates may have interests in the loan as both the investor in the corresponding project investment as well as an Investor in the Notes. Any investment made by Sharestates in the Notes will be on the same terms and conditions as other Investors. There will be no notation in any Series Note Listing signifying that Sharestates has participated in the funding of any corresponding project investment.

Some corresponding project investments originated by Sharestates may provide for prepayment charges to be imposed on the real estate company in the event of certain early payments on the corresponding project investments. Such charges are typically allowed by applicable law. If a corresponding project investment does contain a prepayment charge, Sharestates would be entitled to keep the charge as is described in the Series Note Listing for the applicable corresponding project investment.

Some of the investors and principals in Sharestates are affiliated with or part of entities or organizations with which Sharestates may hold a past, present or future business or commercial relationship. Sharestates may, in its sole discretion, conduct business with such affiliated parties, and without any notice or disclosure thereof to Investors. These arrangements may create a potential conflict of interest for Investors.

Sharestates may determine to use proceeds from the issuance of Notes to make payments on or redeem outstanding Notes rather than allocate proceeds from such Notes in a project investment. The use of proceeds to make payments on or redeem outstanding Notes may cause returns or payments on the newly issued Notes to decline if the proceeds are used solely to repay existing Notes. If payments on Notes are being made from proceeds of the issuance of subsequent

Notes rather than repayment of an investment in an underlying loan for a project investment, a systemic problem may develop. There exists a potential conflict of interest for Sharestates management in determining whether to make payments on underperforming Notes by issuing and using proceeds of subsequent Notes or to foreclose on the nonperforming project investment or make no payments to the holder of Notes corresponding to a nonperforming investment.

INVESTMENT STANDARDS AND POLICIES

Evaluation and Pricing of Financing Opportunities

The financing of each corresponding project investment generally commences with an individual or real estate investment or real estate company requesting a project investment from Sharestates. The amount financed generally ranges from \$100,000 to \$10,000,000, and the term of the indebtedness generally ranges from six (6) to twelve (12) months.

Senior Loans

For senior loans, Sharestates reviews the proposed investment opportunity and pursues investment opportunities where the total amount of the senior loan will generally not exceed a certain percentage (the “loan-to-value ratio”) of the value of the property securing the loan, as set forth below:

Type of Property	Loan-to-Value Ratio
Improved Commercial or Residential	80%
New Construction; Commercial or Residential	80% (based on after- completed value)
Rehabilitation; Commercial or Residential	80% (based on after- completed value)
Single-family residentially zoned lot or parcel which has installed offsite improvements including drainage, curbs, gutters, sidewalks, paved roofs, and utilities as mandated by the political subdivision having jurisdiction over the lot or parcel.	65%
Land and Entitlement	65%
Non-Performing	65%

Notwithstanding the foregoing, the loan-to-value ratio for a loan may exceed the foregoing percentages if, in the reasonable judgment of Sharestates, a higher loan amount is warranted by the circumstances of the particular senior loan.

Mezzanine Loans

For mezzanine loans, Sharestates reviews the proposed investment opportunity and pursues investment opportunities where the total amount of the mezzanine loan will generally not exceed a loan-to-value ratio of the value of the property securing the loan, as set forth below:

Type of Property	Loan-to-Value Ratio
Improved Commercial or Residential	90%

New Construction; Commercial or Residential	90% (based on after- completed value)
Rehabilitation; Commercial or Residential	90% (based on after- completed value)
Single-family residentially zoned lot or parcel which has installed offsite improvements including drainage, curbs, gutters, sidewalks, paved roofs, and utilities as mandated by the political subdivision having jurisdiction over the lot or parcel.	80%
Land and Entitlement	75%

Notwithstanding the foregoing, the loan-to-value ratio for a loan may exceed the foregoing percentages if, in the reasonable judgment of Sharestates, a higher loan amount is warranted by the circumstances of the particular mezzanine loan.

Project mezzanine equity

For project mezzanine equity, Sharestates reviews the proposed investment opportunity and pursues investment opportunities where the total amount of the project mezzanine equity will generally not exceed an investment-to-value ratio of the value of the property underlying the investment, as set forth below:

Type of Property	Investment-to-Value Ratio
Improved Commercial or Residential	90%
New Construction; Commercial or Residential	90% (based on after- completed value)
Rehabilitation; Commercial or Residential	90% (based on after- completed value)
Single-family residentially zoned lot or parcel which has installed offsite improvements including drainage, curbs, gutters, sidewalks, paved roofs, and utilities as mandated by the political subdivision having jurisdiction over the lot or parcel.	90%
Land and Entitlement	80%

Notwithstanding the foregoing, the investment-to-value ratio for an investment may exceed the foregoing percentages if, in the reasonable judgment of Sharestates, a higher loan amount is warranted by the circumstances of the particular project mezzanine equity investment.

Project Equity

For project equity, Sharestates reviews the proposed investment opportunity and pursues investment opportunities where the total amount of the project equity will generally not exceed an investment-to-value ratio of the value of the property underlying the investment, as set forth below:

Type of Property	Investment-to-Value Ratio
Improved Commercial or Residential	90%

New Construction; Commercial or Residential	90% (based on after- completed value)
Rehabilitation; Commercial or Residential	90% (based on after- completed value)
Single-family residentially zoned lot or parcel which has installed offsite improvements including drainage, curbs, gutters, sidewalks, paved roofs, and utilities as mandated by the political subdivision having jurisdiction over the lot or parcel.	90%
Land and Entitlement	80%

Notwithstanding the foregoing, the investment-to-value ratio for an investment may exceed the foregoing percentages if, in the reasonable judgment of Sharestates, a higher investment amount is warranted by the circumstances of the particular project equity investment

Opportunistic Lending

For opportunistic lending opportunities, Sharestates reviews the proposed investment opportunity and pursues investment opportunities where the risk-adjusted return is generally at or above general market based returns.

Sharestates may sometimes retain a licensed independent appraiser to assist with its confirmation of a property's fair market value. In other cases, Sharestates may rely on opinions of value from other sources, such as the price of a recent sale of that particular property or comparable properties and an opinion of value from Sharestates itself, the opinion of value provided by a lender Sharestates purchased the project investment from, or a real estate broker knowledgeable in the area where the property is located. In some cases, however, Sharestates will determine that the cost or time to obtain an independent certified appraisal is not warranted.

The appraisal or evaluation for construction loans, rehabilitation loans and entitlement loans will be prepared on either an "after-completed" basis, i.e., assuming that the entitlements or the improvements for which the loan is obtained will be completed or on an "as-is" basis if Sharestates is not holding back any monies for rehabilitation or construction. The appraiser may also assume that all public improvements to be funded by special assessment district bonds will be completed as proposed and that the property will be marketed and sold in the manner planned by the real estate company. In the case of a construction loan, rehabilitation loan or entitlement loan, the loan-to-value ratio as estimated in the appraisal or evaluation and the budget for the project may exceed the loan-to-value ratios listed above at times during the term of the loan. This may occur because the appraisal or evaluation may be based upon the value of the property when the construction or improvements are completed or the entitlements obtained; however, before the construction, improvements or entitlements are completed, the value of the property will generally be less than the "as completed" appraised or evaluated value.

The interest rate or preferred return that Sharestates requires from a real estate company and other project investment terms are based on negotiations with the real estate company. Sharestates performs its own underwriting analysis, in its sole discretion, with respect to all

corresponding project investments. However, Investors should perform their own respective due diligence and should not rely on any evaluation or analysis performed by Sharestates. Investors should independently assess the prospects of risks associated with any investment, including, without limitation, repayment risk associated with the real estate company, market risk associated with the property, value of the property as collateral, and regulatory, casualty and environmental risks.

If Sharestates makes a potential corresponding project investment the subject of an offering of a series of Notes, the real estate company may be required to maintain appropriate liability and property casualty insurance, and Sharestates may (but will not always) be named as loss payee on any such. Any payment made on such policies may be used to repair the property or to reduce the outstanding balance on the corresponding project investment and thus result in Sharestates paying down the balance of the applicable series of Notes. Sharestates does not generally require that the real estate company maintain property damage coverage for landslides, earthquakes, floods, or similar natural disaster events. Any hazard losses not then covered by the real estate company's insurance policy would result in the corresponding project investment becoming significantly under-secured, and an Investor in a Note could sustain a significant reduction, or complete elimination of, the return and repayment of principal from that Note.

A real estate company whose project investment request is allocated to the platform will have their project investment and property information posted on the platform as part of the Series Note Listing for the corresponding offering of Notes. Investors can review all the various investment listings on the platform and make a commitment towards any listing they wish to help fund, including a Series Note Listing. If a Series Note Listing receives enough lender member commitments to be funded, Sharestates (or, in some instances, an affiliated financial institution) will make the project investment requested and, at the same time, Sharestates will sell the series of Notes relating to the corresponding project investment to the Investors that made a commitment therefore pursuant to the Series Note Listing.

For some project investments, Sharestates will enter into the corresponding project investment directly. In other cases, Sharestates may enter into a relationship with one or more third parties to enter into the corresponding project investment, with Sharestates then purchasing the corresponding project investment (or a participating interest therein) from the third party. In other cases, Sharestates may purchase all or a portion of a project investment that had been previously been issued by a third party.

Financing Terms

Project investments are obligations of the real estate company to Sharestates (or, in a participation arrangement, to the lead investor). Senior loans are generally secured by a first lien security interest such as a mortgage, deed of trust or security deed on the underlying real estate. If a real estate company defaults on a senior loan before the maturity date, Sharestates (or lead lender) will, in its or their discretion, seek to foreclose on the property or take other actions to recover payment on the corresponding project investment. Mezzanine loans project mezzanine equity, and project equity will generally not be secured by the underlying real estate and will be junior in right of payment, both with respect to interest payments or preferred return, as applicable, and upon

liquidation, to debt obligations and other liabilities of the real estate company and potentially other equity holders in the real estate company.

Our payment obligations under the Notes are unsecured, and investors do not have a security interest in the corresponding project investments.

Purchase of Notes

Any series of Notes offered by us will be available for sale to accredited investors who provide sufficient funds to make the desired investment and, if any state residence limitations are applicable for such offering, who reside in the permitted states for such offering. In addition, Notes whose corresponding project investment consists of project mezzanine equity or project equity generally may not be purchased by prospective Investors (i) that are exempt from U.S. federal income tax pursuant to Section 501(a) of the Code or (ii) that are not “United States persons” (as defined in the Code). The Notes will be issued when the corresponding project for the offering has become fully subscribed. An Investor may purchase a Note by opening the Series Note Listing on the Sharestates Website and indicating the amount he, she or it wishes to invest, subject to the maximum investment amount, if any. The investor will then be prompted to confirm the “order.” After such confirmation, the order will represent the investor’s binding commitment to purchase the Note, if the funds provided are sufficient to complete the purchase.

In the event we are required to amend this Memorandum or the applicable Series Note Listing -- for example, as a result of material changes to the information contained herein -- we will post a notice on the web page where the series of Notes are listed, in each case advising investors that a material amendment to the Memorandum or Series Note Listing is pending, and applicable instructions and requirements related thereto.

Upon the closing of the corresponding project investment, the principal amount previously committed by the investor under the applicable Series Note Listing is deemed invested in a Note of that series. Notes are issued electronically, in “book entry” form, by means of registration of each investor’s ownership in our records.

Sharestates Fees

Sharestates or its affiliates will earn and be paid certain origination fees, generally ranging from 0% to 4% of the principal amount of each Real Estate Loan, from the real estate company. Such fees may be funded from the loan proceeds. The amount of the loan origination fee depends upon market conditions and is payable at the time the loan closes.

Sharestates or its affiliates may also be paid an economic “spread,” which will be the difference between the Note interest rate paid to Investors and the interest rate or preferred return that real estate companies pay to Sharestates under the corresponding real estate investment. Each Series Note Listing will describe the terms of the corresponding real estate investment as well as the terms of the Note.

Sharestates or its affiliates may also be paid a servicing fee, as described in the Series Note Listing, for the ongoing administration of loan or preferred return payments, investor distributions, tax filings, reporting, and property oversight. In the cases of defaults, Sharestates may also collect

prevailing market rate special servicing fees to work out delinquent or non- performing real estate investments. Sharestates may also choose to outsource servicing and special servicing to a third party servicing firm. Each Series Note Listing will describe the terms of the corresponding project investment as well as the terms of the Note. The servicing fee will reduce the effective yield on your Notes below their stated interest rate.

To the extent that Sharestates (or an affiliate or a third party) charges the real estate company certain loan origination fees (“points”), the principal amount of the loan may be increased, which may adversely affect the ability of the real estate company to repay the loan. In addition, loan fees or points, (when added to the amount of the loan) will increase the gross amount of the loan thereby decreasing the real estate company’s equity in his or her property and correspondingly decreasing the Investor’s security.

If the loan is a construction or rehabilitation loan, Sharestates (or an affiliate or a third party) may be reimbursed for its expenses and receive builder control fees for inspecting construction progress and monitoring disbursements from a loan disbursement account (if any). These fees and expenses generally will not exceed three percent (3%) of the principal amount of the loan and will be payable by the real estate company and may be payable out of loan or sales proceeds.

Certain provisions of applicable law may limit Sharestates’ compensation with respect to loans secured by single dwelling units in a condominium or a cooperative or a residential building containing four units or less.

Certain series of Notes may also entitle Sharestates to a management fee. Any such management fees will be disclosed in the Series Note Listing.

If collection action must be taken with respect to a project investment, Sharestates or a collection agency may charge a prevailing, market-rate special servicing fee, at a rate similar to what would be expected if negotiated in an arms’-length transaction. These fees will correspondingly reduce the amounts of any payments investors may receive on the Notes.

In the event Sharestates incurs expenses (including without limitation, legal expenses) that are beyond those expenses that are usual, regular, or customary in regard to a project investment as a result of noteholder activity, such legal expenses shall be deducted from the proceeds of the corresponding project investment and paid to Sharestates.

Sharestates’ above-described compensation is not determined by arms’-length negotiations with any Investor.

DOCUMENTATION AND INFORMATION AVAILABLE TO THE INVESTOR

In addition to this Memorandum, the following documentation will be available to each Investor on the Sharestates Website at www.Sharestates.com:

1. A record of Note ownership in the Investor’s portfolio,
2. Subscription Agreement for the Investor to complete, sign, and return to Sharestates, and

3. Series Note Listing.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion sets forth certain material U.S. federal income tax considerations generally applicable to the acquisition, ownership and disposition of the Notes by Investors that are U.S. Holders (as defined below). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations promulgated thereunder (the “Treasury Regulations”), administrative pronouncements of the U.S. Internal Revenue Service (the “IRS”) and judicial decisions, all as currently in effect and all of which are subject to change and to different interpretations. Changes to any of the foregoing authorities could apply on a retroactive basis, and could affect the U.S. federal income tax consequences described below.

This discussion does not address all of the U.S. federal income tax considerations that may be relevant to a particular Investor’s circumstances, and does not discuss any aspect of U.S. federal tax law other than income taxation, or any state, local or non-U.S. tax consequences of the acquisition, ownership and disposition of the Notes. This discussion applies only to Investors who purchase the Notes for cash at original issue and who hold the Notes as “capital assets” within the meaning of the Code (generally, assets held for investment). This discussion does not address U.S. federal income tax considerations applicable to Investors that may be subject to special tax rules, such as (without limitation):

- securities dealers or brokers, or traders in securities electing mark-to-market treatment;
- banks, thrifts or other financial institutions;
- insurance companies;
- regulated investment companies or real estate investment trusts;
- tax-exempt organizations;
- persons holding Notes as part of a “straddle,” “hedge,” “synthetic security” or “conversion transaction” for U.S. federal income tax purposes, or as part of some other integrated investment;
- partnerships or other pass-through entities;
- persons subject to the alternative minimum tax;
- certain former citizens or residents of the United States;
- Non-U.S. Holders (as defined below);
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar; and
- persons subject to Sections 1471 through 1474 of the Code and the Treasury Regulations thereunder.

As used herein, a “U.S. Holder” is a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust if (A) a U.S. court has the authority to exercise primary supervision over the administration of the trust and one or more “United States persons” (as defined under the Code) are authorized to control all substantial decisions of the trust or (B) it has a valid election in place to be treated as a “United States person.” A “Non-U.S. Holder” is any beneficial owner of a Note that is not a U.S. Holder or an entity treated as a partnership for U.S. federal income tax purposes.

If an entity treated as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A partnership holding Notes, and partners in such a partnership, should consult their own tax advisors with regard to the U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by the partnership.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. FEDERAL TAX LAWS; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING BY SHARESTATES OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Tax Characterization of the Notes

No statutory provisions, Treasury Regulations, published rulings or judicial decisions directly address the characterization of the Notes or instruments similar to the Notes for U.S. federal income tax purposes. However, although the matter is not free from doubt, we intend to treat the Notes as our debt instruments that have original issue discount (“OID”) for U.S. federal income tax purposes unless and until there is a change or clarification in the law, by Treasury Regulation or otherwise, that would require a different characterization of the Notes. Where required, we intend to file information returns with the IRS in accordance with such treatment.

You should be aware that the characterization of the Notes for U.S. federal income tax purposes is subject to substantial uncertainty, the IRS is not bound by our characterization and the IRS or a court may take a different position with respect to the Notes’ proper characterization. For example, the IRS could determine that, in substance, each Investor owns a proportionate interest in the corresponding project investment for U.S. federal income tax purposes. Alternatively, the IRS could seek to treat the Notes as a different financial instrument (including an equity interest in us or a derivative financial instrument).

Any different characterization of the Notes could significantly affect the amount, timing and character of income, gain or loss recognized by an Investor in respect of a Note. Moreover, any such different characterization may significantly reduce the amounts available to pay interest and principal on the Notes. For example, if each Investor was treated as owning a proportionate interest in the corresponding project investment, the U.S. federal income tax consequences of owning the Notes would depend on the characteristics of the project investment, which characteristics could differ significantly from the intended characteristics of the Notes for U.S. federal income tax purposes, particularly in the case of project mezzanine equity and project equity. Among other things, an Investor whose Note corresponds to project mezzanine equity or project equity of a real estate company would be treated as an equity owner of such company and, if such company was a partnership for U.S. federal income tax purposes, an Investor would be treated as a partner in such partnership and would be required to report its allocable share of the company's taxable income or loss. Alternatively, if the Notes were treated as our equity and we were characterized as a corporation for U.S. federal income tax purposes, (i) we would be subject to U.S. federal income tax on any income, including interest, accrued on the corresponding project investment but would not be entitled to deduct interest or OID on the Notes, which, among other things, would reduce the amount of cash available to make payments on the Notes, and (ii) payments on the Notes would be treated by the Investor for U.S. federal income tax purposes as dividends (that may be ineligible for reduced rates of U.S. federal income taxation or the dividends-received deduction) to the extent of our earnings and profits as computed for U.S. federal income tax purposes.

The following discussion assumes the Notes will be treated as our debt instruments that have OID for U.S. federal income tax purposes.

Taxation of Payments on the Notes

Subject to the discussion below regarding Short-Term Notes (i.e., Notes that have a maturity of one year or less), generally, you will be required to accrue OID income as ordinary interest income for U.S. federal income tax purposes, regardless of your regular method of tax accounting, under a "constant yield method," as described below. Under this treatment, if a payment on a Note is not made in accordance with the payment schedule in respect of the corresponding project investment (for example, because of a late payment on the corresponding project investment), you will be required to include an amount of OID in taxable income as interest even though you have not received the actual payment from the corresponding project investment.

The Treasury Regulations governing OID provide special rules for determining the amount and accrual of OID for debt instruments that provide for one or more alternative payment schedules applicable upon the occurrence of contingencies. If the timing and amounts of the payments that comprise each payment schedule are known as of the issue date, and based on all the facts and circumstances as of the issue date, a single payment schedule for a debt instrument, including the stated payment schedule, is significantly more likely than not to occur, the amount and accrual of OID is determined based on that payment schedule. In addition, under the applicable Treasury Regulations, remote and/or incidental contingencies generally may be ignored. A contingency relating to the amount of a payment is incidental if, under all reasonably expected market conditions, the potential amount of the payment is insignificant relative to the total expected amount of the remaining payments on the debt instrument. A contingency relating to the timing

of a payment is incidental if, under all reasonably expected market conditions, the potential difference in the timing of the payment is insignificant.

The regular payment schedule for each Note provides for payments of principal and interest on the Note in accordance with the payment schedule for the corresponding project investment. However, the Notes provide for one or more alternative payment schedules because we are obligated to make payments on a Note only to the extent that we receive payments on the corresponding project investment. In addition, we will prepay a Note to the extent that a real estate company prepays the project investment corresponding to the Note (but excluding the proceeds of any prepayment penalty, which will be retained in full by Sharestates), and we may pay late fees collected on a corresponding project investment to the holders of the corresponding Note. Moreover, certain series of Notes may feature additional contingent payment provisions reflecting a similar feature in a corresponding project investment, whereby Investors may be able to realize additional payments upon the occurrence of certain events during the life of the corresponding investment. Notwithstanding such contingencies, we intend to use the regular payment schedule of a Note (disregarding such contingencies) to determine the amount and accrual of OID on the Note because we believe a Note is significantly more likely than not to be paid in accordance with such payment schedule and/or the likelihood of nonpayment, prepayment, late payment or additional contingent payments on the loan corresponding to such Note will be remote or incidental. If, in the future, we determine the previous sentence does not apply to a Note, we anticipate that we will be required to determine the amount and accrual of OID for such Note pursuant to the rules applicable to “contingent payment debt instruments,” which are described below, and we shall so notify you.

Assuming a Note does not constitute a “contingent payment debt instrument,” the aggregate amount of OID for the Note will equal the excess of the Note’s “stated redemption price at maturity” over its “issue price.” The stated redemption price at maturity of a Note includes all payments on the Note under the payment schedule of the Note. The issue price of a Note generally will equal the principal amount of a Note.

Under the constant yield method, the amount of OID includible in income for a taxable year is the sum of the “daily portions” of OID with respect to the Note for each day during the taxable year in which the Investor held the Note. The daily portion of OID is determined by allocating to each day of any accrual period within a taxable year a pro rata portion of an amount equal to the product of such Note’s adjusted issue price at the beginning of the accrual period and its yield to maturity (properly adjusted for the length of the period). We intend to use 30-day accrual periods. The adjusted issue price of a Note at the beginning of any accrual period should be its issue price, increased by the aggregate amount of OID previously accrued with respect to the Note, and decreased by any payments previously made on the Note. A Note’s yield to maturity should be the discount rate that, when used to compute the present value of all payments to be made on the Note under the payment schedule of the Note, produces an amount equal to the issue price of such Note.

If a Note is paid in accordance with its regular payment schedule, the amount of OID includible in income is anticipated to be based on the yield of the Note under such schedule. For a series of Notes with respect to which the stated interest rate reflects any applicable fees or other charges borne by the Investors under the regular payment schedule, the amount of OID includible

in income is anticipated to be based on the stated interest rate of the Notes, and as a result, an Investor generally will be required to include an amount of OID in income that is equal to the amount of stated interest paid on the Notes. On the other hand, for a series of Notes with respect to which the stated interest rate does not reflect all applicable fees or other charges borne by the Investor under the regular payment schedule, the yield will be lower than the stated interest rate on the Note. As a result, you generally would be required to include an amount of OID in income with respect to such a Note that is less than the amount of stated interest paid on the Note.

Cash payments under the payment schedule for the Notes will not be separately included in income, but rather will be treated first as payments of previously accrued but unpaid OID and then as payments of principal.

Sale, Retirement or Other Taxable Dispositions of Notes

Upon the sale, retirement or other taxable disposition of a Note, generally you will recognize gain or loss equal to the difference, if any, between the amount realized upon the sale, retirement or other taxable disposition and your adjusted tax basis in the Note. In general, your adjusted tax basis in the Note will equal your cost for the Note, increased by any OID previously included in gross income by you, and reduced by any payments previously received by you in respect of the Note.

Except as discussed below with respect to a Note subject to the rules governing contingent payment debt instruments or short-term debt instruments, your gain or loss on the taxable disposition of a Note generally will be long-term capital gain or loss if the Note has been held for more than one year and short-term otherwise. The deductibility of capital losses is subject to limitations.

Prepayments

If we prepay a Note in full, the Note will be treated as retired and, as described above, you generally will recognize gain or loss equal to the difference, if any, between the amount realized upon the retirement and your adjusted tax basis in the Note. If we prepay a Note in part, a portion of the Note will be treated as retired. Generally, for purposes of determining (i) your gain or loss attributable to the portion of the Note retired and (ii) your OID accruals on the portion of the Note remaining outstanding, the adjusted issue price, your adjusted tax basis, and the accrued but unpaid OID of the Note, determined immediately before the prepayment, will be allocated between the two portions of the Note based on the portion of the Note that is treated as retired.

The yield to maturity of a Note is not affected by a partial prepayment.

Late Payments

As discussed above, late fees collected on a project investment may be paid to you as described in the Series Note Listing. We anticipate any late fees paid will be insignificant relative to the total expected amount of the remaining payments on the Note. In such case, any late fees paid to you should be taxable as ordinary income at the time such fees are paid or accrued in accordance with your regular method of accounting for U.S. federal income tax purposes.

Nonpayment of Project Investment Corresponding to Note

In the event that we do not make scheduled payments on a Note as a result of insufficient cash flow or nonpayment by the real estate company on the corresponding project investment, generally you must continue to accrue and include OID on a Note in taxable income until the maturity date except as described below. Solely for purposes of the OID rules, the Note may be treated as retired and reissued on the scheduled payment date for an amount equal to the Note's adjusted issue price on that date. As a result of such reissuance, the amount and accrual of OID on the Note may change. At the time of the deemed reissuance, due to insufficient cash flow or nonpayment by the real estate company, we may not be able to conclude that it is significantly more likely than not that the Note will be paid in accordance with one payment schedule and/or that the likelihood of future nonpayment, prepayment, or late payment by the real estate company on the loan corresponding to such Note will be remote or incidental. Accordingly, the Note may become subject to the contingent payment debt instrument rules (which are discussed in more detail below). In addition, in the event that a Note's maturity date is extended because amounts remain due and payable on the initial maturity date by the real estate company on the project investment corresponding to the Note, the Note likely will be treated as reissued and become subject to the contingent payment debt instrument rules. If we determine that a Note is subject to the contingent payment debt instrument rules as a result of such a reissuance, we will notify you and provide the projected payment schedule and comparable yield.

If collection on a Note becomes doubtful, you may be able to cease accruing OID on the Note. Under current IRS guidance, it is not clear whether you may cease accruing OID if scheduled payments on a Note are not made.

You should consult your own tax advisor regarding the accrual and inclusion of OID in income when collection on a Note becomes doubtful.

Losses as a Result of Worthlessness

The tax consequences of a Note becoming wholly or partly worthless are not entirely clear. In the event a Note is considered a "security" within the meaning of Section 165(g)(2) of the Code and such Note becomes wholly worthless, you generally should be entitled to deduct your loss on the Note as a capital loss in the taxable year the Note becomes wholly worthless. The portion of your loss attributable to accrued but unpaid OID may be deductible as an ordinary loss, although such treatment is not entirely free from doubt. You should consult your own tax advisor regarding the consequences of a Note becoming worthless, including whether or not a Note is a "security" for these purposes.

Potential Characterization as Contingent Payment Debt Instruments

Although we believe our intended treatment of a Note as our debt instrument that is not subject to the "contingent payment debt instrument" rules is reasonable, our position is not binding on the IRS or the courts and we cannot predict what the IRS or a court would ultimately decide with respect to the proper U.S. federal income tax treatment of the Notes. Accordingly, among other risks, the IRS or a court could determine the Notes are "contingent payment debt instruments" because payments on the Notes are linked to performance on the corresponding

project investment. If a Note is characterized as a contingent payment debt instrument or, in the future, if we conclude a Note is subject to the contingent payment debt instrument rules, such Note would be subject to special rules. Under such rules, you generally would be required to accrue interest income under the “non-contingent bond method.” Under this method, interest would be taken into account, whether or not the amount of any payment was fixed or determinable in the taxable year, based on a hypothetical non-contingent bond, which is based on a “comparable yield” (generally, a hypothetical yield to be applied to determine interest accruals with respect to the Note, and which can be no less than the applicable federal rate) and a “projected payment schedule” (generally, a series of projected payments, the amount and timing of which would produce a yield to maturity on the Note equal to the comparable yield). Based on the comparable yield and the projected payment schedule, generally you would be required to accrue as OID the sum of the daily portions of interest for each day in the taxable year that you held the Note, adjusted to reflect the difference, if any, between the actual and projected amount of any contingent payments on the Note. The daily portions of interest are determined by allocating to each day in an accrual period the ratable portion of interest that accrues in such accrual period. The amount of interest you may accrue under this method could be higher or lower than the stated interest rate on the Notes. In addition, any gain recognized on the sale, exchange or retirement of your Note generally would be treated as ordinary interest income, and any loss would be treated as ordinary loss to the extent of prior OID inclusions, and then as capital loss thereafter.

Short-Term Notes

The following discussion applies to Notes that have a maturity of one year or less from the date of issue (“Short-Term Notes”). Special rules address the U.S. federal income taxation of Short-Term Notes, which rules are not entirely clear in all situations. In general, applicable Treasury Regulations provide that, in the case of a debt instrument with a maturity date of one year or less, no payments of interest are considered qualified stated interest. This means that a Short-Term Note is treated as having OID equal to the excess of the total payments on the obligation over its issue price.

In general, if you are a cash method taxpayer, you should not be required to recognize interest income until actual or constructive receipt of payment, unless you elect to accrue OID in income on a current basis under either a straight-line or a constant yield method. If you do not elect to currently include accrued OID in income, you will not be allowed to deduct any of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry the Note (in an amount not exceeding the deferred income), and instead you will be required to defer deductions for such interest until the deferred income is realized upon the maturity of the Note or its earlier disposition in a taxable transaction. If you elect to include accrued OID in income on a current basis, the limitation on the deductibility of interest will not apply. Upon disposition of a Short-Term Note, you will be required to characterize some or all of the gain realized on a sale, exchange or retirement of the Note as ordinary income. The amount characterized as ordinary income upon such disposition generally will equal an amount of OID that would have accrued under a straight-line basis or, if you so elect, an amount of OID that would have accrued under a constant yield method.

If you are an accrual method taxpayer, you generally will be required to accrue OID in income on a current basis on either a straight-line basis or, at your election, under the constant yield method based on daily compounding.

In addition, while there are special “contingent payment debt instrument” rules that address the U.S. federal income taxation of debt instruments that have a maturity date of more than one year and that provide for one or more contingent payments (as discussed above), those rules generally do not apply to short-term obligations. Accordingly, the U.S. federal income taxation of short-term obligations that provide for contingent payments is not entirely clear.

You are strongly advised to consult your own tax advisor with regard to the U.S. federal income tax consequences of the acquisition, ownership and disposition of Short-Term Notes.

Additional Tax on Net Investment Income

Certain non-corporate Investors are subject to a 3.8% tax, in addition to the regular tax on income and gains, on some or all of their “net investment income,” which generally will include interest recognized on a Note and any net gain recognized upon a sale or other taxable disposition of a Note. Investors should consult their tax advisors regarding the applicability of this tax in respect of the Notes.

Backup Withholding and Reporting

We will be required to report information to the IRS on certain payments on a Note (including interest) and on proceeds of the sale of a Note if you are not an exempt recipient (such as a corporation). In addition, backup withholding (currently at a 24% rate) may apply to payments made to you if (a) you do not furnish or you have failed to provide your correct taxpayer identification number, (b) we have been instructed by the IRS to backup withhold because of underreporting (generally meaning that the IRS has determined and notified you that you have failed to report any reportable dividend and interest payments required to be shown on a tax return for a taxable year), or (c) in certain circumstances, you have failed to comply with applicable certification requirements or otherwise establish an exemption from backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished to the IRS on a timely basis. You should consult your tax advisor regarding the application of information reporting and backup withholding rules in your particular situation, the availability of an exemption, and the procedure for obtaining such an exemption, if applicable.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and corresponding provisions of the Code, imposes certain requirements on pension, profit sharing, and other employee benefit plans to which it applies, including individual retirement accounts and annuities, Keogh plans, and other tax-exempt plans (“Plans”), and on those persons who are fiduciaries or parties in “interest” with respect to such Plans. In considering an investment of assets of a Plan in the Notes, a Plan fiduciary should consider, among other things: (i) the purposes, requirements, and liquidity needs of such Plan; (ii) the definition of Plan assets under ERISA and

applicable U.S. Department of Labor regulations; (iii) whether the investment satisfies the diversification requirements of Section 404(a)(1)(c) of ERISA; and (iv) whether such an investment is appropriate for the Plan and prudent considering the nature of the investment.

In addition, Sections 406 and 407 of ERISA and Section 4975 of the Code prohibit certain transactions that involve a Plan and a “party in interest” under ERISA or “disqualified” persons under the Code with respect to the Plan and Plan assets. Consequently, a Plan contemplating an investment in the Notes should consider whether Sharestates, or any affiliate of Sharestates, is or might become a party in interest or a disqualified person with respect to the Plan. Potential Plan Investors are urged to consult with, and rely upon, their own advisors and counsel for advice on the ERISA and IRS issues relating to a Plan’s investment in the Notes.

RESTRICTIONS ON TRANSFERS

The Notes are not being registered under the Securities Act of 1933. The Notes may not be sold or transferred unless they are registered under the Securities Act and the applicable securities laws of any appropriate jurisdiction, or unless exemptions from such registration requirements are available. Accordingly, the Notes will not be listed on any securities exchange, nor does Sharestates have plans to establish any kind of trading platform to assist investors who wish to sell their Notes. There is no public market for the Notes, and none is expected to develop. Accordingly, Investors may be required to hold Notes to maturity.

As a condition to this offering, various restrictions have been placed upon the ability of Investors to resell or otherwise dispose of any Notes purchased hereunder, including without limitation the following:

1. No Investor may resell or otherwise transfer any Notes except to a person or entity that meets the eligibility standards described herein. (See “Investor Qualifications”).
2. Prior to reselling or transferring any Notes to any person or entity in a manner that otherwise complies with the restrictions noted herein, the Investor must offer the Notes to Sharestates (in writing) for purchase (“Right of First Refusal”). If Sharestates does not purchase the securities within thirty (30) calendar days from the date upon which it receives written notice of the Investor’s offer, then the Investor may resell or transfer the securities to another person or entity, provided that the transfer or resale otherwise complies with the requirements and restrictions on transfer noted herein.
3. The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the “Act” or the “Securities Act”), in reliance upon the exemptions provided for under Section 4(a)(2) and Rule 506 promulgated thereunder. Notes may not be sold or otherwise transferred without registration under the Securities Act or pursuant to an exemption therefrom. In addition, no sales or transfers may be made for at least one (1) year after the last sale by Sharestates of a particular series of Notes. In the case of construction or rehabilitation loans, that one-year period will not begin to run until the last loan disbursement under the loan disbursement agreement has been funded. Any such sale or transfer shall be subject to Sharestates’ right of first refusal described in the preceding paragraph.

4. A transfer fee equal to Five Hundred dollars (\$500) (the “Transfer Fee”) shall be charged for every transfer request made by Investor to Sharestates for administrative and legal costs.

5. No sale or transfer shall be effective unless the buyer or transferee has executed and delivered to Sharestates all documents required by Sharestates for investing in the Notes and paid the Transfer Fee to Sharestates.

The Notes will be registered electronically with Sharestates and Sharestates does not anticipate issuing physical Notes or related instruments.

ADDITIONAL INFORMATION AND UNDERTAKINGS

Sharestates undertakes to make available to each potential investor every opportunity to obtain any additional information from Sharestates necessary to verify the accuracy of the information contained in this Memorandum. Sharestates will provide such information to the extent that it possesses such information or can acquire it without unreasonable effort or expense. This additional information includes documents or instruments relating to the operation and business of Sharestates that are material to this offering and the transactions contemplated and described in this Memorandum. Should you have any questions, please do not hesitate to contact Sharestates.