

D I V E R S Y  F U N D

***CONFIDENTIAL***  
***PRIVATE PLACEMENT MEMORANDUM***

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**UP TO \$1,000,000 OF SECURED NOTES**

**OF**

**DIVERSYFUND, INC.**

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**July 2025**

**DiversyFund, Inc.**  
Symphony Towers  
750 B Street, Suite 1930  
San Diego, CA 92101

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***NOT TO BE REPRODUCED OR REDISTRIBUTED***



# DiversyFund, Inc.

Offering of Convertible Notes

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**FOR ACCREDITED INVESTORS ONLY**

## **IMPORTANT INFORMATION FOR INVESTORS**

The information contained in this confidential private placement memorandum (“**Memorandum**”) is confidential and private. It is for the exclusive use of the person or party whose name appears above as selected by DiversyFund, Inc. (“**we**,” “**us**,” “**our**,” “**DiversyFund**” or the “**Company**”). This Memorandum may not be reproduced or circulated to any persons other than those selected by the Company with the exception that such recipients may show it to their professional advisors.

The Company is offering to “accredited investors” secured notes (the “**Notes**”) (this “**Offering**”). The Notes will be sold pursuant to Regulation D, Rule 506(c), and Section 4(a)(2), exemptions from registration provided by the Securities Act of 1933, as amended (the “**Securities Act**”). The Company has the right to withdraw, limit or terminate this Offering at any time and to reject any offers to purchase Notes. Proceeds from the sale of Notes will be immediately available to the Company when received and accepted. There is no minimum number of Notes required to be sold. Subject to the reserved right of the Company to extend the Offering, this Offering will terminate on the earliest of July 25, 2026 (unless such date is extended by the Board of Directors), the date on which all of the Notes have been sold or such earlier date as determined by our Board of Directors, in its sole and absolute discretion.

The Company is offering the Notes on the terms and conditions stated in this Memorandum and other documents attached to or referenced in this Memorandum.

**AN INVESTMENT IN NOTES ISSUED BY THE COMPANY INVOLVES A HIGH DEGREE OF RISK. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. YOU SHOULD ONLY INVEST IN THE NOTES IF YOU CAN AFFORD A COMPLETE LOSS OF YOUR INVESTMENT. YOU SHOULD READ THE COMPLETE DISCUSSION OF THE RISK FACTORS FOUND WITHIN THE BODY OF THIS MEMORANDUM.**

**THESE NOTES ARE BEING OFFERED UNDER AN EXEMPTION FROM REGISTRATION PURSUANT TO SECTION 4(a)(2) OF THE SECURITIES ACT OR SECURITIES AND**

**EXCHANGE COMMISSION REGULATION D, RULE 506(c) PROMULGATED THEREUNDER. ACCORDINGLY, THIS OFFERING IS STRICTLY LIMITED TO INVESTORS WHO QUALIFY AS ACCREDITED INVESTORS AS THAT TERM IS DEFINED UNDER REGULATION D OF THE SECURITIES ACT. FOR A DETAILED DEFINITION OF “ACCREDITED INVESTOR,” SEE THE “INVESTOR SUITABILITY STANDARDS” SECTION OF THIS MEMORANDUM.**

**WHETHER THESE NOTES ARE EXEMPT FROM REGISTRATION PURSUANT TO REGULATION D OR OTHERWISE HAS NOT BEEN PASSED UPON BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), THE ATTORNEY GENERAL OF ANY STATE OR ANY OTHER REGULATORY AGENCY, NOR HAS ANY SUCH AGENCY PASSED UPON THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY OR ANY REPRESENTATION THAT ANY REGULATORY AGENCY HAS PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM IS A CRIMINAL OFFENSE. SEE “CERTAIN NOTICES UNDER STATE SECURITIES LAWS.”**

**NO PUBLIC MARKET EXISTS WITH RESPECT TO NOTES OFFERED HEREBY, AND NO ASSURANCES ARE GIVEN THAT ANY SUCH MARKET WILL DEVELOP. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD AND AFFORD A COMPLETE LOSS OF THE INVESTMENT.**

**THIS MEMORANDUM IS INTENDED TO FULLY REPLACE AND SUPERSEDE ANY PRIOR INFORMATION OR MATERIALS PROVIDED OR DISTRIBUTED TO INVESTORS PRIOR TO THE DATE HEREOF IN CONNECTION WITH A PROPOSED OFFERING OF THE NOTES.**

**THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PROSPECTIVE INVESTORS AND CONSTITUTES AN OFFER ONLY TO THE PROSPECTIVE INVESTOR TO WHOM IT WAS DELIVERED. DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN SUCH PROSPECTIVE INVESTOR AND THOSE PERSONS RETAINED TO ADVISE IT WITH RESPECT TO THE INVESTMENT IS UNAUTHORIZED.**

**THE SOLE PURPOSE OF THIS MEMORANDUM IS TO ASSIST THE RECIPIENT IN DECIDING WHETHER TO PROCEED WITH FURTHER INVESTIGATION OF THE COMPANY, THE OFFERING AND THE NOTES. THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT AN INTERESTED PARTY MIGHT DESIRE IN INVESTIGATING THE OFFERING. ANY INVESTOR SHOULD CONDUCT ITS OWN INDEPENDENT ANALYSIS AND DUE DILIGENCE INVESTIGATION OF THE NOTES.**

#### **FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION**

This Memorandum contains forward-looking statements. These statements relate to future events or the Company’s future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

These risks, uncertainties and other factors include, among others, those listed under “Certain Risk Factors” and elsewhere in this Memorandum. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “would,” “could,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. These statements are only predictions based upon information presently available to the Company. Actual events or results may differ materially. In evaluating these statements, prospective investors (“**Investors**”) should carefully consider the various risks, uncertainties and other factors associated with such an investment.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. The Company undertakes no duty to update, revise or correct any of the forward-looking statements after the date of this Memorandum.

### **CONFIDENTIALITY OF MEMORANDUM**

**This Memorandum is intended for the confidential private use of qualified offerees and their authorized advisors. Each offeree and each advisor to an offeree, by accepting delivery of this Memorandum, agrees: (a) to keep this Memorandum and any other information provided by the Company, its officers, directors or their agents in strictest confidence; (b) not to duplicate, reproduce or deliver this Memorandum or such other information in whole or in part (except to the offeree’s duly appointed advisors), or divulge the contents of this Memorandum or such information to any person (other than such advisors), without the prior written consent of the Company; and (c) if the offeree is not eligible or declines to invest, to return immediately to the Company this Memorandum and all information provided by the Company, its officers or directors or their agents.**

### **INVESTMENT INFORMATION AND INQUIRIES**

The Company undertakes to make available to you, during the course of the Offering and prior to the sale, the opportunity to ask questions of and receive answers from the Company concerning the terms and conditions of the Offering and to obtain any appropriate additional information necessary to verify the accuracy of the information contained in this document or for any other purposes relevant to a prospective investment in the Notes. Any additional information will be made available to you to the extent the Company’s management possesses the information or can obtain it without unreasonable effort or expense.

All communications or business or legal inquiries relating to this Memorandum or to a possible investment in the Company should be directed to:

DiversyFund, Inc.  
Symphony Towers  
750 B Street, Suite 1930  
San Diego, CA 92101  
Attention: Investor Relations  
E-mail: [investorsupport@diversyfund.com](mailto:investorsupport@diversyfund.com)

## **RISK DISCLOSURE STATEMENT**

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**YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN THIS INVESTMENT. IN SO DOING, YOU SHOULD BE AWARE THAT AN INVESTMENT WITH OUR COMPANY MAY BE VOLATILE AND BUSINESS LOSSES MAY REDUCE THE VALUE OF THE COMPANY AND CONSEQUENTLY THE COMPANY'S ABILITY TO OBTAIN A RETURN ON YOUR INVESTMENT.**

**THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS INVESTMENT. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN AN INVESTMENT IN THIS COMPANY, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING A DISCUSSION OF CERTAIN RISK FACTORS ASSOCIATED WITH THIS INVESTMENT.**

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## **CERTAIN NOTICES UNDER STATE SECURITIES LAWS**

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*FOR RESIDENTS OF ALL STATES:*

**THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION AND ARE BEING OFFERED WITHIN THE UNITED STATES PURSUANT TO SECTION 4(a)(2) OF THE SECURITIES ACT AND RULE 506(c) OF REGULATION D PROMULGATED THEREUNDER. WHETHER THESE NOTES ARE EXEMPT FROM REGISTRATION PURSUANT TO REGULATION D OR OTHERWISE HAS NOT BEEN PASSED UPON BY THE SEC, THE ATTORNEY GENERAL OF ANY STATE OR ANY OTHER REGULATORY AGENCY, NOR HAS ANY SUCH AGENCY PASSED UPON THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY OR ANY REPRESENTATION THAT ANY REGULATORY AGENCY HAS PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM IS A CRIMINAL OFFENSE.**

**THIS OFFERING IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND ANY APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MIGHT BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. AN INVESTOR MUST REPRESENT THAT THE NOTES ARE BEING ACQUIRED FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO OR PRESENT INTENTION OF DISTRIBUTION.**

**THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. IN ADDITION, THIS MEMORANDUM**

**CONSTITUTES AN OFFER ONLY IF A NAME APPEARS IN THE APPROPRIATE SPACE ON THE COVER, AND IS AN OFFER ONLY TO THE OFFEREE SO NAMED.**

**EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE OF THE MEMORANDUM AND NEITHER THE DELIVERY HEREOF NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE CONDITION OF THE COMPANY SINCE THE DATE HEREOF.**

**NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS OR PROVIDE ANY INFORMATION OTHER THAN CONTAINED IN THIS MEMORANDUM. ONLY THOSE REPRESENTATIONS EXPRESSLY SET FORTH IN THIS MEMORANDUM AND ACTUAL DOCUMENTS (SUMMARIZED HEREIN) AND/OR ATTACHED HERETO, OR WHICH ARE FURNISHED UPON REQUEST TO AN OFFEREE, OR HIS REPRESENTATIVE MAY BE RELIED UPON IN CONNECTION WITH THIS OFFERING.**

**PROSPECTIVE PURCHASERS OF THE NOTES ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE PURCHASER SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING HIS INVESTMENT.**

**THIS MEMORANDUM HAS BEEN PREPARED FROM DATA SUPPLIED BY SOURCES DEEMED RELIABLE AND DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR KNOWINGLY CONTAIN ANY UNTRUE STATEMENT OF ANY MATERIAL FACT. IT CONTAINS A SUMMARY OF THE MATERIAL PROVISIONS OF CERTAIN DOCUMENTS REFERRED TO HEREIN. STATEMENTS MADE WITH RESPECT TO THE PROVISIONS OF SUCH DOCUMENTS ARE NOT NECESSARILY COMPLETE AND REFERENCE IS MADE TO THE ACTUAL DOCUMENTS FOR COMPLETE INFORMATION AS TO THE RIGHTS AND OBLIGATIONS RELATING THERETO.**

# DiversyFund, Inc.

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# DiversyFund, Inc.

The Date of this Private Placement Memorandum is as of first written above.

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## SUMMARY OF OFFERING

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This summary of the Offering is intended to highlight certain information contained in the body of this Memorandum. More detailed information is found in the remainder of this Memorandum, and this summary is qualified in its entirety by information appearing elsewhere in this Memorandum and its appendices and exhibits. Before you invest in the Notes, you should read this entire Memorandum, including the section entitled “Certain Risk Factors” below.

**The Company.** The Company is a corporation organized under the laws of the State of Delaware. We are an online investment technology company, that owns and operates a real estate direct investment platform located at [www.diversyfund.com](http://www.diversyfund.com) (the “**DiversyFund Platform**”). We recognize that technology-powered investment is a more efficient mechanism than the conventional financial system for investing in commercial and residential real estate. Enabled by our proprietary technology, we aggregate investments from thousands of individuals from across the United States to create the scale of an institutional investor without the multi-million dollar minimum investments, high fees and complexity typical of the traditional real estate investment business. Individuals can access the commercial and residential real estate markets through the DiversyFund Platform for what we believe is a more convenient, transparent and straightforward experience. Investors use the DiversyFund Platform to diversify their investment portfolios and potentially earn attractive risk-adjusted returns from asset classes that have long been closed to most investors and available only to very high net worth investors and institutions. We generate revenues from, among other activities, the sponsorship of, and fees charged to, investment opportunities that are offered to investors through the DiversyFund Platform.

**Management.** The Company is managed by a Board of Directors (the “**Board**”), consisting of two directors (the “**Directors**”): Craig Cecilio and Alan Lewis. The Board has appointed the following officers of the Company (the “**Officers**”): Craig Cecilio, as Chief Executive Officer, and Alan Lewis, as Chief Investment Officer. The Officers are responsible for operating the day-to-day affairs of the Company and have authority, subject to the provisions of the Company’s governing documents and the Board, to manage all of the Company’s activities. Investors will not have any control over the Company’s day-to-day operations.

**The Offering.** The Company is offering to “accredited investors” up to \$1,000,000 of Notes (the “**Maximum Offering Amount**”). The Offering will be conducted in one or more closings at which the Company will accept the outstanding subscriptions held in escrow and will issue Notes to Investors. The Company has the right to withdraw, limit or terminate this Offering at any time and to reject any offers to purchase Notes. Proceeds from the sale of Notes will be immediately available to the Company when received and accepted. There is no minimum number of Notes required to be sold. Subject to the reserved right of the Company to extend the Offering, we are privately offering the Notes until the sooner of July 25, 2026 (unless such date is extended by the Board of Directors) or such earlier date as determined by our Board, in its sole and absolute discretion (the “**Termination Date**”).

**Investor Suitability.** This Offering is strictly limited to “accredited investors.” The Notes will be sold pursuant to Regulation D, Rule 506(c), and Section 4(a)(2), exemptions from registration provided by the Securities Act. Each Investor will be required to make certain representations with respect to such Investor’s status as an “accredited investor” and certain other matters in order to purchase Notes. The minimum subscription amount is \$25,000. This minimum may be waived in the Company’s discretion.

**Risk Factors.** An investment in the Notes is speculative and involves a high degree of risk. Investors may lose all or part of their investment. For a description of the specific risks involved with this investment, see the section entitled “Certain Risk Factors” below.

**Subscription Procedure.** An Investor who desires to subscribe for the Notes should carefully review this Memorandum and obtain and review other information deemed necessary or appropriate by such Investor. Each prospective Investor should obtain the advice of its attorney, tax consultant, and investment advisor with respect to the legal, tax and investment aspects of this investment prior to subscribing for the Notes. Upon making a decision to invest with the Company, the Investor should (a) complete, sign and deliver to the Company a Subscription Agreement in the form attached as Exhibit A, and (b) deliver to the Company good funds by Automated Clearing House (ACH) transfer or wire transfer in the amount of the total purchase price for the Notes being subscribed for by such Investor.

The Company, in its sole discretion, may accept or reject any potential Investor’s Subscription Agreement in whole or in part, irrespective of whether such prospective Investor meets the standards for investing in the Offering. To be clear, only upon, but not prior to, its acceptance by the Company, will a Subscription Agreement become binding on the subscribing Investor and the Company.

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## THE COMPANY

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**Organization.** The Company is a corporation organized under the laws of the State of Delaware.

**Ownership and Capitalization.** As of July 23, 2025, there were 264 stockholder(s) of the Company holding an aggregate of 136,674,136 issued and outstanding shares of Class A Common Stock and 5,427,208 shares of Class B Common Stock, although additional shares of Class B Common Stock have been purchased but not yet issued (together, the “**Common Shares**”). The following table sets forth certain information regarding the beneficial ownership of the Company’s Common Shares as of the date of this Memorandum by each shareholder known by the Company to be a beneficial owner of more than 5% of the Company’s Voting Shares, and by each Director, Officer or consultant to the Company.

<u>Name of Beneficial Owner</u>	<u>Number of Class</u>	<u>Percentage of</u>
	<u>A Common</u>	<u>Outstanding Shares</u> <sup>(1)</sup>
	<u>Shares Owned</u>	
Craig Cecilio (Co-Founder, CEO and Director)	52,034,287	36.6%
Alan Lewis (Co-Founder, CIO and Director)*	37,965,713	26.7%

\*Alan Lewis “number of shares owned” and “percentage of outstanding shares” includes shares held by Maline Lewis.

**Company Expenses.** The Company may disburse proceeds from the Offering to pay the Company’s expenses in connection with the Offering.

***Fiduciary Obligations.*** The obligations of the Directors and Officers are not necessarily exclusive. The Directors and Officers need devote only so much of their time to Company affairs as may be reasonably necessary to direct the activities of the Company.

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## **DESCRIPTION OF THE BUSINESS**

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***Philosophy and Background.*** DiversyFund was created to give every American an opportunity to build wealth. DiversyFund does this through its tech-enabled DiversyFund Platform by taking advantage of recent securities regulations enacted following passage of the Jumpstart Our Business Startups Act of 2012 (known as the “**JOBS Act**”). Prior to the JOBS Act, investing in alternative investments, investments like commercial real estate that are alternatives to traditional stock market investing, was reserved for venture capitalists, hedge funds, family offices and accredited investors. The JOBS Act changed those limitations. Formerly “off-limit” investments can now be accessed by everyday investors for potential investment portfolio growth. The new form of investing (through amended Regulation A, which was enacted in May 2015, and Regulation Crowdfunding, which was enacted in 2016) is starting to shift the power from Wall Street to Main Street. We are among the first in this space and we have a unique opportunity to continue leveraging new regulation to expand access to a powerful asset class for everyday Americans.

Our story started as a perfect confluence of events: a motivated team with real estate investment experience, a new social market, novel regulations and fast-changing economic conditions. We created the DiversyFund Platform to help solve wealth inequality in the U.S. We developed a proof of concept, built new technology, launched multiple investment products and now we are ready to pick up the pace of growth.

We are scaling by building a community of people—friends, families, neighbors and average investors across the country—who have become our advocates and by working hard to offer investors access to private investment opportunities usually reserved for the wealthy. We began by offering opportunities to invest in multifamily real estate projects where the barrier to entry is significant. Our team sources, underwrites, purchases, improves, manages and, when we believe the time is right, sells these assets. As our community of investors grows, it further augments our purchasing power, increasing our ability to select top performing assets.

As we’ve begun to scale the Company by recruiting superior talent, growing our investor community, enhancing our online technology and data applications, and scouring the country for promising investment opportunities, we are looking for additional capital to accelerate this growth. We believe with the right funding we will be able to grow this Company to a leading champion of everyday investors across the country.

### ***Significant Milestones.***

- ***2014 – The idea was born.*** After years of making money for others the traditional way, Craig Cecilio saw how everyday investors kept getting locked out of an entire asset class, one that has long fed the wealthy. In 2014, Craig decided there had to be a way to break the cycle and came up with the idea that became DiversyFund. He wanted to open up wealth-building opportunities to all Americans, no matter their economic status.

- May 2015 – Open to all. An amendment to the JOBS Act allowed companies like DiversyFund to open up investments to everyone (including non-accredited investors). This was a huge step in allowing every investor to invest easily and conveniently online.
- August 2016 – Partnering with the right people. Craig partnered with Alan Lewis to form and launch DiversyFund, Inc. With Alan’s corporate transactions background as a corporate lawyer and investment banker on Wall Street, he and Craig share the same mission of democratizing investing.
- 2016-2018 – Laying the groundwork. We were successful in raising our initial funds through a series of convertible note offerings, creating a brand and building a team and developing our tech-enabled investment platform.
- November 2018 –DF Growth REIT I offering qualified by the SEC. DiversyFund began offering shares of DF Growth REIT I to investors (including non-accredited investors) in its first SEC-qualified Regulation A offering. Similar to SEC reporting companies, DF Growth REIT I files annual and semi-annual reports including audited financial statements, information on business operations, related party transactions, and management discussion and analysis of DF Growth REIT I’s performance.
- April 2019 – Platform launch. We publicly launched our DiversyFund Platform, allowing individuals to invest in DF Growth REIT I at a \$2,500 minimum entry point.
- June 2019 – Open to all. We significantly lowered the minimum investment amount in DF Growth REIT I to \$500, opening up the opportunity to invest in commercial multifamily real estate to even more everyday investors.
- November 2019 – Building our community. We surpassed 3,000 investments completed by a community of over 2,000 investors on the DiversyFund Platform. Many of DF Growth REIT I’s investors made multiple investments through the newly- added auto-deposit feature.
- March 2020 – Enhancing and expanding our technology platform. We launched our mobile version of the DiversyFund Platform and added new features to the investor dashboard, making investing in commercial real estate even easier and more convenient for the everyday investor.
- January 2021 – DF Growth REIT II offering qualified by the SEC. DiversyFund began offering shares of DF Growth REIT II to investors, including non-accredited investors, in its second SEC-qualified Regulation A offering.
- November 2021 – DF Growth REIT I closed. DF Growth REIT I raised over \$65 million and was closed to new investors.
- December 2021 – DiversyFund reached new AUM milestone. DiversyFund exceeded \$100,000,000 in multifamily real estate assets under management with properties in states across the Sun Belt.
- July 2022 – Value Add Growth REIT III offering launched. DiversyFund filed an Offering Circular with the SEC under Regulation Crowdfunding and began offering shares of Value Add Growth REIT III to investors, including non-accredited investors, in its third fund offering.

- October 2022 – DF Growth REIT IV Offering Circular filed with the SEC. DiversyFund began seeking SEC qualification of its DF Growth REIT IV offering to investors, including non-accredited investors, in its third Regulation A offering.
- November 2022 – Value Add Growth REIT III offering closed. Value Add Growth REIT III reached its maximum offering amount and was closed to new investors.
- November 2022 – Building our community. Our community topped 300,000 with more than 28,000 active investors on the DiversyFund Platform.
- December 2022 – DiversyFund reached new AUM Milestone. DiversyFund exceeded \$200,000,000 in multifamily real estate assets under management with properties in states across the Sun Belt.
- April 2023 – Premier Plan Opportunities Fund Launched. DiversyFund began offering shares of its new DF Distressed Opportunities Fund to accredited investors in a Regulation D fund offering.
- Summer 2023 – DiversyFund Restructured the Team. DiversyFund began a significant restructuring of its technology, product, investor relations and marketing teams, establishing a new foundation for growth in 2024.
- September 2023 – Value Add Growth REIT IV offering launched. DiversyFund filed an Offering Circular with the SEC under Regulation A and began offering shares of Value Add Growth REIT IV to investors, including non-accredited investors.
- Spring 2024 – DiversyFund Growing the Team. DiversyFund added new leadership in its product, operations, investor relations and marketing teams, building on the foundation established in the restructuring in 2023.

**Addressable Market and Target Customers.** We are democratizing investing in commercial and residential real estate for everyday investors, giving people the ability to build wealth regardless of their economic status. Our total addressable market is large, composed of all U.S. residents with available income to invest, and we are prioritizing one key target segment of the population: the middle class – a group concerned with rising costs of living and long-term financial stability.

This market segment comprises a significant portion of the population, with average household incomes for the middle class ranging between approximately \$80,000-\$200,000 across the country. With much of this population segment already invested in the public stock markets, either through employer-sponsored plans or through individual accounts, the transition to alternative investing is easy to make. However, currently, we do not have any offerings available for non-accredited investors.

Our value proposition for the Everyday Investor:

- We educate them on the importance of diversification and the role of alternative assets in building balanced investment portfolios;
- We offer them access to previously inaccessible investments; and
- We make the process easy, convenient and 100% online.

### ***Data and Technology Platform.***

The first MVP version of the DiversyFund Platform launched and began accepting investment online in December 2016. As we started the process to get SEC qualification of our Regulation A offering to all non-accredited investors, we began to expand our DiversyFund Platform and enhance user experience to permit processing investments at scale. We built a team of experienced product designers and engineers and rebuilt the platform, launching version 2.0 of the DiversyFund Platform in April 2019.

Since public launch of the DiversyFund Platform in 2019, our marketing and product teams have worked closely together to develop new key features and improve platform capabilities and user experience. Some of the features we have added to our portal for our customers:

- Data integrations with Customer Data Platform;
- Mobile payment options;
- Recurring auto-deposit;
- Mobile application;
- Integrated compliance checks
- Advanced user analytics
- Customer experience platform
- Expanded knowledge library for users

We use data analysis to optimize costs and to more efficiently build and service our community. For example, we partner with Experian to enrich customer profiles in our customer relationship management platform. Expanded customer profiles allow us to respond more efficiently to customer needs and preferences. We have also partnered with an AI-driven data service to build custom customer acquisition models based on our proprietary first-party data. This enables us to focus marketing ad spend on priority audiences, increase our conversion rates and reduce cost per customer acquisition. As we continue to grow the size of our investor base and data set, this software leverages machine learning to update our custom lead generation models and improve their efficiency.

***Investment Programs.*** Currently, our principal Investing Program (“**Program**”) is the DF Distressed Opportunities Fund, LLC, a fund launched in 2023 that is focused on multifamily value add assets and offered to accredited investors. We also offer, on occasion, Premier Offerings for accredited investors which include direct single asset investments in multifamily value add assets.

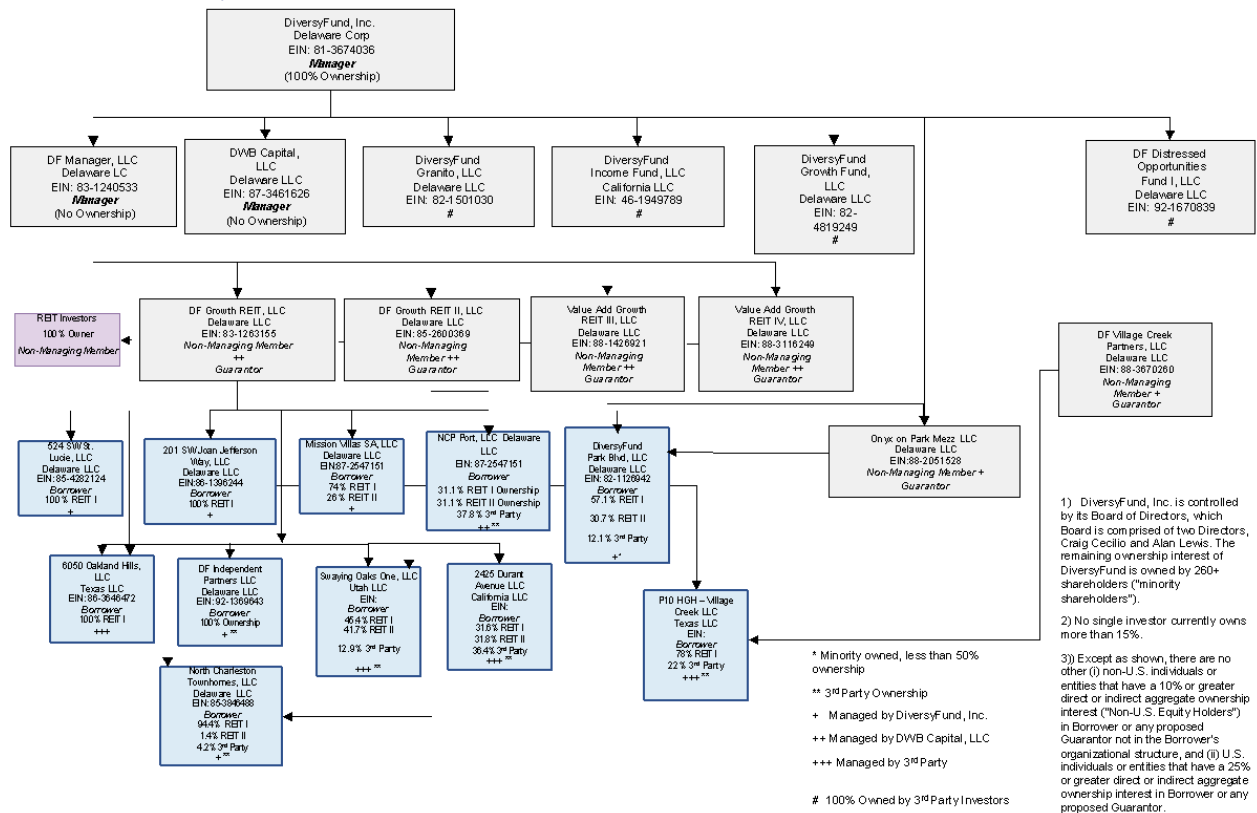
Our current and previous fund offerings invest in real estate projects across the United States, primarily multifamily projects where we believe we can add significant value (often referred to as “value-add” opportunities in the terminology of the real estate industry). Value-add investing consists typically of purchasing an apartment property with flaws and then renovating or improving the property in order to increase rents, cash flows and overall property value. This strategy has performed better than most real estate investing strategies over the last fifteen years and significantly better than most other asset classes over the long term.

Our funds are managed by DF Manager which is a wholly-owned subsidiary of the Company. These funds make investments in real estate through “special purpose entities” (SPEs), each of which only owns a particular real estate asset. The funds primarily invest as a limited partner in such SPEs, with the Company or a subsidiary (such as DWB Capital, LLC) acting as the general partner/sponsor in most instances, but are also permitted to provide general partner equity and to make secured bridge loans. The funds allow our customers to invest in a diversified portfolio of real estate assets with a primary focus of multifamily value add assets.

With respect to the funds, the Company through DF Manager is entitled to a monthly or annual asset management fee (which the Company waived for DF Growth REIT I) in certain cases. In addition, the Company acts as general partner, sponsor and manager on most SPEs for which it typically receives fees and other compensation such as developer or acquisition fees, financing fees, disposition fees, and construction management fees, in addition to a share of SPE profits in the form of a carried interest. The Company does not own any real estate, directly or indirectly, and only functions as the sponsor of the real estate assets owned by Company affiliates such as the funds. The Company does, however, receive a contingent profit interest in exchange for its role as sponsor, which interest is often referred to as a “carried interest” or a “promote”. All promoted interests are payable to the Company and not to the shareholders or to our founders, Mr. Cecilio or Mr. Lewis.

We expect to launch additional funds and direct single asset investment opportunities that will continue to target value-add real estate projects as well as leveraged, stable, fully leased, single or multi-tenant properties (often referred to as “core plus” opportunities in the terminology of the real estate industry).

***Our Structure.*** The chart below shows the relationship among us and our affiliates as of the date of this Memorandum.



DiversyFund, Inc., a Delaware corporation, owns and operates the DiversyFund Platform, which allows investors to become equity owners in alternative investment opportunities. The Company also acts as the non-member manager of various SPEs.

DiversyFund Income Fund, LLC, a California limited liability company, is a small income fund that serves as issuer of promissory notes tied to the performance of specific real estate assets, which is sponsored by the Company and is in its wind-down phase.

DiversyFund Growth Fund, LLC, a Delaware limited liability company, is a small equity fund, which is sponsored by the Company and is in its wind-down phase.

DF Manager, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company, acts as the non-member manager of various funds.

DWB Capital, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company, acts as the non-member manager of various SPEs in order to create a liability shield for the Company.

DF Growth REIT, LLC, a Delaware limited liability company, is a “real estate investment trust” sponsored by the Company and previously offered for investment through the DiversyFund Platform.

DiversyFund Park Blvd. LLC, a Delaware limited liability company that functions as an SPE and is currently a limited partner investor in a joint venture that owns a multifamily ground up real estate project that was recently completed and is in lease up in San Diego, California.

DF Growth REIT II, LLC, a Delaware limited liability company, is a “real estate investment trust” sponsored by the Company and previously offered for investment through the DiversyFund Platform.

Value Add Growth REIT III, LLC, a Delaware limited liability company, is a “real estate investment trust” sponsored by the Company and previously offered for investment through the DiversyFund Platform.

DF Village Creek Partners, LLC, a Delaware limited liability company that functions as an SPE and is a limited partner investor in a joint venture that owns and operates a multifamily real estate asset in Fort Worth, Texas.

DF Independent Partners, LLC a Delaware limited liability company that functions as an SPE and owns and operates a multifamily real estate asset near Monterey, CA.

DF Distressed Opportunities Fund, LLC, a Delaware limited liability company, is a real estate investment fund sponsored by the Company and offered for investment via the DiversyFund Platform.

Value Add Growth REIT IV, LLC, a Delaware limited liability company, is a “real estate investment trust” sponsored by the Company and previously offered for investment through the DiversyFund Platform.

NCP Port LLC, a Delaware limited liability company that functions as an SPE and is a limited partner investor in a joint venture that owns and operates a multifamily real estate asset in North Charleston, SC.

North Charleston Townhomes, LLC, a Delaware limited liability company that functions as an SPE and is a limited partner investor in a joint venture that owns and operates a multifamily real estate asset in North Charleston, South Carolina.

Swaying Oaks One, LLC, a Utah limited liability company, that functions as an SPE and is a joint venture that owns and operates a multifamily real estate asset in San Antonio, TX.

Mission Villas SA, LLC, a Delaware limited liability company that functions as an SPE and owns and operates a multifamily real estate asset in San Antonio, Texas.

P10 HGH – Village Creek, LLC a Delaware limited liability company that functions as an SPE and is a joint venture that owns and operates a multifamily real estate asset in Fort Worth, TX.

201 SW Joan Jefferson Way, LLC, LLC, a Delaware limited liability company that functions as an SPE and owns and operates a multifamily real estate asset in Stuart, FL.

524 SW St. Lucie, LLC, a Delaware limited liability company that functions as an SPE and owns and operates a multifamily real estate asset in Port St. Lucie, FL.

2425 Durant Avenue, LLC a Delaware limited liability company that functions as an SPE and is a joint venture that owns and operates a multifamily real estate asset in Berkeley, CA.

**Marketing and Sales.** A portion of the proceeds of this offering will be used to continue building and marketing to our community. We deploy an omni-channel marketing approach that relies on partnerships, content, automation, highly targeted media and continuous testing to build a lean, data-driven marketing operation that scales customer acquisition in a cost-efficient way. We leverage best-in-class technologies including Hubspot (CRM), Plaid (Secure Integrated Bank Data), and Parallel Markets (Accredited Investor Verification), among others, to create an integrated and data-driven customer marketing ecosystem.

**Community Building.** We define community building as our customer experience.

There is a critical difference between audience and community. A community engages in a two-way conversation—a chance for us to interact with our customers and potential customers. Developing our community of advocates is key to increasing our lifetime customer value and lowering our consumer acquisition cost.

Developing and servicing our online community has multiple benefits:

- Providing real time customer support;
- Promoting shareable content to increase awareness and education;
- Collecting user generated content;
- Developing and spreading the referral program; and
- Growing the number of DiversyFund advocates.

**Building A Digital Experience Focused on User Behaviors.** A digital-first mindset is a foundational value of DiversyFund. Users everywhere have become more comfortable conducting various traditional activities online, such as banking, investing and learning. We want to be at the forefront of these trends and are committed to providing the best experience for our users to manage their alternative investing activities 100% online.

As when we began DiversyFund, our goal is still to build out a largely self-service customer support platform that will:

- Give customers faster access to the answers and information they need;
  - Allow customers to control their experience by making changes without needing to call or email. For example, a bank might let their customers change their daily withdrawal limit online;
  - Offer a clear path to contact a live customer support team when necessary; and
  - Free up customer service staff to answer more complex questions and have more meaningful interactions.

Not only does this approach match user expectations for increasingly fast support and self-directed assistance, but it also allows us to maintain a lean internal team and keep overhead costs low. We rely on our technology, content and community to build our customer experience instead of outdated sales teams and call centers.

***Competitive Advantages.*** Unlike most other investment platforms, we function as an investment platform while performing all asset acquisitions and management in-house for better quality control and investor reporting.

We believe this vertical integration approach creates an advantage for DiversyFund compared to competitors in the space since we, as the investment manager and sponsor, receive acquisition fee revenue and are building up a portfolio of contingent profit interests related to the real estate assets that we sponsor and/or manage. For each real estate asset that we acquire and manage, DiversyFund captures the sponsor's profit on the asset, if any, after it is sold and investors have received their portion of any profits. For assets with large profit margins driven by both forced appreciation from renovations and market pricing appreciation, this asset profit to DiversyFund can be quite significant.

***Company Overview.*** The Company is a privately-held Delaware c-corporation. We own and operate the DiversyFund Platform, an online, direct investment platform located at [www.diversyfund.com](http://www.diversyfund.com). We believe technology-powered real estate investment is a more efficient mechanism than the conventional financial system to invest in real estate and other alternative assets. Enabled by our proprietary technology, we aggregate tens of thousands of individuals from across the country to create the scale of an institutional investor without the high investment minimums and overhead typical of the old-fashioned investment business. Individuals can invest through the DiversyFund Platform at certain minimum investments for what we believe is a better, more transparent and more convenient web-based experience. Investors use the DiversyFund Platform to potentially earn attractive risk-adjusted returns from asset classes that have generally been closed to many investors and only available to high net worth investors and institutions.

Investors invest in our Investment Programs through the DiversyFund Platform:

- Funds structured as Real Estate Investment Trusts (REITs) and offered to non-accredited and accredited investors

REIT IV, LLC is a REIT focused on long-term capital appreciation from the renovation and repositioning of apartment buildings and single- and multifamily properties. Value Add Growth REIT IV was offered to non-accredited as well as accredited investors under Regulation A. DF Growth REIT II raised approximately \$2,111,000 before it closed its offering in 2024.

- Value Add Growth REIT III, LLC is a REIT focused on long-term capital appreciation from the renovation and repositioning of apartment buildings and single- and multifamily properties. Value Add Growth REIT III conducted an offering pursuant to Regulation Crowdfunding, raising nearly \$5,000,000 in 2022.
- DF Growth REIT II, LLC is a REIT focused on long-term capital appreciation from the renovation and repositioning of apartment buildings and single- and multifamily properties that was offered to non-accredited as well as accredited investors under

Regulation A. DF Growth REIT II raised more than \$11,300,000 before it closed its offering in 2022.

- DF Growth REIT, LLC is a REIT focused on long-term capital appreciation from the renovation and repositioning of apartment buildings and single- and multifamily properties that was offered to non-accredited as well as accredited investors under Regulation A. DF Growth REIT raised more than \$65,000,000 before it closed its offering in 2021.
- Premier Plan Direct Single Asset Investments offered to accredited investors
  - DF Independent Partners, LLC, an SPE that owns and operates a multifamily real estate property near Monterey, CA
  - DF Village Creek Partners, LLC, an SPE that owns and operates a multifamily real estate property in Fort Worth, TX
- Premier Plan Fund Investments offered to accredited investors
  - DF Distressed Opportunities Fund, LLC, an investment fund sponsored by the Company that targets value add and opportunistic multifamily real estate assets for investment, renovation and sale following stabilization and capital appreciation.

We have experienced significant growth since the launch of DF Growth REIT in April 2019 as measured by growth in the size of our investor community and increase in the number of investments made through the platform. As of December 31, 2024, we had an investor community of more than 300,000 and approximately 30,000 investors had made at least one investment in one of our Programs. From the Company's launch to the date of this Memorandum, we have sponsored more than \$200 million of multifamily value add real estate assets, based on pro forma exit values over a 2 to 5 year hold.

We generate the majority of our revenue from fees paid by our Programs including: (i) asset management fees, (ii) acquisition or developer fees, (iii) property disposition fees, (iv) financing fees, and (v) profit share from the sale of properties.

Our revenue, expenses and net profit (loss) for the past five years is listed in the table below.

	<b>Revenue</b>	<b>Expenses</b>	<b>Net Profit (Loss)</b>
<b>2020</b>	3,338,700	(22,138,557)	(18,799,858)
<b>2021</b>	9,435,504	(15,337,800)	(5,902,296)
<b>2022</b>	11,638,312	(12,005,883)	(367,571)
<b>2023</b>	1,671,948	(7,625,222)	(5,953,274)

2024	575,023	(3,840,870)	(3,265,847)
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Our REITs and other Programs typically pay us an asset management fee equal to 0.5%-2% per year, although the asset management fee was waived for DF Growth REIT. Where a Program owns property directly or is the sole owner of an entity that owns property, we typically charge it an acquisition fee of up to 4% of the total project costs, including both “hard” costs (*e.g.*, the cost of land, buildings, construction, and renovation) and “soft” costs (*e.g.*, professional fees).

Where a Program owns property directly or is the sole owner of an entity that owns property, we may receive a disposition fee equal to 1% of the total sale price of each property. Where property is owned by a joint venture between a Program and another financial partner, we might be entitled to a similar disposition fee to the extent negotiated with the financial partners in such joint venture (which could be higher than the 1% disposition fee for direct investment). The amount of the disposition fees will depend on the sale price of assets by Programs and any joint ventures and, in the case of joint ventures, the terms we can negotiate with joint venture partners.

Where a Program owns property directly or is the sole owner of an entity that owns property, we may receive a financing fee equal to 1.0% of the amount of each loan placed on a property, whether at the time of acquisition or pursuant to a refinancing. This financing fee is in addition to any fees paid to other parties, such as mortgage brokers. Where property is owned by a joint venture between a Program and another financial partner, we may be entitled to a similar financing fee to the extent negotiated with the financial partners in such joint venture, which could be higher than the 1% financing fee for direct investment. The amount of the financing fees depends on the amount of loans obtained by Programs and any joint ventures and, in the case of joint ventures, the terms we negotiate with joint venture partners.

Where a Program owns property directly or is the sole owner of an entity that owns property, we may provide construction and/or construction management services with respect to such property pursuant to one or more written agreements containing terms and conditions that are standard in the construction industry, as determined by us based on our experience. The amount of our compensation, and the manner in which it is calculated, is consistent with industry standards, as determined by us, *provided* that it is fair to the Program, and no greater than would be paid to an unrelated party at arm’s length. Where property is owned by a joint venture between a Program and another financial partner, we may provide similar construction and/or construction management services to such joint venture to the extent negotiated with the financial partners in such joint venture. The amount of compensation (if any) that we receive for construction or construction management services depends largely on the number of projects for which our services are retained and the size and nature of those services and, in the case of joint ventures, the terms we negotiate with joint venture partners. Accordingly, we cannot make a reasonable estimate of the amount of such compensation at this time.

For any entity of a Program that purchases a property using a loan requiring one or more individual guarantors (*e.g.*, by signing certain industry standard “bad boy” carve-outs), such individual(s) may charge the entity a guaranty fee of up to 0.5% of the loan amount, whether such individual is a principal of the Company, such as Mr. Cecilio or Mr. Lewis, or a non-affiliated guarantor. In certain instances the Company rather than the SPE may pay the guaranty fee.

As sponsor, the Company also expects to receive a contingent profit interest, or “promoted interest”, on the disposition of real estate assets once all investors in those assets have received a return at or above a specified return threshold.

The core elements of our growth strategy include enrolling new investors, developing the size of our community, broadening our origination capabilities, enhancing our technology infrastructure, expanding our product offerings, and extending customer lifetime value. We plan to continue to invest significant resources to accomplish these goals, and we anticipate that our operating expenses, particularly our sales and marketing, technology, and origination expenses, will continue to increase for the foreseeable future. These investments are intended to contribute to our long-term growth, but they may affect our near term profitability.

We anticipate that our future growth will depend in part on attracting new investors to our Programs. We plan to increase our sales and marketing spending to attract these customers. As we invest more funds in our digital marketing efforts, we expect to increase our Programs’ investments at a faster rate than in the past.

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## MANAGEMENT

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**Company Management.** As provided in the Company’s Certificate of Incorporation and Bylaws, the Company is managed by the Board and the Officers. Biographical information regarding the Directors and Officers is provided below.

The following table sets forth certain information regarding current directors and executive officers:

<u>Name</u>	<u>Position</u>
Craig Cecilio	Chief Executive Officer and Director
Alan Lewis	Chief Investment Officer and Director

The Company’s co-founders combine long experience in real estate investment.

**Craig Cecilio, Co-Founder, Chief Executive Officer and Director.** Mr. Cecilio is Co-Founder, Chief Executive Officer and Director for DiversyFund where he oversees the Company’s strategy and operations. Mr. Cecilio has worked in the real estate industry for nearly 23 years. Over the course of his career, Mr. Cecilio has participated in the development of over 1,000 single family and commercial properties as either a joint venture equity partner, lender, or sponsor. Previously, Mr. Cecilio owned a real estate investment business, Coastal California Funding Group, Inc., which underwrote, financed and developed commercial and residential properties principally in California markets such as San Diego, Orange County, Los Angeles and San Francisco, and a loan servicing business. Additionally, Mr. Cecilio founded a real estate debt fund in 2013, which manages a portfolio of mainly real estate-backed bridge loans. In some cases, the fund was used to “pre-fund” some of the Company’s real estate projects. Since 1997, Mr. Cecilio has financed nearly \$500 million of real estate assets and has developed and managed over \$50 million of commercial and residential property (renovations and ground-up). Mr. Cecilio has a Bachelor of Arts from the University of Colorado at Boulder.

**Alan Lewis, Co-Founder, Chief Investment Officer, and Director.** Mr. Lewis is Co-Founder, Chief Investment Officer and Director for DiversyFund where he oversees the Company’s investment strategy and asset management operations. Prior to co-founding the Company, he was the head of the real estate private equity division of a real estate investment and development firm based in Salt Lake City, Utah, where he oversaw capital raising, deal structuring and development work for multifamily projects and master-planned residential communities. Previously, Mr. Lewis worked for nearly ten years on Wall Street as both an investment banker and a corporate lawyer, most recently as Managing Director of the Investment Banking Division of Brill Securities where Mr. Lewis provided financial advisory and capital raising services for high-growth companies along with real estate and oil and gas projects. Prior to joining Brill Securities in 2010, Mr. Lewis practiced as a corporate attorney at Davis Polk, a Tier 1 ranked Wall Street law firm. His practice included IPOs, mergers and acquisitions, and commercial real estate including the acquisition and refinancing of several Fifth Avenue commercial buildings and acquisitions and portfolio restructurings for a \$6 billion real estate private equity fund. Over his career, Mr. Lewis has worked on or led transactions totaling over \$41 billion. Mr. Lewis has a Bachelor of Arts from Brigham Young University and a Juris Doctor from Columbia Law School.

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## **TERMS OF THE OFFERING**

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The following information is a summary of certain principal terms of the Offering and is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum and its appendices and exhibits. Before you invest in the Notes, you should read this entire Memorandum.

<b>The Company</b>	DiversyFund, Inc. is a Delaware corporation that was formed on August 18, 2016.
<b>The Offering</b>	The Company is offering up to \$1,000,000 of Notes.
<b>Minimum Subscriptions</b>	<p>Subject to acceptance of a lesser subscription amount by the Board in its sole discretion, the minimum subscription amount for any single investor is \$25,000.</p> <p>The Company may, in its sole discretion, reject any subscription that is tendered. Each Investor whose subscription is accepted and is admitted as a stockholder of the Company is hereinafter sometimes referred to as a “<b>Noteholder</b>”. Except where the context requires otherwise, a reference to the “<b>Noteholders</b>” means all Noteholders taken together or acting unanimously, as appropriate.</p>
<b>Closing</b>	The initial closing will occur as soon as possible.
<b>Termination Date</b>	The Offering is scheduled to terminate on the earlier of July 25, 2026 (unless extended by the Board of Directors) or such earlier date as determined by the Board in its sole and absolute discretion.

**Restrictions on Resale** The Notes offered hereby will not be registered under the Securities Act and the certificates, if any, representing the Notes and the shares issued on conversion of the Notes will contain a legend restricting their distribution, resale, transfer, pledge, hypothecation or other disposition unless and until such Notes or the shares issued on conversion of the Notes are registered under the Securities Act or an opinion of counsel reasonably satisfactory to the Company is received that registration is not required under the Securities Act. The Company does not intend to file a registration statement with the Securities and Exchange Commission (the “SEC”) for the purpose of registering the Notes or the shares issued on conversion of the Notes.

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## **DESCRIPTION OF NOTES**

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The Company is offering to issue and sell up to \$1,000,000 of Notes.

### **Maturity Date**

The maturity date means the earliest to occur of the following:

- Two years from the last day of the month of the date of the Note, which date can be extended by an additional year at the sole discretion of the Board of Directors;
- Immediately prior to the consummation of a Change in Control of the Company;
- Immediately prior to the initial filing by the Company of a registration statement covering securities of the Company with the Securities and Exchange Commission under the Securities and Exchange Act of 1933, as amended (an “IPO”);
- Immediately prior to this Note becoming prohibited under any applicable law;
- Company fails to observe or perform any covenant, obligation, condition or agreement contained in this Note or the Security Agreement and such failure shall continue for (ten) 10 days after written notice thereof from the noteholder;
- A bankruptcy or insolvency proceeding is instituted by or against Borrower, or a receiver is appointed for the property of Company;
- Company makes an assignment for the benefit of creditors; or
- A default (as defined in the Security Agreement) occurs.

The maturity date can be extended by an additional year at the sole discretion of the Board of Directors.

The outstanding principal balance, together with any accrued and unpaid interest, shall become due in one lump sum payment on the maturity date.

### **Interest Payment**

Interest on the unpaid principal balance of the Notes will accrue at an annual rate equal to 12% per annum, non-compounded, with 4% per annum paid in arrears by the Company on a quarterly basis and the remaining 8% per annum will accrue and be paid on the maturity date.

Quarterly payments of interest will be paid by the Company by the 30th day after the end of each calendar.

### **Collateral**

The Notes will be governed by a Secured Promissory Note Agreement and a related Security Agreement (see Exhibit B).

The Security Agreement covers the collateral that the Notes are secured by.

The collateral for the Notes is a portion of the potential proceeds from a litigation claim brought by the case titled DF Growth REIT, LLC; DF Growth REIT II, LLC; DiversyFund, Inc.; Craig Cecilio; and Alan Lewis vs. Flaster Greenberg P.C.; Lex Nova Law; and Mark Roderick filed in the Superior Court of New Jersey (Case Number MER-L-000290-23) (the “**Claim**”).

The collateral for each Note is the Note’s pro rata share, based on the principal amount of the Note as a percentage of the aggregate principal amount of all Notes, of a \$1,000,000 of proceeds received by the Company from the Claim *after* the first \$1,000,000 received (which first \$1,000,000 is pledged to the First-Priority Notes as defined below) (the “**Collateral**”).

The Collateral amount also includes an amount of proceeds from the Claim for any accrued but unpaid interest, up to a minimum of \$1,500,000 of any Claim proceeds *after* the first \$1,000,000 is received by the Company for the First-Priority Notes.

### **Second-Priority**

The Notes are in a second-priority security position for their claim against any Collateral proceeds. There is \$700,000 of principal amount notes issued in 2023 that have a first-priority claim on the Collateral for up to the first \$1,000,000 of any Claim proceeds received by the Company (the “**First-Priority Notes**”). Craig Cecilio, the Company’s CEO, has loaned the Company \$300,000 and a related party, Laurian Cecilio, has loaned the Company \$200,000 out of the \$700,000 of First-Priority Notes. Several of these First-Priority Notes are currently in default for non-payment of interest by the Company due to cash constraints and are past their two year maturity dates.

### **Contingency**

The Company is represented by the law firm of McAndrew Vuotto, LLC (the “**Firm**”) with an office in Morristown, New Jersey. The Firm has taken the case on full contingency, meaning the Firm receives a 33.3% share of any Claim proceeds. We believe that the Firm’s willingness to take the case on contingency indicates the Firm’s optimistic view of the case’s merits.

### **Risks**

If the Company is not successful in negotiating a settlement or obtaining a judgment then there will be no proceeds from the Claim and the Company will be responsible for repaying the Notes using other means. See “*Risk Factors – Risks Related to Repayment of the Notes*” for more information.

## INVESTOR SUITABILITY STANDARDS

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### General

An investment in the Notes involves a high degree of risk and is suitable only for persons of substantial financial means and who qualify as an “accredited investor” as defined below. The Notes are only suitable for those who are financially sophisticated and can bear the loss of their entire investment. In addition, the Notes are subject to other limitations on redemption and transfer described in this Memorandum. The offer, offer for sale, and sale of the Notes are intended to be exempt from the registration requirements of the Securities Act, pursuant to Rule 506(c) of Regulation D promulgated thereunder (“**Regulation D**”) and are intended to be exempt from the registration requirements of applicable state securities laws as a federally covered security.

The Offering will be conducted in reliance upon exemptions contained in the Securities Act and applicable state securities statutes for transactions not involving a public offering. You must meet one (or more) of the investor suitability standards below to purchase Notes. Fiduciaries must also meet one of these conditions. If the investment is a gift to a minor, the custodian or the donor must meet these conditions. For purposes of the net worth calculations below, net worth is the amount by which your assets exceed your liabilities, but excluding your house, home furnishings or automobile(s) among your assets. In the Subscription Agreement, you will have to confirm that you meet these minimum standards:

- Each investor must have the ability to bear the economic risks of investing in the Notes.
- Each investor must have sufficient knowledge and experience in financial, business or investment matters to evaluate the merits and risk of the investment.
- Each investor must represent and warrant that the Notes to be purchased are being acquired for investment and not with a view to distribution.
- Each investor will make other representations to us in connection with purchase of the Notes, including representations concerning the investor’s degree of sophistication, access to information concerning the Company, and ability to bear the economic risk of the investment.

### Suitability Requirements

Rule 501(a) of Regulation D defines an “accredited investor” as any person who comes within any of the following categories, or whom the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

- (1) Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of

\$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose or acquiring the securities offered, with total assets in excess of \$5,000,000;

(4) Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer or general partner of a general partner of that issuer;

(5) Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000;

(i) Except as provided in paragraph (5)(ii) of this section, for purposes of calculating net worth under this paragraph (5):

(A) The person's primary residence shall not be included as an asset;

(B) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(C) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;

(ii) Paragraph (5)(i) of this section will not apply to any calculation of a person's net worth made in connection with a purchase of securities in accordance with a right to purchase such securities, provided that:

(A) Such right was held by the person on July 20, 2010;

(B) The person qualified as an accredited investor on the basis of net worth at the time the person acquired such right; and

(C) The person held securities of the same issuer, other than such right, on July 20, 2010.

(6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii);

(8) Any entity in which all of the equity owners are accredited investors;

(9) Any entity, of a type of not listed in paragraphs (1), (2), (3), (7), or (8), not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5,000,000;

(10) Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status;

(11) Any natural person who is a "knowledgeable employee," as defined in rule 3c-5(a)(4) under the Investment Company Act of 1940 (17 CFR 270.3c-5(a)(4)), 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;

(12) Any "family office," as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1):

(i) With assets under management in excess of \$5,000,000,

(ii) That is not formed for the specific purpose of acquiring the securities offered, and

(iii) Whose prospective investment is 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

(13) Any "family client," as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1)), of a family office meeting the requirements in paragraph (12) of this section and whose prospective investment in the issuer is directed by such family office pursuant to paragraph (12)(iii).

### **Additional Criteria**

In addition to the foregoing suitability standards, we cannot accept subscriptions from anyone if the representations required are either not provided or are provided but are inconsistent with our determination that the investment is suitable for the subscriber. In addition to the financial information we require, the representations we require of you state that you:

- Have received this Memorandum;
- Understand that no federal or state agency has made any finding or determination as to the fairness for investment in, nor made any recommendation or endorsement of, the Notes; and
- Understand that an investment in the Company will not, in itself, create a qualified retirement plan as described in the Internal Revenue Code and that you must comply with all applicable provisions of the Internal Revenue Code in order to create a qualified retirement plan.

Each of these representations reflects that we are not indicating any approval by public or private regulatory or oversight authority, or that an investment will have an effect other than to make you a stockholder of the Company.

You will also represent that you are familiar with the risk factors we describe and that this investment matches your investment objectives. Specifically, you will represent to us that you:

- Understand that there will be no public market for the Notes or the shares issued on conversion of the Notes, that there are substantial restrictions on repurchase, sale, assignment or transfer of the Notes and the shares issued on conversion of the Notes and that it may not be possible readily to liquidate an investment in the Notes or the shares issued on conversion of the Notes; and
- Have investment objectives that correspond to those described elsewhere in this Memorandum.

You will also represent to us that you have the capacity to invest in the Notes by confirming that:

- You are legally able to enter into a contractual relationship with us, and, if you are an individual, have attained the age of majority in the state in which you live;
- If you are a trustee of a trust, that you are the trustee for the trust on behalf of which you are purchasing the Notes, and have due authority to purchase Notes on behalf of the trust; and
- If you are purchasing as a fiduciary, you will also represent that the above representations and warranties are accurate for the person(s) for whom you are purchasing Notes.

By executing the Subscription Agreement, you will not be waiving any rights under the Securities Act or the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

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## **CERTAIN RISK FACTORS**

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*Potential Investors should carefully consider the following factors, in addition to the other information contained in this Memorandum, in connection with investments in the Notes offered hereby. This Memorandum contains certain forward-looking statements which involve risks and uncertainties. The Company’s actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including those set forth below and elsewhere in this Memorandum. An investment in the Notes offered hereby involves a high degree of risk and is suitable only for Investors*

*who are able to afford to lose their entire investment and who are able to hold their investment for an indefinite period of time.*

### **Risks Related to the Repayment of the Notes**

***We may not succeed in negotiating a settlement or obtaining a judgment in the litigation.*** The Company's ability to repay the Notes is partially dependent on a positive monetary recovery from the litigation matter described in the Security Agreement. The Company may attempt to resolve the Claim through a negotiated settlement or by seeking a judgment at trial. There can be no assurance that either path will result in a favorable outcome or any financial recovery at all. In the event that the Company is unsuccessful in the litigation or is unable to reach a settlement, there may be no Claim proceeds available to repay the Notes.

***The Claim proceeds, if any, may be insufficient to fully repay the Notes.*** The Notes are secured solely by a second-priority interest in potential litigation proceeds. Approximately \$700,000 of previously issued First-Priority Notes have priority over these Notes with respect to the first \$1,000,000 of any Claim proceeds. Only amounts in excess of that threshold are available to repay these Notes. There is no assurance that the Claim will result in proceeds exceeding \$1,000,000 or that the portion allocable to these Notes will be sufficient to repay outstanding principal and accrued interest.

***The recovery from the litigation may be delayed beyond the maturity date of the Notes.*** While the Notes have a maturity date that is two years from the last day of the month in which they are issued (with a potential one-year extension at the discretion of the Board), the resolution of litigation is inherently uncertain and may take longer. This is especially true if a judgment is appealed by the defendants, which could result in lengthy delays in collecting proceeds. If the Claim is not resolved, and proceeds are not received, before the Notes mature, the Company may need to find alternative sources of repayment or may default on the Notes.

***We may obtain a judgment but be unable to collect proceeds from the defendants.*** Even if the Company prevails in the litigation and obtains a favorable judgment, there is no guarantee that the defendants will have sufficient assets or insurance to satisfy the judgment. Defendants may contest enforcement, lack the resources to pay, or file for bankruptcy. If the Company is unable to collect on the judgment, the Notes may remain unpaid despite a legal victory, and investors may lose all or a substantial portion of their investment.

***Dismissal of key defendants could reduce or eliminate available insurance coverage.*** The Claim names multiple defendants, including law firms and individual attorneys. One or more of these defendants, including Flaster Greenberg P.C., may be dismissed from the litigation. If such dismissals occur, the pool of available insurance coverage or assets from which the Company could recover may be significantly reduced, lowering the overall potential value of the Claim and, in turn, the Collateral supporting repayment of the Notes.

***The First-Priority Notes are in default, which may complicate repayment of the Notes.*** The Notes are secured by a second-priority interest in certain proceeds from the Claim, subordinate to approximately \$700,000 principal amount of First-Priority Notes that hold a senior claim to the first \$1,000,000 of any such proceeds. The First-Priority Notes are currently in default. As a result, holders of the First-Priority Notes may take actions to enforce their rights, including but not limited to seeking collection or asserting control over any Claim proceeds, which could delay or impair the Company's ability to satisfy its obligations under the Notes. The default on the First-Priority Notes may also trigger cross-default provisions or increase the likelihood of legal disputes over proceeds distribution, both of which could adversely affect holders of the Notes.

***We are operating at a loss and may be unable to make interest payments or repay the Notes without sufficient Claim proceeds.*** The Company is currently operating at a loss and has limited available cash. Although the Notes bear interest at 12% per annum, with 4% paid quarterly in arrears and 8% payable at maturity, there can be no assurance that the Company will have sufficient cash flow to make these interest payments as they come due. If the Company is unsuccessful in recovering proceeds from the Claim—or if those proceeds are insufficient—the Company may lack the financial resources to repay the Notes at maturity or to pay accrued interest, which could result in a default and a loss of investment for holders of the Notes.

***We may be unable to afford necessary expert witnesses, which could adversely affect the outcome of the litigation.*** The successful prosecution of the Claim will likely require the engagement of one or more expert witnesses to provide opinions on legal, financial, or industry-specific issues. Expert witnesses often charge significant fees for their services, and the Company may lack the cash resources necessary to retain such experts at the appropriate time. If the Company is unable to secure qualified expert testimony due to lack of funds, its ability to prevail in the litigation—or to obtain a favorable settlement—may be materially impaired. This, in turn, could reduce or eliminate any proceeds available to repay the Notes.

### **Risks Related to the Company**

***We are incurring net losses and expect to continue incurring net losses in the future.*** Our failure to become profitable could impair the operations of the DiversyFund Platform by limiting our access to working capital required to operate the DiversyFund Platform. In addition, we expect our operating expenses to increase in the near term as we expand operations and build up our team. In future periods, we may not have sufficient revenue growth to meet increasing expenses, or our revenue could fail to increase as expected. If our operating expenses exceed our expectations or our revenue growth is slower than expected, our financial performance would be adversely affected. If our revenue does not grow significantly to offset these increased expenses, we will fail to become profitable. In future periods, we may not have sufficient revenue growth to meet expectations, or we may not have any revenue growth at all.

***We have a limited operating history.*** The Company is still in its early phase and there can be no assurance that we will ever operate profitably. Although the principals of the Company have been engaged in the real estate and finance industries for years, the Company is an early stage business and it faces challenges on a number of fronts, including attracting and retaining qualified employees, designing and implementing new business systems, developing technology systems, marketing, and capital formation. The likelihood of our success should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by early-stage companies. If the Company fails in any of these or other key areas, the whole business could fail and investors could lose some or all of their money.

***The viability of our business depends in large part on our ability to raise capital.*** There can be no assurance the Maximum Offering Amount will ultimately be raised in the Offering or, even if the Maximum Offering Amount is raised, that such amount will be adequate to meet future costs for our business activities as currently planned. Our ability to raise capital from investors depends on a number of factors, including many that are outside our control. If we are unable to raise sufficient capital in this Offering or we determine that we require additional financing for managing, maintaining, or otherwise dealing with any of our business operations, or for any other purpose, and we are unable to obtain sufficient financing, this inability would have a significant negative effect on our ability to continue as a functioning business and as a result an investor may lose a portion or even all of his/her/its investment.

***Our actual financial results may vary significantly from any projections included in this Memorandum.*** Any financial projections included in this Memorandum reflect numerous assumptions concerning our anticipated future performance and prevailing and anticipated market and economic conditions which are beyond our control and may not materialize. Although management believes that the assumptions underlying any projections are reasonable, projections are inherently subject to uncertainties and to a wide variety of significant business, economic and competitive risks. Actual results may vary significantly. In addition, unanticipated events and circumstances occurring subsequent to the preparation of the projections may further affect our actual financial results. Actual results achieved throughout periods covered by the projections necessarily will vary from projected results, and these variations may be material and adverse. The projections should only be considered in light of all the other information contained in this Memorandum, including the assumptions and qualifying language contained in this paragraph and the other risk factors set forth in this Memorandum.

***There are potential conflicts of interest.*** We have engaged, and have the authority to engage, various contracting parties, including affiliates of the Company, the Directors and the Officers. Directors and Officers may have a conflict of interest between their responsibilities to manage the business for the benefit of the Company and its investors and the interests of affiliates in establishing and maintaining relationships with us and in obtaining compensation for services rendered to us. With respect to such affiliates, there may be an absence of arms' length negotiations with respect to our fee structure.

***We rely on our Board of Directors.*** With the exception of day-to-day management of the Company, the Board is responsible for all major policy decisions on behalf of the Company. The Board has appointed the Officers to oversee the day-to-day operations of the Company. Investors, in their capacity as such, do not make any investment or other decisions on behalf of the Company or the Company's affiliates. Investors will rely on the management expertise of the Board and the Officers in identifying, acquiring, developing, owning, operating, maintaining and managing our assets and business operations for the benefit of the Company and its affiliates. In the event one or more of the Directors or Officers for any reason ceases to be actively involved in the direction and/or management of the Company, our performance could be adversely affected.

***We would be adversely affected by the loss of key personnel.*** We are substantially dependent on the services of the Directors, the Officers and other critical employees (the "**Key Personnel**") and our ability to attract and retain qualified management professionals is critical to our success. In the event of the death, disability, departure or insolvency of any Key Personnel, the business may be adversely affected. The Key Personnel devote such time and effort as they deem necessary for the management and administration of the Business. Past performance of the Key Personnel, or the past performance of investments or projects over which they have exercised any control, cannot be relied upon as an indicator of future performance.

***We may be unable to attract and retain qualified personnel.*** Our ability to grow and provide our customers with quality products and services is partially dependent on our ability to attract and retain highly motivated people with the skills to serve our customers. To the extent we are unable to attract and retain highly skilled and motivated personnel, expected results from our operations may suffer.

***The Directors and Officers of the Company have rights to indemnity by the Company.*** The Certificate of Incorporation provides that a Director of the Company will not be liable to the Company or its stockholders for monetary damages for any breach of fiduciary duty as a Director, *except* for breaches of the Director's duty of loyalty to the Company or its stockholders, intentional misconduct or a knowing

violation of law or acts or omissions not in good faith, unlawful payments of dividends or unlawful stock purchases or redemptions, and transactions for which the Director derived an improper personal benefit. Furthermore, the Company is required to indemnify any Director or Officer of the Company, who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the Company) by reason of any acts, omissions or alleged acts or omissions of such person in connection with the Company, against expenses for which such person has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred in connection with such action, suit or proceeding, so long as such act or omission was done in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. Accordingly, certain actions brought against the Directors or Officers or against the Company will be satisfied solely by the Company.

***Our business and operations are subject to rapid change. If we fail to effectively manage the changing market, our business and operating results could be harmed.*** Our business is subject to rapid change in terms of the scope of our operations and the industry in which we operate. This change may place significant demands on our management, as well as our financial and operational resources. If we do not effectively manage changes in the market and their effects on our business, the efficiency of our operations and the quality of our services could suffer, which could adversely affect our business and operating results. To effectively manage these changes, we will need to continue to take measures which are difficult to guarantee, including measures to:

- implement appropriate operational, financial and management controls, systems and procedures;
- adapt the nature and scope of our services;
  - change our sales, marketing and distribution infrastructure and capabilities; and
- provide adequate training and supervision to maintain high quality standards.

***Political and economic factors may adversely affect our business and financial results.*** Trade, monetary and fiscal policies, and political and economic conditions may substantially change. When there is a slowdown in the economy, employment levels and interest rates may decrease with a corresponding impact on our business. Customers may react to worsening conditions by reducing their spending on the products and services we intend to offer. If any of these circumstances remain in effect for an extended period, there could be a material adverse effect on our financial results.

***An investment in our Notes is not an insured deposit.*** Our Notes are not a bank deposit and, therefore, are not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in our common stock is inherently risky for the reasons described in this "Risk Factors" section.

***The occurrence of a cyber incident, or a deficiency in our cyber security, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, or damage to our business relationships and reputation, all of which could negatively impact our financial results.*** The DiversyFund Platform processes certain confidential information provided by our customers, including investors' bank information and other personally-identifiable sensitive data. While we take commercially reasonable measures to protect our investors' confidential information and maintain appropriate cybersecurity, the security of the DiversyFund Platform, the Company's information technology systems or those of our affiliates or our service providers could be breached, causing increased risks, including risk of fraud or identity theft. Because techniques used to obtain unauthorized access or to sabotage systems are inherently difficult to foresee and may not be

recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures.

***Failure to meet customers' expectations in the delivery of new products and services could result in reduced revenues.*** If the products and services we offer fail to meet the expectations of the targeted audience, then our revenues may be delayed, decreased or lost due to the inability to attract or retain customers.

***We are still a start-up company.*** We were formed as a new venture on August 18, 2016 to own and operate our business and we launched our first Investment Program, DF Growth REIT, LLC, in 2018. Like most companies in the United States, we suffered a major slowdown as a result of the Covid-19 pandemic and economic and social policies related to the spread of Covid-19. As a result, we have limited operating history. There can be no assurance any of our activities will be successful or generate sufficient revenues to produce a return on any investment in the Notes.

***Employee misconduct or unsubstantiated allegations against us could expose us to reputational harm.*** We are vulnerable to reputational harm, as we operate in an industry where integrity and the confidence of investors in our Programs are of critical importance. If an employee were to engage in illegal or suspicious activities, or if unsubstantiated allegations are made against us by employees, stockholders or others, we could suffer serious harm to our reputation, financial position, relationships with key persons and companies in the real estate market, and our ability to attract new investors.

## **Risks Related to the Business**

***The continuation and growth of our business depends in large part on our ability to raise capital from investors using exemptions from the registration requirements of the Securities Act, and if we are unable to raise capital from new or existing investors, or we are unable to use exemptions from registration under the Securities Act, we will be unable to fund the Company's operations or to deploy capital into investments, which would have a significant negative effect on our ability to generate revenue, or even to survive as a company.*** As described in "Legal Proceedings" below, an affiliate of the Company, DF Growth REIT II, LLC, was the subject of an investigation and Administrative Proceeding by the SEC. Although the investigation and the Administrative Proceeding were concluded by the SEC with no fines or other penalties, the Company was prohibited from raising capital using an exemption from registration under Regulation A for a substantial period, resulting in a severe drop in fee revenue in 2022 through today. If the Company were unable to raise capital to fund its operations or to invest in its Programs in the future, it would be unable to survive as a going concern and investors in the Company would lose all of their investment.

Our ability to raise capital from investors depends on a number of other factors, including many that are outside our control. Investors may choose not to make investments with alternative asset managers, including sponsors of real estate investment funds, and may choose to invest in asset classes and fund strategies that we do not offer. Poor performance of our investments could also make it more difficult for us to raise new capital. Investors and potential investors continually assess the performance of our investment funds independently and relative to market benchmarks and our competitors, and our ability to raise capital for existing and future investment opportunities depends on our performance. If economic and market conditions deteriorate, we may be unable to raise sufficient amounts of capital to support the investment activities of our current and future investments, which would have a material adverse effect on our ability to generate revenue.

***Poor performance of our investment funds would cause a decline in our revenues and results of operations and could adversely affect our ability to raise capital for future investment opportunities.*** If

any of our Investment Programs performs poorly, either by incurring losses or underperforming benchmarks, as compared to our competitors or otherwise, our investment record would suffer. As a result, our revenues may be adversely affected and the value of our assets under management could decrease, which may, in turn, reduce our fees. Moreover, we may experience losses on investments of our own capital in our Programs as a result of poor investment performance. If any of our investments performs poorly, we will receive little income or possibly incur losses from our own equity interests in such investments. Poor performance of our investments could also make it more difficult for us to raise new capital. Investors may decline to invest in future offerings we form as a result of poor performance. Accordingly, poor performance may deter future investment in our investment funds and single asset offerings and thereby decrease capital invested and, ultimately, our revenues. Alternatively, in the face of poor performance of our Programs, investors could demand lower fees or fee concessions for existing or future investment offerings which would likewise decrease our revenues.

***Our business model depends to a significant extent upon strong relationships with key persons and companies in the real estate market for sources of investment opportunities. The inability of our Key Personnel to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.*** We expect that certain of our Key Personnel will maintain and develop our relationships with key persons and companies in the real estate market, and our investment funds will rely to a significant extent upon these relationships to supply potential investment opportunities. Certain key persons and companies in the real estate market regularly provide us access to their transactions. If our Key Personnel fail to maintain their existing relationships or develop new relationships with key persons and companies in the real estate market for sources of investment opportunities, we will not be able to grow our investment portfolios. In addition, individuals with whom our executive officers and key personnel have relationships are not obligated to provide us investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

***The investment management business is intensely competitive.*** The investment management business is intensely competitive, with competition based on a variety of factors, including investment performance, continuity of investment professionals and relationships with key persons in the real estate market, the quality of services provided to partner real estate operators, corporate positioning, business reputation and continuity of differentiated products. A number of factors, including the following, serve to increase our competitive risks: (i) many of our competitors have greater financial, technical, marketing and other resources, including a lower cost of capital and better access to funding sources, more established name recognition and more personnel than we do; (ii) there are relatively low barriers impeding entry to new investment funds, including a relatively low cost of entering these businesses; (iii) the recent trend toward consolidation in the investment management industry, and the securities business in general, has served to increase the size and strength of our competitors; (iv) some competitors may invest according to different investment styles or in alternative asset classes that the markets may perceive as more attractive than our investment approach; (v) some competitors may have higher risk tolerances or different risk assessments than we or our investment funds have; (vi) other industry participants, private real estate funds and alternative asset managers may seek to recruit our qualified investment professionals; and (vii) we have a limited operating history and investors may choose conventional platforms with more operating experience and name recognition. If we are unable to compete effectively, our revenue will be reduced and our business would be adversely affected.

***The performance of our Investment Programs depends primarily on the performance and net value of the underlying properties that our Programs own or in which our Programs make debt or equity investments, and poor performance by any of these properties may adversely affect the performance of our Programs, our financial condition and results of operations.*** The performance and net value of these properties is subject to risks typically associated with real estate, which include the following, many of which are partially or completely outside of our control:

- adverse changes in national and local economic and real estate conditions, including potential increases in interest rates, declines in real estate values and changes in local zoning and other regulations, may adversely affect the investments of our Programs;
- an oversupply of (or a reduction in demand for) space in the areas where particular properties are located and the attractiveness of competing properties to prospective tenants may limit our Programs' ability to attract or retain tenants;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances may adversely affect the use of or rental income generated by the properties, and the related costs of compliance and the potential for liability under applicable laws may result in losses to our Programs;
- climate change, pandemics, natural disasters such as hurricanes, earthquakes and floods, or acts of war or terrorism, including the consequences of terrorist attacks such as those that occurred on September 11, 2001, may result in substantial damage to the properties;
- remediation and liabilities associated with environmental conditions affecting properties may result in significant costs to our Programs;
- uninsured or underinsured property losses, increased property insurance premiums or an unanticipated increase in property taxes may result in losses to our Programs;
- loan defaults could cause loss of a property to foreclosure;
- an inability to realize estimated market rents may adversely affect the financial conditions of our Programs;
- the geographic concentration of investments in a limited number of regions may expose our Programs to adverse conditions in such regions;
- properties that have significant vacancies could be difficult to sell, which could diminish the return on these properties;
- lease defaults or terminations by tenants could reduce our Programs' net income;
- potential development and construction delays and resultant increased costs and risks may hinder our Programs' results of operations and decrease net income;
- actions of any joint venture partners that our Programs may have could reduce the returns on joint venture investments;
- prepayments can adversely affect the yields on any debt investments our Programs may make;

- the profitability of investments in any retail properties will be significantly impacted by the success and economic viability of the retail tenants;
- many of our Programs' investments are illiquid and our Programs may not be able to vary their portfolios in response to changes in economic and other conditions; and
- if our Programs overestimate the value or income-producing ability or incorrectly price the risks of investments, they may experience losses.

***Historical returns attributable to our Programs may vary significantly from future results provided by our Programs, our investment strategies, our operations or any returns expected on an investment in our Notes.***

The returns of our Programs are not directly linked to returns on our debt or equity securities, since an investment in our Notes is not an investment in any of our Programs. Therefore, you should not conclude that continued positive performance of our Programs will necessarily result in positive returns on an investment in our Notes. However, poor performance of our Programs would cause a decline in our revenue from such Programs and would have a negative effect on our performance. Moreover, the historical returns of our Programs should not be considered indicative of, and may vary significantly from, the future returns of these or any future Programs we may form, in part because our Programs' returns have benefited from investment opportunities and general market conditions that may not repeat themselves, including the availability of debt capital on attractive terms, and there can be no assurance that our current or future Programs will be able to avail themselves of profitable investment opportunities.

In addition, the internal rate of return, or IRR, for any current or future Program may vary considerably from the historical IRR generated by any particular Programs, or for our Programs as a whole. Future returns will also be affected by the risks described elsewhere in this offering circular, including risks of the industries and businesses in which a particular Program invests.

***Our Investment Programs face competition for investment opportunities, which could reduce returns and result in losses and reduce our revenues.*** Our funds and single asset offerings compete for the acquisition of properties and other investments with other companies, including other REITs, online investment platforms, insurance companies, commercial banks, private investment funds, hedge funds, specialty finance companies and other investors. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we are forced to match our competitors' pricing, terms and/or structure, we may not be able to achieve acceptable returns on investments for our funds and single asset offerings or such investments may bear substantial risk of capital loss, particularly relative to the returns to be achieved. Furthermore, a significant increase in the number and/or the size of our competitors in our target market could force us to accept less attractive investment terms.

***Operational risks may disrupt our business, result in losses and limit our growth.*** We are heavily dependent on the capacity and reliability of the technology systems supporting our operations, whether

owned and operated by us or by outside parties. Operational risks such as interruption of our financial, accounting, compliance and other data processing systems, whether caused by loss of personnel, fire, other natural disaster, power or telecommunications failure, cyber-attacks or other cyber incidents, act of terrorism or war or otherwise, could result in a disruption of our business, liability to investors, regulatory intervention or reputational damage. If any of these systems do not operate properly or are disabled for any reason or if there is any unauthorized disclosure of data, whether as a result of tampering, a breach of our network security systems, a cyber-incident or attack or otherwise, we could suffer financial loss, a disruption of our businesses, liability to our Programs, regulatory intervention or reputational damage. Insurance and other safeguards might be unavailable or might only partially reimburse us for our losses. Although we have back-up systems in place, our back-up procedures and capabilities in the event of a failure or interruption may not be adequate.

The inability of our systems to accommodate an increasing volume of transactions also could constrain our ability to expand our businesses. Additionally, any upgrades or expansions to our operations or technology may require significant expenditures and may increase the probability that we will suffer system degradations and failures.

***The occurrence of a cyber incident could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, or damage to our business relationships and reputation, all of which could negatively impact our financial results.*** The DiversyFund Platform processes confidential information provided by investors including investors' bank information and other personally-identifiable sensitive data. While we take commercially reasonable measures to protect our investors' confidential information and maintain appropriate cybersecurity, the security measures of the DiversyFund Platform, our company's information technology systems or those of our affiliates or our service providers could be breached.

The Platform is hosted in data centers that are compliant with payment card industry security standards. However, any accidental or willful breach or other unauthorized access to our information technology systems could cause such information to be stolen and used for criminal purposes, in which case we, our Programs, and our investors would be subject to increased risks, including risk of fraud or identity theft. Because techniques used to obtain unauthorized access or to sabotage systems are inherently difficult to foresee and may not be recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

***If any of our investment funds qualified as REITs fails to satisfy the requirements necessary to permit this favorable tax treatment, we could be subject to claims by investors and our reputation for structuring these funds would be negatively affected, which would have an adverse effect on our financial condition and results of operations.*** We have structured our REITs as public non-traded REITs. We intend to sponsor additional funds that will be qualified as REITs. A REIT is generally not subject to federal corporate income tax on its net income that is distributed, which substantially eliminates the "double taxation" (*i.e.*, taxation at both the corporate and shareholder levels) treatment that generally results from an investment in a corporation. This treatment permits REITs to make larger distributions to investors (*i.e.*, without reduction for federal corporate income tax). If a REIT fails to satisfy the complex requirements for qualification and taxation as a REIT under the Internal Revenue Code of 1986, as amended, we could be subject to claims by investors as a result of such REIT being subject to federal corporate income (and possibly increased state and local) tax and a reduction in the funds available for distribution to investors in our funds. In addition, any failure to satisfy applicable tax REIT requirements in structuring our funds would negatively affect our reputation, which would in turn affect our ability to

earn additional fees from new funds. Claims by investors could lead to losses and any reduction in our fees would have an adverse effect on our revenues.

***The financial services and real estate industries face substantial litigation and regulatory risks that could adversely affect our business, financial condition or results of operations or cause significant reputational harm to us.*** The Company is subject to claims and lawsuits in the ordinary course of business including litigation and class actions, some of which include claims for unspecified damages, and was also the subject of an investigation and administrative law proceeding by regulatory agencies. In November 2021 the SEC began an investigation of DF Growth REIT II and in January 2022 the SEC temporarily suspended the offering of DF Growth REIT II shares. The SEC alleged that DF Growth REIT II had failed to comply with two technical requirements of Regulation A in its offering to investors (failure to begin the offering within two calendar days of qualification and use of an offering circular supplement instead of a post-qualification amendment to increase the maximum offering amount from \$50 million to \$75 million) and had included inaccurate statements about the fund on the DiversyFund website. None of the SEC's complaints alleged any intentional wrongdoing or financial or accounting violations, and accurate information about the offering was available to investors at all times. The offering of its shares was terminated in 2022 and in its settlement agreement with the SEC dated June 9, 2023, DF Growth REIT II agreed to a permanent suspension of the offering. No fines or penalties were administered by the SEC. On August 9, 2023, the SEC informed the company that it was also concluding its investigation and did not intend to recommend an enforcement action against DiversyFund, DF Growth REIT, LLC, the Company, DF Manager, Mr. Cecilio or Mr. Lewis.

Related to the SEC's inquiry, in December 2022 attorneys for three shareholders in DF Growth REIT I and DF Growth REIT II brought an investor suit against DF Growth REIT, LLC; DF Growth REIT II, LLC; and Craig Cecilio and Alan Lewis as principals of DiversyFund, Inc. The suit largely piggybacked on the SEC's claims in its Administrative Proceeding, alleging that the named shareholders were thereby misled, and sought compensation for their losses as well as reimbursement of all attorneys' fees, costs and interest on those fees. Attorneys also sought to have their claim certified as a class action on behalf of all investors in the Company. The Company engaged defense counsel well experienced in defending securities litigation and securities class actions in order to vigorously contest these claims, which we believe are wholly without merit. In May 2023, the Company filed a motion to dismiss all claims and in April 2024 the judge dismissed the investor suit, noting that investors had suffered no loss. Attorneys for the plaintiffs filed an amended complaint and the Company filed a second motion to dismiss all claims of the second amended complaint. In December 2024 the judge dismissed many but not all of the claims. Attorneys for the plaintiffs filed a third amended complaint and the Company filed a third motion to dismiss the surviving claims of the third amended complaint. In June 2025 the judge dismissed all claims except for three claims. The parties are now waiting to schedule the discovery process. It is typically difficult to predict the course of contested litigation, however, and the potential impacts on the Company, its affiliates, and/or their investors and employees range from the cost of litigation expense to significant economic consequences.

In addition, we depend to a large extent on our network of relationships and on our reputation in order to attract and retain investors. If an investor in our funds or single asset offerings is not satisfied with our products or services, such dissatisfaction, especially communicated to others, may be more damaging to our business than to other types of businesses. We make investment decisions on behalf of investors in our funds and single asset offerings that could result in substantial losses to them. If investors suffer significant losses, or are otherwise dissatisfied with our services, we could be subject to the risk of legal liabilities or actions alleging negligent misconduct, breach of fiduciary duty, breach of contract, unjust

enrichment or fraud. These risks are often difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time, even after an action has been commenced. We may incur significant legal expenses in defending against litigation. Substantial legal liability or significant regulatory action against us could cause significant reputational harm to us and could adversely affect our business, financial condition or results of operations.

***We are subject to a variety of new and existing U.S. and foreign government laws and regulations which could subject us to claims, judgments, monetary liabilities and other remedies, and limitations on our business practices.*** We are subject to regulations and laws directly applicable to our business. The application of existing domestic and international laws and regulations to us relating to issues such as user privacy and data protection, real estate and securities laws, including real estate or securities licensing or registration laws, defamation, pricing, advertising, taxation, consumer protection, accessibility, content regulation, quality of services, telecommunications, mobile, and intellectual property ownership and infringement in many instances is unclear or unsettled. In addition, we will also be subject to any new laws and regulations directly applicable to our domestic and international activities. Internationally, we may also be subject to laws regulating our activities in foreign countries and to foreign laws and regulations that are inconsistent from country to country. We may incur substantial liabilities for expenses necessary to defend such litigation or to comply with these laws and regulations, as well as potential substantial penalties for any failure to comply. Compliance with these laws and regulations may also cause us to change or limit our business practices in a manner adverse to our business. A number of U.S. federal laws, including those referenced herein, impact our business. The cost of compliance with these and any other laws or regulations may increase in the future as a result of changes in the laws or regulations or the interpretation of them. Further, any failure on our part to comply with any relevant laws or regulations may subject us to significant liabilities.

***We face increased competition from existing competitors and new entrants into the market.*** Our competitors include Cadre, Yieldstreet, Fundrise, Realty Mogul and others. We expect to continue to face competition from existing competitors and new market entrant, some of which are better capitalized than we. We may be unable to compete effectively with these existing or new competitors, many of whom may have significant financial or other competitive advantages, and any ability to compete successfully with our competitors could have a material adverse effect on our financial condition and results of operations.

***Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our brand image and harm our business and our operating results.*** We own the rights to the DiversyFund trade names and trademarks and rights to certain domain names, which we believe are valuable assets. We seek to protect our intellectual property assets through trademark and other intellectual property laws of the United States, and through contractual provisions wherever possible. The efforts we have taken to protect our intellectual property and proprietary rights may not be sufficient or effective to prevent or curtail unauthorized use of those rights. In addition, effective trademark and intellectual property protection may not be available or cost-effective in any other country in which our website and media properties are made available through the Internet. There may be instances where we are not able to fully protect or utilize our intellectual property assets in a manner to maximize competitive advantages. Further, while we will attempt to ensure that the quality of our brand is maintained, negative publicity or failure to provide a level of services that meets the expectations of our clientele could impair the value of our brand, our proprietary rights or the reputation of our services. Any impairment of our brand could negatively impact our business. In addition, protecting our intellectual property and other

proprietary rights is expensive and time consuming. Any unauthorized use of our intellectual property could make it more expensive for us to do business and consequently harm our operating results.

***If we are unable to grow our community of investors, our revenue may be adversely affected.*** The success of our business depends in part on our ability to increase the number of potential investors who use our products and services, particularly as we continue to grow our marketplace. If potential investors decide that utilizing our products and services fails to provide an effective means of facilitating investment into historically “off-limit” investments, they may not use, or they may decrease the use, of our products and services. This could adversely affect our revenue and gross profit.

***The failure to obtain and maintain required governmental licenses, permits and approvals could have a substantial adverse effect on our operations.*** We must obtain and maintain various state and local governmental licenses, permits and approvals in order to operate. We may not be successful in obtaining or maintaining any necessary license, permit or approval. Further, as we seek to expand our operations into new markets, regulatory and licensing requirements may delay our entry into new markets, or make entry into new markets cost-prohibitive. We cannot assure you that we will be able to obtain or, once obtained, maintain our licenses or registrations in any states where we are required to be licensed or registered to operate the Business. Our activities in states where necessary licenses or registrations are not available could be curtailed pending processing of an application, and we may be required to cease operating in states where we do not have valid licenses or registrations. We could also become subject to civil or criminal penalties for operating without required licenses or registrations. These costs may be substantial and may materially impair our prospects, business, financial condition and results of operation.

***Any significant disruption in service on the DiversyFund Platform or in its technology systems could reduce the attractiveness of the DiversyFund Platform and result in a loss of customers.*** If a catastrophic event resulted in a platform outage or physical data loss, the DiversyFund Platform’s ability to perform its functions would be adversely affected. The satisfactory performance, reliability, and availability of our technology and our underlying hosting services infrastructure are critical to our operations, level of customer service, reputation and ability to attract new customers and retain existing customers. Our hosting services infrastructure is provided by an outside hosting provider (the “**Hosting Provider**”). We also maintain a backup system at a separate location that is owned and operated by a third party. The Hosting Provider does not guarantee that customers’ access to the DiversyFund Platform will be uninterrupted, error-free or secure. Our operations depend on the Hosting Provider’s ability to protect its and our 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 our arrangement with the Hosting Provider is terminated, or there is a lapse of service or damage to its facilities, we could experience interruptions in our service as well as delays and additional expense in arranging new facilities. Any interruptions or delays in our service, whether as a result of an error by the Hosting Provider or other third-party error, our own error, natural disasters or security breaches, whether accidental or willful, could harm the success of this Offering, our Programs’ ability to perform any services for project investments or maintain accurate accounts, our relationships with our customers and our reputation. Additionally, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. Our 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 our Programs from processing or posting payments on the corresponding investments, damage our brand and reputation, divert our employees’ attention, and cause members to abandon the DiversyFund Platform.

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Confidential Private Placement Memorandum DiversyFund, Inc.

***We rely on bank and other service providers and on computer hardware and software vendors and service suppliers. If we are unable to continue utilizing these services, our business and our ability to service project loans and equity investments may be adversely affected.*** Our funds and single asset offerings and the DiversyFund Platform rely on FDIC-insured depository institutions to process their transactions, including payments of equity investments and distributions to shareholders. Additionally, we rely on such institutions to process subscriptions under this Offering. Under the Automated Clearing House (ACH) rules, if we experience a high rate of reversed transactions (known as “chargebacks”), we may be subject to sanctions and potentially disqualified from using the system to process payments. We also rely on third-party service providers to perform certain compliance functions include verification of investors’ accredited investor status. In addition, the DiversyFund Platform relies on computer hardware purchased and software licensed from other parties. 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 the DiversyFund Platform cannot continue to obtain such services elsewhere, or if it cannot transition to another processor quickly, our and ability to process payments will suffer.

***The offerings of some of our sponsored funds and single asset offerings may rely on relatively new regulatory regimes, notably Regulation A and Regulation Crowdfunding promulgated pursuant to the Jumpstart Our Business Act, and we face heightened regulatory uncertainty regarding the conduct of such offerings, as well as potential enforcement actions from state and federal regulators regarding the compliance of such offerings with applicable regulatory regimes.*** There remains a significant amount of regulatory uncertainty in regard to how the SEC or individual state securities regulators regulate both the offer and sale of securities as well as any ongoing compliance to which issuers relying on these new regulations may be subject. While we endeavor to comply with all regulatory regimes with regard to our Regulation A and Regulation Crowdfunding offerings, as a result of the novelty of our business practices surrounding such offerings, we expect to be subject to heightened regulatory focus while the regulatory norms and precedents surrounding Regulation A and Regulation Crowdfunding offerings become established, which may result in inquiries, investigations, or other enforcement actions from state or federal regulators, which could severely affect the value of the Notes.

***If we were required to register as an “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”), applicable restrictions could make it impractical for us to continue our business as contemplated and could have an adverse effect on our business.*** Section 3(a)(1) of the Investment Company Act provides that an investment company is any issuer which: (i) is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; (ii) is engaged or proposes to engage in the business of issuing face-amount certificates of the installment type; or (iii) owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. As used in Section 3(a), “investment securities” includes all securities except U.S. government securities; securities issued by employees’ securities companies; and securities issued by majority-owned subsidiaries of the owner which are not investment companies and are not relying on the exception from the definition of investment company in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act.

We believe that we are engaged primarily in the business of providing asset management services and not in the business of investing, reinvesting or trading in securities. We do not issue face-amount certificates of the installment type. We hold ourselves out as an asset manager and do not propose to engage primarily

in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe we meet the definition of investment company as used in Section 3(a)(1)(A) and 3(a)(1)(B) of the Investment Company Act. We also believe we do not meet the definition of investment company as used in Section 3(a)(1)(C) of the Investment Company Act. Substantially all of our assets are equity interests in certain wholly-owned subsidiaries which themselves do not meet the definition of investment company as used in Section 3(a)(1)(C) of the Investment Company Act. We also currently and in the future may hold investment securities but we will monitor our holdings to ensure that the value of such investment securities will not exceed 40% of the total value of our assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. Similarly, certain of our wholly-owned subsidiaries currently and may in the future hold investment securities. We will also monitor the holdings of those wholly-owned subsidiaries to ensure that the value of each subsidiary's investment securities will not exceed 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

***As we launch additional funds and single asset investments in the future, there may be conflicts of interests among the various offerings that may result in opportunities that would benefit some over others. Our failure to adequately address such conflicts of interest could damage our reputation and adversely affect our business.*** We expect to establish and sponsor additional investment offerings and to continue to offer investment opportunities primarily through the DiversyFund Platform, including offerings that will acquire or invest in commercial real estate equity investments, commercial real estate loans, and other select real estate-related assets. Our investment programs may have overlapping investment objectives and potential conflicts of interest may arise with respect to our decisions regarding how to allocate investment opportunities among them. While we will endeavor to allocate investment opportunities in a fair and equitable manner, any of our investment programs could be adversely affected to the extent investment opportunities are allocated to others. There is no guarantee that we will make the correct decision in such allocation. Potential, perceived or actual conflicts of interest, such as those described above, could give rise to investor dissatisfaction, litigation or regulatory enforcement actions. Adequately addressing conflicts of interest is complex and difficult and we could suffer significant reputational harm if we fail, or appear to fail, to adequately address potential, perceived or actual conflicts of interest. This could result in a loss of assets under management and adversely affect our business and financial condition.

### **Risks Related to the Offering**

***As a non-listed company conducting an exempt offering pursuant to Rule 506(c) of Regulation D, we are not subject to a number of corporate governance requirements, including the requirements for independent board committees, that apply to listed companies.*** As a non-listed company conducting an exempt offering pursuant to Rule 506(c) of Regulation D, we are not subject to a number of corporate governance requirements that an issuer conducting an offering on Form S-1 or listing on a national stock exchange would be. Accordingly, while we have a board of directors and have adopted guidelines relating to director conflicts of interests and policies relating to related-party transactions, we do not have, nor are we required to have (i) a board of directors of which a majority consists of "independent" directors under the listing standards of a national stock exchange, (ii) an audit committee composed entirely of independent directors and a written audit committee charter meeting a national stock exchange's requirements, (iii) a nominating/corporate governance committee composed entirely of independent directors and a written nominating/corporate governance committee charter meeting a national stock exchange's requirements, (iv) a compensation committee composed entirely of independent directors and a written compensation committee charter meeting the requirements of a national stock exchange, and (v)

independent audits of our internal controls. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of a national stock exchange.

***The Offering is on a “best efforts” basis.*** The Notes will be sold in this Offering on a “best efforts” basis. Therefore, there is no assurance that all of the Notes offered hereby will be sold or that we will actually receive the estimated net proceeds generated from such a sale of all the Notes.

***We will continue to be controlled by our co-founders who hold shares of our capital stock, and their interests may conflict with those of our other stockholders.*** Upon the completion of this offering, our co-founders will continue to hold more than 50% of the combined voting power of our capital stock. Our co-founders also control the Board of Directors. So long as our co-founders continue to hold, directly or indirectly, shares of capital stock representing more than 50% of the voting power of our capital stock or control the Board of Directors, they will be able to exercise control over all matters requiring stockholder approval, including the election of directors (and therefore our management and policies), amendment of our amended and restated certificate of incorporation and approval of significant corporate transactions. The control exercised by our executive officers may have the effect of delaying or preventing a change in control of our Company or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. These actions may be taken even if other stockholders oppose them. The interests of our co-founders may not always coincide with the interests of other stockholders, and our co-founders may act in a manner that advances their best interests and not necessarily those of our other stockholders.

***Investments in small capitalization companies present greater risks than investments in larger, more established companies.*** Investments in securities of companies with smaller revenues and capitalizations may offer greater opportunity for capital appreciation than larger companies, but investments in such companies also present greater risks than investments in securities of larger, more established companies.

***Low levels of initial capitalization may limit investors’ ability to recover their investments from the capital and assets of the Company.*** As of the date of the Offering, the Company has received minimal equity investments, consisting of funding provided by the current stockholders and noteholders of the Company. To the extent we are unable to generate revenues from our business operations, we may possess insufficient equity capital and assets to which Investors will be able to look to recover all or any portion of their investment.

***Failure to comply with applicable federal and state securities laws may result in litigation and losses that could have a substantial adverse effect on our operations.*** This Offering has not been registered under the Securities Act in reliance on the exemptions provided by Section 4(a)(2) of the Securities Act and Rule 506(c) of Regulation D. Similar reliance has been placed on exemptions from securities registration requirements under various state securities laws. No assurance is given that the offering currently qualifies or will continue to qualify under one or more of those exemption provisions due to, among other things, the adequacy of disclosure and the manner of distribution, the existence of similar offerings in the past or in the future, or the retroactive change of any securities law or regulation. If, and to the extent that, claims or suits for rescission are brought and successfully concluded for failure to register this Offering or other offerings or for acts or omissions constituting offenses under the Securities Act, the Exchange Act, or applicable state securities laws, we could be materially and adversely affected, jeopardizing our ability to operate successfully. Furthermore, our human and capital resources could be

adversely affected by the need to defend actions under these laws, even if we are ultimately successful in our defense.

***To the extent legislation and/or regulations related to the USA Patriot Act, money laundering and terrorism prevention are found to be or become applicable to investment in the Notes, we may be required to share information about Investors with governmental authorities and impose additional restrictions on the transfer of the Notes.*** The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “**Patriot Act**”), required that financial institutions, a term that includes banks, broker-dealers and investment companies, establish and maintain compliance programs to guard against money laundering activities. The Patriot Act required the Secretary of the U.S. Treasury (the “**Treasury**”) to prescribe regulations in connection with anti-money laundering policies of financial institutions. It is possible that there could be promulgated additional legislation or regulations that would require us or our service providers, in connection with anti-money laundering procedures, to share information with governmental authorities with respect to Investors. Such legislation and/or regulations could require us to implement additional restrictions on the transfer of the Notes. We reserve the right to request such information as is necessary to verify the identity of Investors and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by Financial Crimes Enforcement Network and/or the SEC or as is required under any anti-money laundering legislation and regulation of the United States. In the event of delay or failure by the applicant to produce any information required for verification purposes, an application for or transfer of the Notes and the subscription monies relating thereto may be refused.

***The Company is not providing attorney or accountant representation to Investors.*** We are not providing Investors with representation by attorneys and accountants. The Company and the Directors Board are not represented by separate counsel. Our legal counsel and accountants have not been retained, and will not be available, to provide legal counsel or tax advice to Investors. Therefore, prospective Investors should retain their own legal and tax advisors.

***ULTIMATE RISK.*** ULTIMATELY, FOR ANY OF THE ABOVE REASONS, OR FOR ANY OTHER REASON NOT LISTED, OR ANY COMBINATION OF POSSIBLE REASONS, THE INVESTOR ASSUMES FULL LIABILITY FOR HIS, HER, OR ITS INVESTMENT. THE INVESTMENT MAY BE LOST IN ITS ENTIRETY, THUS REQUIRING THE INVESTOR TO HOLD THE INVESTMENT WITH THE COMPANY FOR AN INDEFINITE PERIOD. THE COMPANY’S EFFORTS DO NOT GUARANTEE, OFFER, IMPLY, OR WARRANT ANY TYPE OF ABSOLUTE SECURITY AGAINST COMPLETE LOSS OF INVESTMENT OR FAILURE TO RECOVER ANY PROFITS OR PROCEEDS FROM THIS INVESTMENT.

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS AND OTHER FACTORS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY BEFORE DECIDING TO INVEST IN THE COMPANY.**

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## **USE OF PROCEEDS**

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The Company intends to use most of the proceeds of the Offering to fund general corporate and working capital purposes, including the costs of growing our investor community and building out our platform technology and for offering costs and expenses.

There can be no assurances that the Company will be able to sell all the Notes offered under this Memorandum. If fewer than all the Notes offered under this Memorandum are sold, the Company may not be able to implement some of its long-term objectives and may need to seek additional financing. The Company may not be able to obtain additional financing or may not be able to obtain financing on terms acceptable to the Company. In either event, failure to obtain necessary additional funding could cause the Company to become insolvent.

The Company reserves the right to change the use of proceeds for any purpose that, in the business judgment of the Company's management, is in the Company's best interests, including, but not limited to, changes in the Company's working capital requirements, or management's determination that the Company's interests could be best served, for example, by allocating funds to new product development, rather than the expansion of sales and marketing efforts.

The following table contains information about the estimated use of the proceeds of this Offering assuming all of the Notes offered hereby are sold. Many of the figures set forth are estimates and based on certain assumptions and cannot be precisely calculated at this time.

<b><u>SOURCES</u></b>	<b><u>Offering Amount</u></b>	
	<b><u>Amount</u></b>	<b><u>Percentage</u></b>
Gross Offering Proceeds	\$1,000,000	100.00%
Less Offering Costs	\$5,000	0.5%
Net Offering Proceeds	<u>\$ 995,000</u>	<u>99.5%</u>
 <b><u>USES</u></b>		
		0.0%
		0.0%
General Corporate Purposes and Working Capital	<u>\$995,000</u>	<u>99.5%</u>
Total Uses	<u>\$995,000</u>	<u>99.5%</u>

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## **FINANCIAL STATEMENTS**

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Certain historical financial information regarding the Company has been attached as Exhibit C to this Memorandum. Investors are advised that such pro forma information was not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants or the Securities and Exchange Commission or generally accepted accounting principles and has not been examined, reviewed or compiled by independent auditors. Additionally, the projections included therein

represent the Company's best estimate, as of the date hereof, of the Company's results of operations during the period(s) presented. Such projections are based upon a number of assumptions, including those identified in the notes thereof, some of which may not materialize, and unanticipated events may occur which could affect the actual results achieved by the Company during the period(s) covered by the projections. Consequently, actual results will vary from the projections and these variations may be material. Prospective Investors are cautioned not to place undue reliance on the projections. The Company does not intend to update or otherwise revise the projections to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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## **CONFLICTS OF INTEREST**

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The Company has engaged, and has the authority to engage, various contracting parties, which may be affiliates of the Company, Directors or Officers. As such, the Company may have a conflict of interest between its responsibility to manage the business for the benefit of the Company and its investors and its direct and indirect affiliates' interests in establishing and maintaining relationships with the Company and in obtaining compensation for services rendered to the Company. With respect to such affiliates, there may be an absence of arms' length negotiations with respect to the fee structure of the Company.

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## **LEGAL PROCEEDINGS**

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Within the last five years, no Executive Officer or Significant Employee of the Company has been convicted of, or pleaded guilty or no contest to, any criminal matter, excluding traffic violations and other minor offenses.

Within the last five years, no Executive Officer or Significant Employee of the Company, no partnership of which an Executive Officer or Significant Employee was a general partner, and no corporation or other business association of which an Executive Officer or Significant Employee was an executive officer, has been a debtor in bankruptcy or any similar proceedings.

DF Growth REIT II was a respondent in an administrative proceeding with the SEC. In November 2021 the SEC began an investigation of DF Growth REIT II and in January 2022 the SEC temporarily suspended the offering of DF Growth REIT II shares. The SEC alleged that DF Growth REIT II had failed to comply with two technical requirements of Regulation A in its offering to investors (failure to begin the offering within two calendar days of qualification and use of an offering circular supplement instead of a post-qualification amendment to increase the maximum offering amount from \$50 million to \$75 million) and had included inaccurate statements about the fund on the DiversyFund website. None of the SEC's complaints alleged any intentional wrongdoing or financial or accounting violations, and accurate information about the offering was available to investors at all times. The offering of its shares was terminated in 2022 and in its settlement agreement with the SEC dated June 9, 2023, DF Growth REIT II agreed to a permanent suspension of the offering. No fines or penalties were administered by the SEC. On August 9, 2023, the SEC informed the company that it was also concluding its investigation and did not intend to recommend an enforcement action against DiversyFund, DF Growth REIT, LLC, the Company, DF Manager, Mr. Cecilio or Mr. Lewis.

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Related to the SEC’s inquiry, in December 2022 attorneys for three shareholders in DF Growth REIT I and DF Growth REIT II brought an investor suit against DF Growth REIT, LLC; DF Growth REIT II, LLC; and Craig Cecilio and Alan Lewis as principals of DiversyFund, Inc. The suit largely piggybacked on the SEC’s claims in its administrative proceeding, alleging that the named shareholders were thereby misled, and sought compensation for their losses as well as reimbursement of all attorneys’ fees, costs and interest on those fees. Attorneys also sought to have their claim certified as a class action on behalf of all investors in the Company. The Company engaged defense counsel well experienced in defending securities litigation and securities class actions in order to vigorously contest these claims, which we believe are wholly without merit. In May 2023, the Company filed a motion to dismiss all claims and in April 2024 the judge dismissed the investor suit, noting that investors had suffered no loss. Attorneys for the plaintiffs filed an amended complaint and the Company filed a second motion to dismiss all claims of the second amended complaint. In December 2024 the judge dismissed many but not all of the claims. Attorneys for the plaintiffs filed a third amended complaint and the Company filed a third motion to dismiss the surviving claims of the third amended complaint. In June 2025 the judge dismissed all claims except for three claims. The parties are now waiting to schedule the discovery process. It is typically difficult to predict the course of contested litigation, however, and the potential impacts on the Company, its affiliates, and/or their investors and employees range from the cost of litigation expense to significant economic consequences.

On February 15, 2017, the California Bureau of Real Estate (“BRE”) filed a complaint against Craig Cecilio and a company he formed, CCFG, with respect to the BRE’s scheduled audit of CCFG’s records and operations completed on February 4, 2016 for the examination period of December 1, 2014 through November 30, 2015. On July 26, 2017, the BRE, Mr. Cecilio and CCFG entered into a stipulation and agreement under which Mr. Cecilio and CCFG agreed to (i) reimburse the BRE for the cost of the BRE audit (\$8,787.50) and the investigation (\$458.20), (ii) reimburse the BRE’s cost for any follow up audit, and (iii) voluntarily surrender CCFG’s BRE license. The BRE also suspended Mr. Cecilio’s personal BRE license but agreed to defer or stay the suspension of Mr. Cecilio’s personal BRE license, provided that (x) Mr. Cecilio paid a \$3,000 fine for “failure to supervise” under § 10159.2 of the California Business and Professions Code and (y) did not incur any additional BRE infractions for 2 years.

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## **TAX CONSIDERATIONS**

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Each Investor should consult with its own tax and investment advisors regarding the tax impact on such Investor of an investment in the Company and the Notes.

Investors acknowledge that they are responsible for declaring and paying their individual taxes related to the purchase and ownership of Notes. The Company is not responsible for informing Investors of their specific tax consequences related to their investment. The Company is not responsible for filing taxes related to the investment of individual buyers.

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## **IRS CIRCULAR 230 DISCLOSURE**

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**TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT REGULATIONS, YOU ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS**

Confidential Private Placement Memorandum DiversyFund, Inc.

**MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS MEMORANDUM; AND (C) YOU SHOULD SEEK ADVICE BASED ON YOUR OWN PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

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## **DIVIDEND POLICY**

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The Company has never paid cash dividends on its capital stock, nor does it anticipate paying any cash dividends on its capital stock in the foreseeable future. Payment of dividends, if any, will be at the sole discretion of our Board.

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## **RESTRICTIONS ON TRANSFER**

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We have not registered the Notes under the Securities Act or any state securities laws. We offer these securities in reliance on certain exemptions from registration contained in the Securities Act and applicable state laws. As a consequence, purchasers may not sell these securities unless they are subsequently registered under the Securities Act and applicable state laws, or an exemption from such registration is available. Accordingly, any purchaser must bear the economic risk of investment in the Notes for an indefinite period of time.

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## **DOCUMENTS AVAILABLE FOR INSPECTION CAPTIONS, PRIORITY AND GENDER**

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Statements made in this Memorandum as to the contents of any document or agreement are not necessarily complete, each statement being qualified in all respects by the provisions of the actual documents referenced. We believe such statements, however, contain a fair summary of the material portions of such documents or agreements. Prospective Investors and their investment advisors and purchaser representatives should email Investor Relations at [investorsupport@diversyfund.com](mailto:investorsupport@diversyfund.com) to schedule a call regarding any materials available relating to the Business, the Company or the Notes. The Company will answer all inquiries from prospective Investors or their investment advisors and purchaser representatives concerning the above matters and any other matters relating to the Company or the Offering.

Captions are inserted in this Memorandum solely for organizational convenience and such captions may not necessarily be indicative of all the information that may be contained under a particular caption. The order in which information appears in this Memorandum does not indicate any priority or materiality or importance with respect to the matters discussed. All material appearing in this Memorandum should be carefully considered by prospective Investors. As used herein, the masculine gender shall include the feminine and neuter genders.

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## HOW TO SUBSCRIBE FOR NOTES

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Investors must complete, date, execute and deliver to the Company the following documents, as applicable.

- A completed and signed Subscription Agreement; and
- An ACH transfer or wire transfer of immediately available funds to an account designated by the Company in the amount of the total purchase price for the Notes subscribed for by such Investor as stated in the Subscription Agreement.

The Company, in its sole discretion, may accept or reject any potential Investor's Subscription Agreement in whole or in part, irrespective of whether such prospective Investor meets the standards for investing in the Offering. To be clear, only upon, but not prior to, its acceptance by the Company, a Subscription Agreement will become binding on the subscribing Investor and the Company.

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## OTHER MATTERS

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***Plan of Placement.*** The Notes are being offered directly to Investors on the terms and conditions set forth in this Memorandum. The Company will use its best efforts to sell the Notes to Investors. There can be no assurance that all or any of the Notes offered will be sold.

***Memorandum Not Updated.*** The information contained in this Memorandum is intended to be accurate as of its date but is subject to change. The delivery of this Memorandum (and any supplement to it) at any time does not imply that the information herein is correct at any time subsequent to the date of the Memorandum (or any supplement). The delivery of this Memorandum or any supplement will not create any implication under any circumstances that there has been no change in the facts set forth in the Memorandum or any supplement since the date hereof. Each prospective Investor is urged to confirm with the Company to determine whether any change has occurred. Updated information will be made available by the Company upon request.

***USA Patriot Act Compliance.*** The Patriot Act requires that all financial institutions implement policies and procedures designed to guard against and identify money laundering activities. Under the Patriot Act, the Company may be required to confirm the identity of each prospective Investor to the extent reasonable and practicable, including the principal beneficial owners of an Investor, if applicable. New Investors, and additional capital from existing Investors, can be accepted only after the Company has confirmed the identity of the Investor and the principal beneficial owners of the Investor, if applicable, unless the Company concludes that it can rely on the diligence of a third party with respect to such Investor.

The Company may be required to undertake enhanced due diligence procedures prior to accepting Investors it believes may present high risk factors with respect to money laundering activities. Examples, although not comprehensive, of persons posing high risk factors are persons resident in or organized under the laws of a “non-cooperative jurisdiction” or other jurisdictions designated by the United States

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Department of the Treasury as warranting special measures due to money laundering concerns, and any person whose capital contributions originate from or are routed through certain banking entities organized or chartered in a non-cooperative jurisdiction.

In addition, the Company is prohibited from accepting subscriptions from or on behalf of (a) persons on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Asset Control, (b) the Annex to Executive Order 13224, (c) such other lists as may be promulgated by law or regulation and (d) foreign banks unrelated to the jurisdiction in which they are domiciled or which have no physical presence.

The Company may be required to undertake additional actions to guard against and identify money-laundering activities, when final regulations under the Patriot Act are adopted by the United States Department of the Treasury. The requirements for the Company to guard against and identify money laundering activities in deciding whether to accept subscriptions are in addition to the discretion that the Company has in deciding whether to accept subscriptions.

***Additional Information.*** Upon request of a prospective Investor, the Company will make available to such Investor the opportunity to ask questions and receive answers concerning the terms and conditions of this Offering. Further, the Company will, subject to confidentiality agreements and other considerations, obtain and make available additional information reasonably requested by such Investor to the extent the Company possesses such information and can acquire it without unreasonable effort or expense, necessary to verify the accuracy of any of the information concerning the terms and conditions of the Offering or any of the transactions referred to herein. Prospective Investors wishing to inquire about the Company are invited to contact DiversyFund, Inc., Symphony Tower, 750 B Street Suite 1930, San Diego, CA 92101, Attention: Investor Relations, Email: [Investorsupport@diversyfund.com](mailto:Investorsupport@diversyfund.com).

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**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

(see attached)

**DIVERSYFUND, INC.**

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Secured Notes Offering

**SUBSCRIPTION AGREEMENT**

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# D I V E R S Y F U N D

Confidential

## DIVERSYFUND, INC.

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NO PUBLIC MARKET EXISTS FOR ANY NOTES OFFERED HEREBY, AND NO ASSURANCES ARE GIVEN THAT ANY SUCH MARKET WILL DEVELOP. SUBSCRIBERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD.

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THIS SUBSCRIPTION BOOKLET HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PROSPECTIVE SUBSCRIBERS IN THE COMPANY AND CONSTITUTES AN OFFER ONLY TO THE PROSPECTIVE SUBSCRIBERS TO WHOM IT WAS DELIVERED. DISTRIBUTION OF THIS SUBSCRIPTION BOOKLET TO ANY PERSON OTHER THAN SUCH PROSPECTIVE SUBSCRIBER AND THOSE PERSONS RETAINED TO ADVISE IT WITH RESPECT TO THE INVESTMENT IS UNAUTHORIZED.

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IN MAKING AN INVESTMENT DECISION, SUBSCRIBERS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. SUBSCRIBERS SHOULD CAREFULLY REVIEW THE INFORMATION IN THE PRIVATE PLACEMENT MEMORANDUM AND THE INVESTMENT SUMMARY RELATED TO THIS OFFERING WITH THE EXHIBITS AND THIS SUBSCRIPTION AGREEMENT. SUBSCRIBERS SHOULD ALSO CONSULT WITH AN INVESTMENT ADVISOR, ATTORNEY, ACCOUNTANT OR OTHER ADVISOR REGARDING AN INVESTMENT IN THE COMPANY AND ITS SUITABILITY FOR SUBSCRIBER.

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THE SECURITIES DESCRIBED IN THIS SUBSCRIPTION BOOKLET HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “**COMMISSION**”), NOR HAS THE COMMISSION OR ANY APPLICABLE STATE OR OTHER JURISDICTION’S SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS SUBSCRIPTION AGREEMENT OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. NONE OF THE SECURITIES MAY BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE TRANSACTION EFFECTING SUCH DISPOSITION IS REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR AN EXEMPTION THEREFROM IS AVAILABLE AND THE COMPANY RECEIVES AN OPINION OF COUNSEL ACCEPTABLE TO IT THAT SUCH REGISTRATION IS NOT REQUIRED PURSUANT TO SUCH EXEMPTION.

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May Not Be Reproduced or Distributed

## DIVERSYFUND, INC.

### Subscription Booklet

This booklet contains documents that must be read, executed, and returned if Subscriber wishes to invest in DIVERSYFUND, INC., a Delaware Corporation (the “Company”).

*Subscriber should carefully review the information in the Private Placement Memorandum related to this offering with all appendices including the Company’s Note Agreement and other documents (the “Private Placement Memorandum”) and this Subscription Agreement and should consult with Subscriber’s financial adviser, attorney, accountant or other advisor before completing and returning documents.*

If you decide to invest, please complete, sign, and return the documents required to subscribe to this offering, as listed under the headings below.

**A. Individuals must return the following documents:**

1. The execution page of the attached Subscription Agreement;
2. Executed copy of the signature page of the Secured Promissory Note and related Security Agreement (collectively, the “Note Agreement”);

**B. Entities must return the following documents:**

1. The execution page of the attached Subscription Agreement;
2. Executed copy of the execution page of the Note Agreement;
3. The applicable exhibit to the Subscription Agreement:
  - (a) *If the Subscriber is a partnership or limited liability company*, please include the following in the documents to be returned to the Company: (i) copies of the entity’s governing instruments, (ii) a copy of the executed resolutions of the managers/partners as specified in Exhibit A-1, and (iii) a completed Exhibit A-1;
  - (b) *If the Subscriber is a custodian, trustee, or agent*, please include the following in the documents to be returned to the Company: (i) a copy of the trust agreement or other instrument governing the Subscriber, and (ii) a completed Exhibit A-2.
  - (c) *If the Subscriber is a corporation*, please include the following in the documents to be returned to the Company: (i) copies of the corporation’s governing instruments, (ii) a copy of the executed resolutions of the corporation’s Board of Directors as specified in Exhibit A-3, and (iii) a completed Exhibit A-3;
4. Completed and executed copy of the Beneficial Owner Notice in the form attached as Exhibit B.

TABLE OF CONTENTS

I. **SUBSCRIPTION AGREEMENT AND SUITABILITY STATEMENTS:** The Subscription Agreement is the document by which you agree to subscribe for and purchase one or more Notes in the Company. The suitability statements, which are incorporated in Section 9 of the Subscription Agreement and therefore are part of this agreement, are important. Please read section 9 carefully. Both individuals and entities should carefully read each of the statements in the suitability section and fill out and sign the execution page to the subscription agreement.

II. **ENTITY CERTIFICATES:** IF THE SUBSCRIBER IS AN ENTITY, THE SUBSCRIBER MUST COMPLETE AND SIGN ONE OF THE FORMS ATTACHED HERETO AS EXHIBIT A-1, EXHIBIT A-2, OR EXHIBIT A-3, AS APPLICABLE.

III. **BENEFICIAL OWNER NOTICE:** IF THE SUBSCRIBER IS AN ENTITY, THE SUBSCRIBER MUST COMPLETE THE BENEFICIAL OWNER NOTICE IN THE FORM ATTACHED HERETO AS EXHIBIT B.

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Please contact the Company if you have any questions:

DIVERSYFUND, INC.  
Symphony Tower  
750 B Street, Suite 1930  
San Diego, CA 92101  
Attention: Investor Relations  
Email: [investorsupport@diversyfund.com](mailto:investorsupport@diversyfund.com)



# DIVERSYFUND, INC.

## SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "**Agreement**") is entered into by and between DIVERSYFUND, INC., a Delaware Corporation (the "**Company**"), and the undersigned party as Subscriber (the "**Subscriber**"). In consideration of the mutual covenants set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Subscriber and the Company hereby agree as follows.

### 1. **Offering.**

(a) The Company is offering secured notes ("**Notes**") of the Company in an aggregate amount of up to US \$1,000,000 (the "**Offering Amount**"), to be sold on a "best efforts" basis on the terms set forth herein and in accordance with the Organizational Documents (the "**Offering**"), *provided* that the Company may in its sole discretion increase the Offering Amount without notice to the Subscriber.

(b) A minimum cash investment of \$25,000 is required to subscribe to the Offering.

### 2. **Subscription.**

(a) Subject to the terms and conditions in this Agreement, the Subscriber hereby irrevocably tenders this subscription (this "**Subscription**") for the purchase of that principal amount of Notes stated on the signature page for the aggregate purchase price set forth on the signature page (the "**Purchase Price**").

(b) This Subscription, when and if accepted by the Company (subject to completion of verification of Subscriber's Accredited Investor status and compliance with applicable Anti-Money Laundering regulations), will constitute a commitment to contribute that portion of the Purchase Price accepted by the Company. This Agreement will become irrevocable with respect to the Subscriber at the time of its submission to the Company and may not be withdrawn by the Subscriber unless the Company rejects this Subscription.

(c) SUBSCRIBER ACKNOWLEDGES THAT THE COMPANY MAY ACCEPT OR REJECT SUCH OFFER TO PURCHASE, IN WHOLE OR IN PART, IN ITS SOLE DISCRETION, AND THAT THE INVESTMENT MINIMUM MAY BE WAIVED BY THE MANAGER IN ITS SOLE DISCRETION.

(d) Tender of Purchase Price and Wiring Instructions. Subscriber hereby agrees to wire to the Company the amount of the Purchase Price in lawful currency of the United States of America. Subscriber's completed Form W-9 must be received by the Company prior to transmitting the Purchase Price. All wire fees assessed by the originating bank and any intermediary bank must be paid by the Subscriber separately and not deducted from the wire transfer.

WIRE FUNDS TO:

Bank: Silicon Valley Bank  
ABA Number: 121140399  
Account Holder: DIVERSYFUND, INC.  
Address: Symphony Tower 750 B Street, Suite 1930, San Diego, CA 92101  
Account Number: 3304055771

(e) Closings. The Company may in the exercise of its discretion hold one or more closings (each a “**Closing**”) at which the Company may accept Subscribers (subject to completion of verification of Subscriber’s Accredited Investor status and compliance with applicable Anti-Money Laundering regulations). All subscription proceeds will be deposited into an account of the Company at Silicon Valley Bank and, following acceptance of the subscription and a Closing, subscription proceeds will be transferred to the Company. Upon the Closing with respect to the undersigned, Subscriber and the Company agree that the Subscriber’s investment shall be accepted (subject to completion of verification of Subscriber’s Accredited Investor status and compliance with applicable Anti-Money Laundering regulations) on the terms and conditions of this Agreement. **SUBJECT TO THE TERMS AND CONDITIONS HEREOF AND OF THE OFFERING DOCUMENTS, THE SUBSCRIBER’S OBLIGATION TO SUBSCRIBE AND PAY FOR THE SUBSCRIBER’S UNITS SHALL BE COMPLETE AND BINDING UPON THE EXECUTION AND DELIVERY OF THIS AGREEMENT.**

3. **Other Subscriptions.** The Company has entered into separate subscription agreements (“**Other Subscription Agreements**”) and, together with this Agreement, the “**Subscription Agreements**”) with other subscribers (“**Other Purchasers**”), providing for the sale to Other Purchasers of Notes. This Agreement and the Other Subscription Agreements are separate agreements and the sales of Notes to Subscriber and Other Purchasers are separate sales.

#### 4. **Conditions Precedent to Subscriber’s Obligations.**

(a) Conditions Precedent. Subscriber’s obligation to subscribe for the Note at the Closing is subject to the fulfillment (or waiver by Subscriber), prior to or at the time of the Closing, of the following conditions:

(i) Representations and Warranties. The representations and warranties of the Company contained in Section 7 of this Agreement shall be true and correct in all material respects when made and at the time of the Closing, except as affected by the consummation of the transactions contemplated by this Agreement.

(ii) Performance. The Company shall have duly performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

(iii) Legal Investment. On the Closing, the subscription hereunder shall be permitted by the laws and regulations applicable to Subscriber.

(b) Nonfulfillment of Conditions. If at the Closing any of the conditions specified in Section 5(a) shall not have been fulfilled, Subscriber shall, at Subscriber’s election, be relieved of all further obligations under this Agreement, without thereby waiving any other rights Subscriber may have by reason of such nonfulfillment.

#### 5. **Conditions Precedent to the Company’s Obligations.**

(a) The Conditions Precedent. The obligations of the Company to issue to Subscriber a Note shall be subject to the fulfillment (or waiver by the Company) of the following conditions:

(i) Note Agreement. A counterpart of the Secured Promissory Note and related Security Agreement shall have been duly authorized, executed, and delivered by or on behalf of the Subscriber.

(ii) Representations and Warranties. The representations and warranties made by the Subscriber in Section 8 and Section 9 shall be true and correct when made and at the time of the Closing.

(iii) Performance. Subscriber shall have duly performed and complied with all agreements and conditions contained in this Agreement, including submission of documents required for verification of Subscriber's Accredited Investor status and compliance with applicable Anti-Money Laundering regulations, that are required to be performed or complied with by Subscriber prior to or at the time of the Closing.

(b) Nonfulfillment of Conditions. If at or following the Closing any of the conditions specified in Section 6(a) shall not have been fulfilled, or if Subscriber fails to verify Subscriber's Accredited Investor status or compliance with Anti-Money Laundering regulations, the Company shall, at the Company's election and in its sole discretion, be relieved of all further obligations under this Agreement, without thereby waiving any other rights it may have by reason of such nonfulfillment.

## **6. Representations and Warranties of the Company.**

(a) The Representations and Warranties. The Company represents and warrants that:

(i) Formation and Standing. The Company is duly formed and validly existing as a limited liability company under the laws of the State of Delaware and, subject to applicable law, has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted.

(ii) Authorization of Agreement. The execution and delivery of this Agreement has been authorized by all necessary action on behalf of the Company and this Agreement is a legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(iii) Compliance with Laws and Other Instruments. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Company's Bylaws or Certificate of Incorporation, or any agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Company or its business or properties.

(b) Survival of Representations and Warranties. All representations and warranties made by the Company in Section 7(a) shall survive the execution and delivery of this Agreement, as well as any investigation made at any time by or on behalf of Subscriber and the issue and sale of Notes.

**7. Representations and Warranties of the Subscriber.** Subscriber hereby represents and warrants to the Company and its officers, employees, agents, attorneys, and Other Purchasers, as of the date of this Agreement, that:

(a) Review of Material Documents. Subscriber has carefully reviewed and understands each of the following documents (collectively, the "**Offering Documents**"):

- (i) this Subscription Agreement, together with all exhibits and attachments hereto;
- (ii) the Secured Promissory Note and related Security Agreement; and
- (iii) the Private Placement Memorandum together with all exhibits and attachments thereto.

By signing this Agreement, whether electronically or manually, Subscriber agrees to be bound by the terms of this Agreement, to transact business with the Company and to receive communications relating to the Company electronically.

(b) Bad Actor. Neither Subscriber nor, if applicable, any of its shareholders, members, managers, general or limited partners, directors, affiliates or executive officers, is subject to any of the "**Bad Actor**" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "**Disqualification Event**"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3).

(c) Accuracy of Information. All information that Subscriber has provided to the Company concerning the Subscriber, Subscriber's investor status, financial position and knowledge and experience of financial, tax and business matters, or in the case of a Subscriber that is an entity, the knowledge and experience of financial, tax and business matters of the person making the investment decision on behalf of such entity, is correct and complete as of the date hereof.

(d) Investment Experience and Ability to Bear Risk. Subscriber (1) is knowledgeable and experienced with respect to the financial, tax, and business aspects of the ownership of the Notes and of the business contemplated by the Company and is capable of evaluating the risks and merits of purchasing the Note and, in making a decision to proceed with this investment, has not relied upon any representations, warranties or agreements, other than those set forth in this Agreement and the Offering Documents; and (2) can bear the economic risk of an investment in the Company for an indefinite period of time, and can afford to suffer the complete loss thereof. Further, Subscriber represents and warrants that Subscriber has adequate means of providing all of Subscriber's current and foreseeable needs and personal contingencies and Subscriber has no need for liquidity in this investment.

(1)

(e) Financial Information; Advice. Subscriber is not relying on any financial information, including financial projections or oral representations, in making the decision to purchase a Note. Subscriber has completely relied on the advice of or has consulted Subscriber's own legal, investment, ERISA, tax, and/or financial advisers to the extent Subscriber deems necessary concerning the advisability of investing in this Offering, including the legal requirements for acquiring the Notes, the suitability of such acquisition for the Subscriber, any ERISA or tax-related consequences of such acquisition to the Subscriber, and any applicable currency exchange restrictions. Subscriber also acknowledges and agrees that Subscriber has not relied on the Company or any of their affiliates, managers, members, directors, shareholders, officers, attorneys, accountants or any other agents thereof.

(f) Questions Asked and Answered. Subscriber has had an opportunity to review and ask questions concerning the Company and the Offering Documents and Subscriber understands the risks of, and other considerations relating to, a purchase of one or more Notes, including the risks set forth in the Private Placement Memorandum. Subscriber has been given access to, and prior to the execution of this Agreement Subscriber was provided an opportunity to ask questions of and receive answers from, the Company or any of its respective principals concerning the terms and conditions of the Offering, and to obtain any other information which Subscriber and Subscriber's investment representative and professional advisors requested with respect to the Company and Subscriber's investment in the Company in order to evaluate Subscriber's investment and verify the accuracy of all information furnished to Subscriber regarding the Company. All such questions, if asked, were answered satisfactorily and all information or documents provided were found to be satisfactory.

(g) No Resale. Subscriber is purchasing a Note solely for Subscriber's own account for investment purposes only and not with a view to the sale or distribution of any Notes by public or private sale or other disposition. Subscriber understands that no public market exists for the Notes and that the Notes may have to be held for an indefinite period of time. Subscriber has no intention of selling, granting any participation in or otherwise dividing, distributing or disposing of any portion of the Notes, except that participants in and beneficiaries of any Subscriber that is a Qualified Plan Investor (as defined below) will benefit as provided in plan documents.

(h) Not Registered; No Market. Subscriber understands that the Notes have not been and will not be registered under the Securities Act, or approved or disapproved by the U.S. Securities and Exchange Commission or by any state securities administrator, or registered or qualified under any state securities law. The Notes are being offered and sold in reliance on exemptions from the registration requirements of both the Securities Act and applicable state securities laws, and the Notes may not be transferred by Subscriber except in compliance with applicable laws and regulations. The Company is not required to register the Notes or make any exemption from registration available, and there will be no public market for the Notes. Subscriber may not be able to sell Notes and must bear the economic risk of an investment in Notes for an indefinite period.

(i) Awareness of Certain Risks. Subscriber acknowledges and agrees that:

(1) The structure and relationships of the Indemnified Persons (defined below) could present potential and actual conflicts of interest as described in the Private Placement Memorandum;

(2) The Company has limited assets and is operating at a loss;

(3) Investment returns set forth in any supplemental letters or materials thereto are not necessarily indicative of the returns, if any, that may be achieved by the Company;

(4) The Company may, in its sole discretion, accept more or less than the aggregate offering amount;

(5) The Notes are illiquid and involve a substantial degree of risk of loss of Subscriber's entire investment, and there is no assurance of any return on Subscriber's investment;

(6) Any federal and/or state income tax benefits that may be available to Subscriber may be lost through the adoption of new laws or regulations, changes to existing laws and regulations, or changes in the interpretation of existing laws and regulations;

(7) No federal state, local or non-U.S. agency has passed upon the Offering or the Notes or made any findings or determination as to the fairness of this investment; and

(8) The representations, warranties, agreements, undertakings and acknowledgement made by Subscriber in this Subscription Agreement will be relied upon by the Company in determining Subscriber's suitability as a purchaser of the Notes and the Company's compliance with federal and state securities laws.

(j) No Duplication. Subscriber has not reproduced, duplicated or delivered this Subscription Agreement or any of the Offering Documents to any other person, except to the beneficial owners of, and certain professional advisers to, Subscriber or as otherwise instructed in writing by the Company.

(k) Notices Pursuant to Securities Laws. Subscriber agrees that the Company may provide in any electronic medium (including via email or website access) any disclosure or document required by applicable securities laws to be provided to Subscriber.

(l) Place of Residence. Subscriber was offered the Notes in only the state or jurisdiction listed as Subscriber's residence or principal place of business as provided herein, and Subscriber intends that the securities laws of that state or jurisdiction govern Subscriber's subscription.

(m) Investment Representation and Warranty. Subscriber is acquiring Subscriber's Notes for Subscriber's own account or for one or more separate accounts maintained by Subscriber or for the account of one or more pension or trust funds of which Subscriber is a trustee as to which Subscriber is the sole qualified professional asset manager within the meaning of Prohibited Transaction Exemption 84-14 (a "QPAM") for the assets being contributed hereunder, in each case not with a view to or for sale in connection with any distribution of any or all of such Notes. Subscriber hereby agrees that Subscriber will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of any or all of such Notes (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of any or all of the Notes) except in accordance with the registration provisions of the Securities Act, or an exemption from such registration provisions, with any applicable state or other securities laws, and with the terms of the Organizational Documents. If Subscriber is purchasing for the account of one or more pension or trust funds, Subscriber represents that (except to the extent Subscriber has otherwise advised the Company in writing prior to the date hereof) Subscriber is acting as sole trustee or sole QPAM for the assets being contributed hereunder and has sole investment discretion with respect to the acquisition of the Notes to be purchased by Subscriber pursuant to this Agreement, and the determination and decision on Subscriber's behalf to purchase such Notes for such pension or trust funds is being made by the same individual or group of individuals who customarily pass review on such investments, so that Subscriber's decision as to purchases for all such funds is the result of such study and conclusion.

(n) No Investment Company Issues. If Subscriber is an entity, Subscriber represents that:

(1) Subscriber was not formed, and is not being utilized, primarily for the purpose of making an investment in the Company; and

(2) Subscriber is not an investment company under the Investment Company Act or a "private investment company" that avoids registration and regulation under the Investment Company Act based on the exclusion provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

(o) Certain Securities Matters. Subscriber understands that (1) the Company will not register as an investment company under the Investment Company Act; (2) the Company is not currently registered as an investment adviser under the Advisers Act or any applicable state regulations, and accordingly, the specific protections available to clients of registered investment advisers are not available to the Company; (3) the Notes will not be registered under the Securities Act, any U.S. state securities laws, or any non-U.S. securities laws, as applicable; (4) the Notes are being offered and sold in reliance upon exemptions provided in the Securities Act, U.S. state securities laws, and other laws as applicable; and (5) legends stating that the Notes have not been and will not be registered under the Securities Act, any U.S. state securities laws, or any non-U.S. securities laws, as applicable, or otherwise referring to the restrictions on the transferability and resale of the Notes may be placed on the documents evidencing the Notes.

(p) Certain ERISA Matters. Subscriber represents that:

(1) Except as described in a letter to the Company dated at least five days prior to the date hereof, no part of the funds used by Subscriber to acquire the Notes constitutes assets of any "employee benefit plan" within the meaning of Section 3(3) of ERISA, either directly or indirectly through one or more entities whose underlying assets include plan assets by reason of a plan's investment in such entities (including insurance company separate accounts, insurance company general accounts or bank collective investment funds, in which any such employee benefit plan (or its related trust) has any interest); or

(2) If the Notes are being acquired by or on behalf of any such plan (any such purchaser being referred to herein as an “**ERISA Subscriber**”), (A) such acquisition has been duly authorized in accordance with the governing documents of such plan and (B) such acquisition and the subsequent holding of the Notes do not and will not constitute a “non-exempt prohibited transaction” within the meaning of Section 406 of ERISA or Section 4975 of the Code (i.e., a transaction that is not subject to an exemption contained in ERISA or in the rules and regulations adopted by the U.S. Department of Labor (the “**DOL**”) thereunder). Subscriber acknowledges that the Company is not registered as an “investment adviser” under the Advisers Act. If, in the good faith judgment of the Company, the assets of the Company would be “plan assets” (as defined in DOL Reg. § 2510.3-101 promulgated under ERISA, as it may be amended from time to time) of an employee benefit plan, then the Company and each ERISA Subscriber will use their respective best efforts to take appropriate steps to avoid the Company becoming a “fiduciary” (as defined in ERISA) as a result of the operation of such regulations. These steps may include (x) selling Subscriber’s Notes (if Subscriber is an ERISA Subscriber) to a third party which is not an employee benefit plan, or (y) making any appropriate applications to the DOL, but the Company shall not be required to register as an “investment adviser” under the Advisers Act.

(3) If Subscriber is an ERISA Subscriber, Subscriber further understands, agrees and acknowledges that Subscriber’s allocable share of income from the Company may constitute “unrelated business taxable income” (“**UBTI**”) within the meaning of section 512(a) of the Code and be subject to the tax imposed by section 511(a)(1) of the Code. Subscriber further understands, agrees and acknowledges that the Company neither makes nor has made any representation to it as to the character of items of income (as UBTI or otherwise) allocated (or to be allocated) to the Subscribers (including ERISA Subscribers) for federal, state, or local income tax purposes. Subscriber has had the opportunity to consider and discuss the effect of Subscriber’s potential receipt of UBTI with independent tax counsel of Subscriber’s choosing, and voluntarily assumes the income tax and other consequences resulting from the treatment of any item of the Company’s income allocated to Subscriber as UBTI. The Company shall not be restricted or limited in any way, or to any degree, from engaging in any business, trade, loan, or investment that generates or results in the allocation of UBTI to Subscriber or any other ERISA Subscriber, nor shall the Company have any duty or obligation not to allocate UBTI to Subscriber or any other ERISA Subscriber. Subscriber hereby releases the Company from any and all claims, damages, liability, losses, or taxes resulting from the allocation to Subscriber by the Company of UBTI.

(q) Anti-Money Laundering Law Compliance. The Subscriber acknowledges that the Company may be subject to certain anti-money laundering laws and regulations in the United States (“**AML**”) and otherwise prohibited from engaging in transactions with, or providing services to, certain foreign countries, territories, entities and individuals, including without limitation, specially designated nationals, specially designated narcotics traffickers and other parties subject to sanctions and embargoes programs by the United States government or the United Nations. Subscriber hereby represents and warrants the following and shall promptly notify the Company if any of the following ceases to be true and accurate. Subscribers should check the U.S. Treasury Department’s Office of Foreign Assets Control (“**OFAC**”) website at <http://www.treas.gov/ofac> before making the following representations.

(1) None of (A) Subscriber, (B) any person controlling or controlled by the Subscriber, directly or indirectly, (C) any person having a beneficial interest in the Subscriber, directly or indirectly, or (D) any person for whom the Subscriber is acting as agent or nominee in connection with this investment, directly or indirectly, is: (y) a country, territory, individual or entity named on an any OFAC list, nor is a person or entity with whom U.S. persons are prohibited from dealing by any OFAC programs; or (z) acting as agent or

nominee of any senior foreign political figure, or any immediate family member or close associate of any senior political figure as such terms are defined by applicable AML Laws.

(2) Subscriber has conducted thorough due diligence (and where appropriate, enhanced due diligence) with respect to, and has established the identities, of all of the Subscriber's investors, directors, officers, other beneficiaries, and/or if applicable grantors and settlors; holds records evidencing such identities; will maintain all such records for at least five years after the date hereof; and will promptly make such records available for inspection by the Company upon a request made in good faith by the Company in order to comply with any requirements of U.S., international, and/or other anti-money laundering, embargo, trade sanction, or similar laws, regulations, treaties, conventions, requirements and regulatory policies, in each case whether or not with force of law and whether imposed by a governmental or other person in the United States or another jurisdiction, and any related disclosure and compliance policies adopted by counterparties and financial intermediaries.

(3) Subscriber has conducted thorough due diligence and due diligence and investigation that: (A) the funds contributed by the Subscriber to the Company pursuant to this subscription were not, and are not, directly or indirectly derived from activities that contravene U.S. federal or state laws and regulation, or international laws and regulations, including, but not limited to, any AML Laws; (B) the proceeds from the Subscriber's investment in the Company will not be used to finance illegal activities; and (C) the funds contributed by Subscriber to the Company pursuant to this subscription do not originate from, or will be routed through, an account maintained at a foreign shell bank, an "offshore bank," or a bank organized or chartered under the laws of a non-cooperative jurisdiction, or a bank or financial institution subject to special measures under the USA Patriot Act.

(4) No contribution or payment by Subscriber to the Company shall cause the Company to be in violation of any AM Laws, including, without limitation, the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, and the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001.

(5) Subscriber understands and agrees that if at any time it is discovered that any of the representations in this Section 8(a)(xv) are untrue or inaccurate, or if otherwise required by applicable law or regulation related to money launder and similar activities, the Company may undertake any appropriate actions to ensure compliance with applicable law or regulations, including, but not limited to, blocking or freezing the account of the Subscriber, or withholding distributions to Subscriber. Subscriber understands and agrees that the Company may also be required to report such action(s) and to disclose the Subscriber's identity to OFAC.

(6) Subscriber is not a non-U.S. banking institution ("**Foreign Bank**"), and does not receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank.

(7) The United States Foreign Account Tax Compliance Act, including any regulations (whether proposed, temporary or final) or administrative guidance promulgated thereunder (as may be amended, "**FATCA**"), imposes or may impose certain obligations on the Company, and the Subscriber acknowledges and agrees that:

(A) The Company may, from time to time and as otherwise may be required by FATCA, (I) require further information and/or documentation relating to or concerning the Subscriber, which information and/or documentation may (y) include Subscriber's direct and indirect beneficial owners (if any), the Subscriber's identity, residence (or jurisdiction of formation) and income tax status, and (z) need to be certified by the Subscriber under penalties of perjury; and (II) provide or disclose any such information and document to the United States Internal Revenue Service or any other governmental agencies.

(B) Subscriber shall provide such information and/or documentation concerning Subscriber and Subscriber's direct and indirect beneficial owners (if any), as and when requested by the Company, as the Company, in its sole discretion, determines is necessary or advisable for the Company to comply with its obligations under FATCA, including, but not limited to, in connection with the Company or any of its affiliates entering into or amending or modifying an FFI Agreement (as defined under FATCA) with the United States Internal Revenue Service. Furthermore Subscriber shall waive any provision of law of any foreign jurisdiction outside of the United States that would, absent a waiver, prevent the Company's compliance with any FFI Agreement, including, but not limited to, Subscriber's provision of any requested information and/or documentation.

(C) If Subscriber does not timely provide the requested information and/or documentation or waiver, as applicable, the Company may, at its sole option and in addition to all other remedies available at law or in equity, prohibit in whole or part Subscriber from participating in additional portfolio investment and/or deduct from the Subscriber's account and retain amounts sufficient to indemnify and hold harmless the Company and its affiliates, officers, directors, members, managers, shareholders, employee, and agents of the foregoing, and each other person, if any, who controls or is controlled by any of the foregoing, within the meaning of Section 15 of the Securities Act, from any and all withholding taxes, interest, penalties and other losses or liabilities suffered by any such person on account of the Subscriber's failure comply with the provisions of this Section 8(a)(xv) or failure duly provide any requested information and/or documentation.

(D) Subscriber shall have no claim against the Company or its respective affiliates, officers, directors, members, shareholders, managers, employees, and agents of the foregoing, and each other person, if any, who controls or is controlled by any of the foregoing, within the meaning of Section 15 of the Securities Act, for any damages or liabilities attributable to any AML Laws compliance related determinations.

(8) Subscriber acknowledges and agrees that the Company or any administrator acting on behalf of the company may require further documentation verifying Subscriber's identity or the identity of Subscriber's beneficial owners, if any, and the source of the funds used to purchase the Notes. Subscriber hereby agrees to provide such documentation as may be requested by the Company in accordance with the foregoing and Subscriber acknowledges and agrees that the Company may release confidential information regarding Subscriber and, if applicable, any of Subscriber's beneficial owners, to government authorities (whether federal, state or international) if the Company, in its sole discretion, determines that releasing such information is in the best interest of the Company with respect to any AML Law.

(9) The information provided by Subscriber in this Subscription Agreement (including its attachments) is accurate, and Subscriber shall promptly notify the Company of any change to such information.

(r) No C-Corporation Status. The Company may encounter significant accounting issues if Subscriber acquires Notes and holds them as a "C-corporation" under the Code. Accordingly, Subscriber hereby represents and warrants that Subscriber is not currently taxed or taxable as C-corporation and that Subscriber will not, whether by transfer, conveyance, conversion, merger, reorganization or otherwise, effect a change in the nature of Subscriber's organization such that Subscriber would be taxed or taxable as a C-corporation under the Code so long as Subscriber holds the Notes.

(s) Suitability. Subscriber has evaluated the risks involved in investing in the Notes and has determined that the Notes are a suitable investment for Subscriber. Specifically, the aggregate amount of

other investments Subscriber has in, and Subscriber's commitments to, all similar investments that are illiquid is reasonable in relation to Subscriber's net worth, both before and after the subscription for and purchase of the Notes pursuant to this Agreement.

(t) Transfers and Transferability. Subscriber understands and acknowledges that the Notes have not been and will not be registered under the Securities Act or any state securities laws and are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and, therefore, cannot be resold or transferred unless they are subsequently registered under the Securities Act and such applicable state securities laws or unless an exemption from such registration is available. Subscriber also understands that the Company does not have any obligation or intention to register the Notes for sale under the Securities Act, any state securities laws or of supplying the information which may be necessary to enable Subscriber to sell the Notes; and that Subscriber has no right to require the registration of the Notes under the Securities Act, any state securities laws or other applicable securities regulations. Subscriber further represents and warrants that Subscriber has no contract, understanding, agreement or arrangement with any person to sell or transfer or pledge to such person or anyone else of all or any portion of the Notes for which Subscriber hereby subscribes (in whole or in part); and Subscriber represents and warrants that Subscriber has no present plans to enter into any such contract, undertaking, agreement or arrangement. Subscriber understands that there is no public market for the Notes and that any disposition of the Notes may result in unfavorable tax consequences to Subscriber. Subscriber is aware and acknowledges that, because of the substantial restrictions on the transferability of the Notes, it may not be possible for Subscriber to liquidate Subscriber's investment in the Company readily, even in the case of an emergency.

(u) Residence. Subscriber maintains Subscriber's domicile at the address shown in the signature page of this Subscription Agreement and Subscriber is not merely a transient or temporary resident there.

(v) Publicly Traded Company. By the purchase of the Notes, Subscriber represents to the Company that (1) Subscriber has neither acquired nor will Subscriber transfer or assign any of the Notes that Subscriber purchases (or any interest therein) or cause any such Notes (or any interest therein) to be marketed on or through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704(b)(1) of the Code, including, without limitation, an over-the-counter-market or an interdealer quotation, system that regularly disseminates firm buy or sell quotations; and (2) Subscriber either (A) is not, and will not become, a partnership, Subchapter S corporation, or grantor trust for U.S. federal income tax purposes, or (B) is such an entity, but none of the direct or indirect beneficial owners of any of the interests in such entity have allowed or caused, or will allow or cause, eighty percent (80%) or more of the value of such interests to be attributed to Subscriber's ownership of the Notes.

(w) Capacity to Contract. If Subscriber is an individual, Subscriber represents that Subscriber is over 21 years of age and has the capacity to execute, deliver and perform this Subscription Agreement. If Subscriber is not an individual, Subscriber represents and warrants that Subscriber is a validly existing corporation, partnership, association, joint stock company, trust or unincorporated organization, and was not formed for the specific purpose of acquiring the Notes.

(x) Power, Authority; Valid Agreement. (1) Subscriber has all requisite power and authority to execute, deliver and perform Subscriber's obligations under this Agreement and to subscribe for and purchase or otherwise acquire Subscriber's Notes; (2) Subscriber's execution of this Agreement has been authorized by all necessary corporate or other action on Subscriber's behalf; and (3) this Agreement are each valid, binding and enforceable against Subscriber in accordance with their respective terms.

(y) No Conflict; No Violation. The execution and delivery of this Agreement by Subscriber and the performance of Subscriber's duties and obligations hereunder and thereunder (1) do not and will not

result in a breach of any of the terms, conditions or provisions of, or constitute a default under (A) any charter, bylaws, trust agreement, operating agreement, partnership agreement or other governing instrument applicable to Subscriber, (B)(y) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement or understanding, or (B)(z) any license, permit, franchise or certificate, in either case to which Subscriber or any of Subscriber's affiliates is a party or by which Subscriber or any of Subscriber's affiliates is bound or to which Subscriber's or any of Subscriber's affiliates' properties are subject; (2) do not require any authorization or approval under or pursuant to any of the foregoing; and (3) do not violate any statute, regulation, law, order, writ, injunction or decree to which Subscriber or any of Subscriber's affiliates is subject.

(z) No Default. Subscriber is not (1) in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement or condition contained in (A) this Agreement, (B) any provision of any charter, bylaws, trust agreement, operating agreement, partnership agreement or other governing instrument applicable to Subscriber, (C)(y) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or any lease or other agreement or understanding, or (C)(z) any license, permit, franchise or certificate, in either case to which Subscriber or any of Subscriber's affiliates is a party or by which Subscriber or any of Subscriber's affiliates is bound or to which properties of Subscriber or any of Subscriber's affiliates' are subject, or (2) in violation of any statute, regulation, law, order, writ, injunction, judgment or decree applicable to Subscriber or any of Subscriber's affiliates.

(aa) No Litigation. There is no litigation, investigation or other proceeding pending or, to Subscriber's knowledge, threatened against Subscriber, Subscriber's spouse or spousal equivalent, or any of Subscriber's affiliates which, if adversely determined, would adversely affect Subscriber's business or financial condition or Subscriber's ability to perform Subscriber's obligations under this Agreement.

(bb) Consents. No consent, approval or authorization of, or filing, registration or qualification with, any court or governmental authority on Subscriber's part is required for the execution and delivery of this Agreement by Subscriber or the performance of Subscriber's obligations and duties hereunder or thereunder.

(cc) Survival of Representations and Warranties. All representations and warranties made by Subscriber in Section 8(a) of this Agreement shall survive the execution and delivery of this Agreement, as well as any investigation at any time made by or on behalf of the Company and the issue and sale of the Notes.

(dd) Reliance. Subscriber acknowledges that Subscriber's representations, warranties, acknowledgments and agreements in this Agreement will be relied upon by the Company in determining Subscriber's suitability as a purchaser of the Notes.

(ee) Further Assurances. Subscriber agrees to provide, if requested, any additional information that may be requested or required to determine Subscriber's eligibility to purchase the Notes.

(ff) Indemnification. Subscriber hereby agrees to indemnify the Company, its affiliates, managers, members, officers, employees, agents, accountants, and attorneys (the "**Indemnified Persons**"), and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorneys' fees (collectively, a "**Loss**") due to or arising out of a breach of a representation, warranty or agreement by Subscriber, whether contained in this Subscription Agreement (including the Suitability Statements) or any other document provided by Subscriber to the Company in connection with Subscriber's investment in the Notes. Subscriber hereby agrees to indemnify the Company and the Indemnified Persons and to hold them harmless against all Loss arising out of the sale or distribution of the Notes by Subscriber in violation of the Securities Act or other applicable law or any misrepresentation or breach by Subscriber with

respect to the matters set forth in this Agreement. In addition, Subscriber agrees to indemnify the Company and any affiliates and to hold such persons harmless from and against, any and all Loss, to which they may be put or which they may reasonably incur or sustain by reason of or in connection with any misrepresentation made by Subscriber with respect to the matters about which representations and warranties are required by the terms of this Agreement, or any breach of any such warranty or any failure to fulfill any covenants or agreements set forth herein.

8. Accredited Investor Status. SUBSCRIBERS ARE REQUIRED TO MAKE THE REPRESENTATIONS AND WARRANTIES IN THIS SECTION 9 IN ORDER FOR THE COMPANY TO EVALUATE COMPLIANCE WITH THE EXEMPTIONS FROM THE SECURITIES ACT AND STATE LAWS BEING RELIED ON BY THE COMPANY WITH RESPECT TO THE OFFER AND SALE OF THE UNITS. SUBSCRIBER AGREES TO FURNISH ANY ADDITIONAL INFORMATION THAT THE COMPANY OR ITS COUNSEL DEEMS NECESSARY IN ORDER TO VERIFY THE RESPONSES SET FORTH BELOW.

(a) Individual Subscribers. If Subscriber is an individual, Subscriber represents and warrants that he or she is an “**Accredited Investor**” as defined in Rule 501 of Regulation D under the Securities Act. *Subscriber’s status as an “Accredited Investor” is based on one or more of the following being true and correct:*

(i) “Net Worth Test”: Subscriber is an individual with a net worth, or joint net worth together with his or her spouse or spousal equivalent, in excess of \$1,000,000. Net worth for this purpose means total assets (including personal property and other assets) in excess of total liabilities, but specifically excluding Subscriber’s personal residence. In addition, any mortgage or other loan on the residence does not count as a liability up to the fair market value of the residence. If the loan is for more than the fair market value of the residence (i.e., if Subscriber’s mortgage is underwater), then the loan amount that is over the fair market value counts as a liability under the net worth test. Further, any increase in the loan amount on Subscriber’s primary residence in the sixty (60) days prior to Subscriber’s purchase of the securities (even if the loan amount does not exceed the value of the residence) will count as a liability as well. The reason for this is to prevent net worth from being artificially inflated through converting home equity into cash or other assets; OR

(ii) “Individual Income Test”: Subscriber is an individual that had an individual income in excess of \$200,000 in each of the two most recent years and reasonably expects the same income level in the current year; OR

(iii) “Joint Income Test”: Subscriber is an individual who had, with his/her spouse or spousal equivalent, joint income in excess of \$300,000 in each of the two (2) most recent years and reasonably expects the same joint income level in the current year; OR

(iv) “Management Test”: Subscriber is a director, executive officer, or manager of the Company; OR

(v) Subscriber holds one of the following licenses in good standing: General Securities Representative (Series 7) license, Private Securities Offerings Representative (Series 8) license, OR Investment Adviser Representative (Series 65) license.

(b) Entity Subscribers. If subscriber is an entity, Subscriber represents and warrants that it is an “**Accredited Investor**” as defined in Rule 501 of Regulation D under the Securities Act. *Subscriber’s status as an “Accredited Investor is based on one or more of the following being true or correct:*

(i) Subscriber is a bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; OR

(ii) Subscriber is a broker or dealer registered pursuant to Section 15 of the Exchange Act; OR

(iii) Subscriber is an investment adviser registered pursuant to Section 203 of the Advisers Act or registered pursuant to the laws of a state or an investment adviser relying on the exemption from registering with the Commission under Section 203(l) or (m) of the Advisers Act; OR

(iv) Subscriber is an insurance company as defined in Section 2(a)(13) of the Securities Act; OR

(v) Subscriber is an investment company under the Investment Company Act or a business development company as defined in Section 2(a)(48) of the Investment Company Act; OR

(vi) Subscriber is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; OR

(vii) Subscriber is a Rural Business Investment Company as defined in Section 384A of the Consolidated Farm and Rural Development Act; OR

(viii) Subscriber is a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; OR

(ix) Subscriber is an employee benefit plan within the meaning of Title I of ERISA and (1) whose investment decision is being made by a plan fiduciary Section 3(21) ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, OR (2) whose total assets are in excess of five million dollars (\$5,000,000), OR (3) is a self-directed employee benefit plan with investment decisions made solely by persons that are accredited investors.

(x) Subscriber is a private business development company as defined in Section 2(a)(22) of the Advisers Act; OR

(xi) Subscriber is (1) either (A) an organization described in Section 501(c)(3) of the Internal Revenue Code; (B) a corporation; (C) a Massachusetts or similar business trust; (D) a partnership, or (E) a limited liability company that (2) is not formed for the specific purpose of acquiring the securities offered hereby, and that (3) has total assets in excess of five million dollars (\$5,000,000); OR

(xii) Subscriber is a trust, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of five million dollars (\$5,000,000) and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment in the securities offered; OR

(xiii) Any entity in which all of the beneficial equity owners are accredited investors; OR

(xiv) Subscriber is (1) an entity of a type not listed above, (2) not formed for the specific purpose of acquiring the securities offered, and (3) owns investments in excess of \$5,000,000; OR

(xv) Subscriber is a “family office,” as defined in Rule 202(a)(11)(G)-1 under the Advisers Act, (1) with assets under management in excess of \$5,000,000, (2) that is not formed for the specific purpose of acquiring the securities being offered, and (3) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that the family office capable of evaluating the merits and risks of the prospective investment in the Notes; OR

(xvi) Subscriber is a “family client” as defined in Rule 202(a)(11)(G)-1 under the Advisers Act, of a family office meeting the requirements above and whose prospective investment in the Company is directed by the family office pursuant to Section 9(b)(xvi)(3) above.

(c) Other Securities Matters. *Subscriber further represents and warrants:*

(i) Subscriber (1) was not formed, and (2) is not being utilized, primarily for the purpose of making an investment in the Company (and investment in this Company does not exceed 40% of the aggregate capital committed to Subscriber by Subscriber’s partners, shareholders or others);

(ii) Subscriber is not, and is not acting on behalf of, an employee benefit plan, and is not an entity deemed to hold the assets of any such plan or plans (i.e., Subscriber is not subject to the fiduciary rules of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”));

(iii) Subscriber is not a U.S. pension trust or governmental plan qualified under Section 401(a) of the Code or a U.S. tax-exempt organization qualified under Section 501(c)(3) of the Code; and

(iv) If Subscriber relies on the “private investment company” exemption provided by Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 to avoid registration and regulation under the Investment Company Act (an “**Excepted Investment Company**”), all beneficial owners of Subscriber’s outstanding securities (other than short-term paper), determined in accordance with Section 3(c)(1)(A) under the Investment Company Act, that acquired such securities on or before April 30, 1996 (hereafter in this paragraph referred to as “pre-amendment beneficial owners”), and all pre-amendment beneficial owners of the outstanding securities (other than short-term paper) of any Excepted Investment Company that, directly or indirectly, owns any outstanding securities of such Excepted Investment Company, have consented to its treatment as a Qualified Purchaser, OR the Excepted Investment Company was formed after April 30, 1996.

(d) Disclosure of Foreign Ownership. *Subscriber makes the following representations and warranties related to foreign ownership:*

(i) Subscriber is not an entity organized under the laws of a jurisdiction other than those of the United States or any state, territory or possession of the United States (a “**Foreign Entity**”);

(ii) Subscriber is not a government other than the government of the United States or of any state, territory or possession of the United States (a “**Foreign Government**”);

(iii) Subscriber is not a corporation of which, in the aggregate, more than one-fourth of the capital stock is owned of record or voted by foreign citizens, Foreign Entities, foreign corporations (“**Foreign Corporation**”) or other foreign company;

(iv) Subscriber is not a general or limited partnership of which any general or limited partner is a foreign citizen, Foreign Entity, Foreign Government, Foreign Corporation or foreign company; and

(v) Subscriber is not a representative of, or entity controlled by, any of the entities listed in Sections 9(d)(i) through 9(d)(iv) above.

9. Certain Agreements and Acknowledgments of the Subscriber. Subscriber understands, agrees and acknowledges that:

(a) Acceptance. Subscriber’s subscription for the Notes contained in this Agreement may be accepted or rejected, in whole or in part, by the Company in its sole and absolute discretion.

(b) Irrevocability. Except as provided in Section 5(b) and under applicable state securities laws, this subscription is and shall be irrevocable, except that Subscriber shall have no obligations hereunder if this subscription is rejected for any reason, or if the Offering is cancelled for any reason.

(c) No Recommendation. No foreign, federal, or state authority has made a finding or determination as to the fairness for investment of the Notes and no foreign, federal or state authority has recommended or endorsed or will recommend or endorse this Offering.

(d) No Disposal. Subscriber will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of all or any part of Subscriber’s Notes (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Notes) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws.

(e) High Risk. Investing in securities is high-risk due to their limited liquidity and required disclosures compared to public, registered and listed securities offerings. Investors should understand that their investment is expected to be illiquid for a period of at least five years and there is no certainty that they will receive any return on investment, or even a return of capital invested. Investors should carefully review the Private Placement Memorandum with all of its exhibits, including the Investment Summary, and this Subscription Agreement before subscribing to this offering.

(f) Update Information. If there should be any change in the information provided by Subscriber to the Company (whether pursuant to this Agreement or otherwise) prior to Subscriber’s purchase of any Notes, Subscriber will immediately furnish such revised or corrected information to the Company.

(g) Taxpayer Identification/Backup Withholding Certification. Subscriber certifies that its taxpayer identification number is correct as provided to the Company. If Subscriber does not provide a taxpayer identification number which is certified to be correct and, upon request, such backup withholding certifications as may be deemed necessary by the Company, Subscriber acknowledges that Subscriber may be subject to backup withholding on certain distributions made to the Subscriber.

10. General Matters.

(a) Amendments and Waivers. This Agreement may be amended and the observance of any provision hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of Subscriber and the Company.

(b) Further Assurances. Subscriber agrees to provide, if requested any additional information that may be requested or required to determine its eligibility to purchase the Notes. If and to the extent Subscriber provides additional, corrected or verifying information to the Company or its counsel verbally, the Company or its counsel is and shall be authorized to note such information in this Subscription Agreement, in which case this Subscription Agreement is, and shall be, automatically amended to incorporate such information. In addition, within five (5) days after receipt of a request from the Company, Subscriber will provide such information and deliver such documents as may be reasonable or necessary to comply with any and all laws and regulations to which the Company is subject.

(c) Assignment. Subscriber agrees that neither this Agreement nor any rights which may accrue to Subscriber hereunder may be transferred or assigned.

(d) Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given to any party when delivered by hand, when delivered by telecopier or electronic mail, or when mailed, first class postage prepaid, (i) if to Subscriber, to Subscriber at the address or facsimile number or electronic mail address set forth below Subscriber's signature, or to such other address or facsimile number or electronic mail address as Subscriber shall have furnished to the Company in writing, and (ii) if to the Company, to it c/o DiversyFund, Inc., Attention: Legal Department, Symphony Tower, 750 B Street, Suite 1930, San Diego, CA 92101; email address: investorsupport@diversyfund.com, or to such other address or addresses, or electronic mail address or addresses, as the Company shall have furnished to Subscriber in writing, *provided* that any notice to the Company shall be effective only if and when received by the Company.

(e) Governing Law. This Agreement shall be governed, construed, and enforced in accordance with the laws of the state of Delaware without regard to principles of conflict of laws (except insofar as affected by the securities or "blue sky" laws of the state or similar jurisdiction in which the offering described herein has been made to subscriber). For the purpose of any judicial proceeding to enforce an award or incidental to arbitration or to compel arbitration, the Subscriber and the Company hereby submit to the non-exclusive jurisdiction of the courts located in San Diego, California, and agree that service of process in such arbitration or court proceedings will be satisfactorily made if sent by registered mail addressed to it at the address set forth herein.

(f) Limitations on Damages. IN NO EVENT SHALL THE FUND BE LIABLE TO THE SUBSCRIBER FOR ANY LOST PROFITS OR SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING SHALL BE INTERPRETED AND HAVE EFFECT TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, RULE OR REGULATION.

(g) Dispute Resolution.

(i) Notwithstanding anything to the contrary in this Agreement, and except for any claim or action that the Company may elect to commence to enforce any of its rights or the Subscriber's obligations under this Agreement, the Subscriber agrees that all disputes arising out of (i) this Agreement, (ii) the Company's offering of Notes, and (iii) the Subscriber's subscription for purchase of Notes will be submitted to and resolved by binding arbitration in accordance with this subsection. The Subscriber acknowledges and agrees that the parties are waiving their right to seek remedies in court, including the right to jury trial.

(ii) In the event a party initiates litigation in violation of this Arbitration Provision, such action shall be subject to dismissal, with the reasonable fees and expenses of the non-initiating party or parties paid by the party or parties that initiated the action. Nothing in this Arbitration Provision shall limit the right of a party to seek an order from a court of competent jurisdiction (a) dismissing litigation brought in violation of this Arbitration Provision or (b) compelling a party to arbitrate in accordance with this Arbitration Provision. In the event such an order is sought and obtained, the non-prevailing party shall pay all reasonable fees and expenses of the prevailing party. The parties stipulate and agree that a violation of this Arbitration Provision shall constitute irreparable harm and that, on proof of a breach, the party seeking relief from such violation shall be entitled to equitable relief including, but not limited to, an injunction or specific performance.

(iii) The arbitration will be conducted in San Diego, California, and in accordance with Delaware law and the rules then in effect of the American Arbitration Association in accordance with its rules for commercial disputes, before three arbitrators appointed in accordance with those rules. In no event shall class arbitration be permitted, and the arbitrator shall have no authority to conduct any class arbitration. The award of the arbitrator will be final and conclusive and judgment on the award rendered may be entered in any court having jurisdiction.

(iv) Each of the parties will equally bear any arbitration fees and administrative costs associated with the arbitration. The prevailing party, as determined by the arbitrators, will be awarded its costs and reasonable attorneys' fees incurred in connection with the arbitration.

(h) Waiver of Jury Trial. THE PARTIES HERETO KNOWINGLY AND VOLUNTARILY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY SUIT, ACTION OR PROCEEDING BROUGHT OR INSTITUTED BY EITHER PARTY OR ANY SUCCESSOR OR ASSIGN OF EITHER PARTY (A) RELATED TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THIS AGREEMENT OR (B) ARISING IN CONNECTION WITH ANY RELATIONSHIP RELATED TO THIS AGREEMENT.

(i) Descriptive Headings. The descriptive headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement.

(j) Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter of this Agreement, and there are no representations, covenants or other agreements except as stated or referred to herein.

(k) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

(l) Joint and Several Obligations. If Subscriber consists of more than one person, this Agreement shall consist of the joint and several obligation of all such persons.

**BY SIGNING THIS AGREEMENT, THE SUBSCRIBER:**

**(i) ACKNOWLEDGES THAT ANY MISSTATEMENT MAY RESULT IN AN IMMEDIATE REDEMPTION OF SUBSCRIBER'S INTERESTS IN THE COMPANY.**

**(ii) AGREES THAT IF THE COMPANY BELIEVES THAT SUBSCRIBER OR A BENEFICIAL OWNER OF SUBSCRIBER IS A PROHIBITED INVESTOR, THE COMPANY MAY BE OBLIGATED TO FREEZE SUBSCRIBER'S INVESTMENT, DECLINE TO MAKE DISTRIBUTIONS OR SEGREGATE THE ASSETS CONSTITUTING SUBSCRIBER'S INVESTMENT WITH THE COMPANY IN ACCORDANCE WITH APPLICABLE LAW.**

*[Signature Page Follows]*

IN WITNESS WHEREOF, the undersigned Subscriber does represent and certify under penalty of perjury that the foregoing statements are true and correct and that Subscriber has, by the following signature(s), executed this Subscription Agreement and made the offer to purchase Notes described above as of the date first set forth below. Subscriber also returns, with this Subscription Agreement, the following documents:

- (ii) A fully completed and executed IRS Form W-9

TOTAL PRINCIPAL AMOUNT OF NOTE(S) PURCHASED: \_\_\_\_\_

BONUS SHARES: Subscriber will be granted a dollar for dollar match of Class B Common Shares in DiversyFund, Inc. ("DF") at \$2.20 per share as a Bonus, meaning, for example, if you purchase \$100,000 of Notes above, you would also receive \$100,000 of Class B Common shares of DF at \$2.20 per share.

<b>SUBSCRIBER:</b>	
<b>Signature:</b> _____  _____ <b>Name of Entity (if applicable)</b>  _____ <b>Name of Individual (Typed or Printed)</b>  _____ <b>Title of Individual (if applicable)</b>	<b>Tax Identification Number (Social Security Number if Individual):</b>  _____  <b>Address:</b>  _____ _____  <b>Telephone:</b> _____  <b>Email:</b> _____

<b>JOINT SUBSCRIBER (IF APPLICABLE):</b>	
<b>Signature:</b> _____  _____ <b>Name of Entity (if applicable)</b>  _____ <b>Name of Individual (Typed or Printed)</b>  _____ <b>Title of Individual (if applicable)</b>	<b>Tax Identification Number (Social Security Number if Individual):</b>  _____  <b>Address:</b>  _____ _____  <b>Telephone:</b> _____  <b>Email:</b> _____

**ACCEPTANCE OF SUBSCRIPTION**

By signing below, the Company hereby accepts Subscriber's subscription for one or more Notes in the amount indicated on the Signature Page to the Subscription Agreement and hereby authorizes this signature page to be attached to the Subscription Agreement related to the Company's offering of Notes.

**DiversyFund, Inc., a Delaware Corporation**

**By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Name: Craig Cecilio**

**Title: Chief Executive Officer**



**EXHIBIT A-1**

**CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A TRUST**

*[Provided separately]*

**EXHIBIT A-2**

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A PARTNERSHIP OR  
LIMITED LIABILITY COMPANY

*[Provided separately]*

**EXHIBIT A-3**

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A CORPORATION

*[Provided separately]*

**EXHIBIT B**

**NOTICE OF BENEFICIAL OWNERS**

*[Provided separately]*

**EXHIBIT B**

**SECURED PROMISSORY NOTE AND SECURITY AGREEMENT**

(see attached)

## SECURED PROMISSORY NOTE

Date: \_\_\_\_\_

San Diego, CA

FOR VALUE RECEIVED, the undersigned hereby promises to pay the principal sum of \$ \_\_\_\_\_ (the "**Principal**") as provided in this Secured Promissory Note (this "**Note**") by and between DiversyFund, Inc., a Delaware corporation ("**Borrower**") with a principal office at Symphony Towers 750 B Street Suite 1930, San Diego, CA 92101, USA, and \_\_\_\_\_ ("**Lender**") with an address as Lender may designate by notice to Borrower from time to time.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. Definitions.

- a. "**Change in Control**" means: (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation or stock transfer, but excluding any such transaction effected (A) primarily for the purpose of changing the domicile of the Company or (B) as a bona fide private financing transaction involving the sale by the Company of the Company's securities for capital-raising purposes); or (ii) a sale, lease transfer, exclusive license or other disposition of all or substantially all of the assets of the Company.
- b. "**Due Date**" means the earliest to occur of the following:
  - (i) Two years from the last day of the month of the date first written above; which date can be extended by an additional year at the sole discretion of the Company;
  - (ii) Immediately prior to the consummation of a Change in Control of the Company;
  - (iii) Immediately prior to the initial filing by the Company of a registration statement covering securities of the Company with the Securities and Exchange Commission under the Securities and Exchange Act of 1933, as amended (an "**IPO**");
  - (iv) Immediately prior to this Note becoming prohibited under any applicable law;
  - (v) Borrower fails to observe or perform any covenant, obligation, condition or agreement contained in this Note or the Security Agreement and such failure shall continue for (ten) 10 days after written notice thereof from Lender;
  - (vi) Any representation, warranty, certificate, or other statement (financial or otherwise) made or furnished by or on behalf of the Borrower to Lender in writing in connection with this Note or the Security Agreement, or as an inducement to Lender to enter into this Note or the Security Agreement, shall be false, incorrect, incomplete or misleading in any material respect when made or furnished;
  - (vii) A bankruptcy or insolvency proceeding is instituted by or against Borrower, or a receiver is appointed for the property of Borrower;
  - (viii) Borrower makes an assignment for the benefit of creditors; or
  - (ix) A Default (as defined in the Security Agreement) occurs.

2. Payments. Borrower hereby promises to pay to Lender the Principal, with all accrued interest thereon, as set forth below.
  - a. Interest on the unpaid principal balance of this Note will accrue at an annual rate equal to 12% per annum, non-compounded, commencing on the date hereof, with 4% per annum to be paid quarterly in arrears by the 30th day after the end of each calendar quarter by Borrower to Lender, and the remaining 8% per annum accruing, to be paid at the Due Date.
  - b. The outstanding principal balance, together with any accrued and unpaid interest, shall become due in one lump sum payment on the Due Date.
  - c. All payments will be applied first to any fees or charges payable hereunder, second, against accrued and unpaid interest, and third, against the unpaid principal balance. BORROWER HEREBY WAIVES ANY RIGHTS PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1479 AND 2822 (AND ANY AMENDMENTS OR SUCCESSORS THERETO) TO DESIGNATE HOW PAYMENTS WILL BE APPLIED.
3. Prepayment. Borrower may prepay any portion of this Note and the accrued interest.
4. Security. This Note is secured by a pledge under the terms of a Security Agreement, substantially in the form attached hereto as Exhibit A (the “**Security Agreement**”) and dated as of the date hereof and is subject to all of the provisions thereof.
5. Representations and Warranties of Borrower. Borrower represents and warrants that: (a) Borrower has the right and requisite power and authority to enter into this Note and the Security Agreement and to consummate the transactions contemplated hereby and thereby; (b) this Note and the Security Agreement have been duly executed and delivered by Borrower and constitute valid and binding obligations of Borrower, enforceable against Borrower in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium, or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity (regardless of whether considered in a proceeding at law or in equity); (c) the execution, delivery and performance of this Note and the Security Agreement by Borrower and the consummation of the transactions contemplated hereby and thereby and compliance with the provisions hereof and thereof do not and will not (i) violate any law to which Borrower is subject, (ii) require the consent, waiver, authorization or approval of any third party or governmental entity or (iii) conflict with the bylaws or any provisions of any other organizational documents of the Company.
6. Representations and Warranties of Lender. Lender represents and warrants that Lender has the right and requisite power and authority to enter into this Note and the Security Agreement and consummate the transactions contemplated hereby and thereby. This Note and the Security Agreement have been duly executed and delivered by Lender and constitute a valid and binding obligations of Lender, enforceable against Lender in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium, or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity (regardless of whether considered in a proceeding at law or in equity).
7. Tax Treatment. The parties acknowledge and agree that this Note is, and at all times has been, intended to be characterized as indebtedness for United States federal and state income tax purposes. Accordingly, the parties agree to treat this Note consistent with the foregoing intent for all United States federal and state income tax purposes (including, without limitation, on their respective tax returns or other informational statements).
8. Waiver. Lender shall not be deemed, by any act or omission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Lender and then only to the extent specifically set forth in such writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. No delay or omission of Lender to exercise any right, whether before or after a default hereunder, shall impair any such right or shall be construed to be a waiver of any right or default, and the acceptance at any time

by Lender of any past-due amount shall not be deemed to be a waiver of the right to require prompt payment when due of any other amounts then or thereafter due and payable.

9. Time is of the Essence. Time is of the essence hereof. Upon any default hereunder, Lender may exercise all rights and remedies provided for herein and by law or equity, including, but not limited to, the right to immediate payment in full of this Note.
10. Cumulative Remedies. The remedies of Lender as provided herein, or any one or more of them, or in law or in equity, shall be cumulative and concurrent, and may be pursued singularly, successively or together at Lender's sole discretion and may be exercised as often as occasion therefore shall occur.
11. Attorneys' Fees. Borrower agrees to pay all reasonable attorneys' fees and costs incurred by the Lender in connection with the enforcement or collection of any term of this Note. Borrower further agrees to pay all costs of suit and the sum adjudged as attorneys' fees in any action to enforce payment of this Note or any part of it.
12. Interest. If any provisions of this Note would require Borrower to pay interest hereon at a rate exceeding the highest rate allowed by applicable law, Borrower shall instead pay interest under this Note at the highest rate permitted by applicable law.
13. Governing Law. This Note will be governed by and construed in accordance with the internal laws of the State of California (without reference to its conflicts of law provisions).
14. Successors. This Note will be binding upon and will inure to the benefit of the parties hereto and their respective representatives, heirs, administrators, successors and assigns.

***[Signature Page Follows]***

Effective as of the date set forth above.

**BORROWER:**

**DiversyFund, Inc.**

By: \_\_\_\_\_

Name: Craig Cecilio

Title: Chief Executive Officer

**ACCEPTED AND ACKNOWLEDGED:**

**LENDER:**

Entity/Trust/IRA Name (if applicable): \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title (if applicable)

## EXHIBIT A

### SECURITY AGREEMENT

This Security Agreement is made between Pledgee, as noted in the signature block below, (the “**Pledgee**”) and DiversyFund, Inc. (the “**Pledgor**”) as of the date of the Note (defined below).

#### Recitals

In order to induce Pledgee to make a loan to Pledgor under the terms of the Secured Promissory Note (the “**Note**”) between Pledgor and Pledgee of even date herewith, Pledgor herein grants to Pledgee the Security Interest in accordance with the terms hereof to secure the payment and performance of all indebtedness, liabilities, obligations, covenants and duties of the Pledgor to the Pledgee of every kind, nature and description, direct or indirect, absolute or contingent, due or not due, now existing or hereafter arising under or in connection with the Note or this Agreement (collectively, the “**Obligations**”). The Note is one of multiple secured promissory notes (the “**Notes**”), in various amounts, up to an aggregate of One Million Dollars USD, and containing substantially identical terms.

NOW, THEREFORE, it is agreed as follows:

1. Creation and Description of Security Interest. As security for the payment and performance in full of the Obligations, and any extensions, renewals, modifications or refinancings of the Obligations, the Pledgor hereby grants to the Pledgee, its successors and assigns, a lien on, and security interest in, all of such Pledgor’s right, title and interest in and to the following property (the “**Collateral**”): its pro rata share of the \$1,000,000 received by Pledgor *after* the first \$1,000,000, *plus* any accrued but unpaid interest and accrued but unreimbursed attorneys’ fees as provided for herein, or any lesser amount, however characterized, that is paid to or for the benefit of Pledgor in connection with the legal proceedings and claims (whether by judgment, settlement or otherwise) by the Pledgor against Mark Roderick, including the case titled *DF Growth REIT, LLC; DF Growth REIT II, LLC; DiversyFund, Inc.; Craig Cecilio; and Alan Lewis vs. Flaster Greenberg P.C.; Lex Nova Law; and Mark Roderick* filed in the Superior Court of New Jersey (Case Number MER-L-000290-23) and any related claim or legal proceedings against Mark Roderick (the “**Litigation Proceeds**”). Pledgor shall not otherwise encumber the Litigation Proceeds if such encumbrance would impair Pledgee’s rights hereunder or reduce the amount of the Litigation Proceeds that would be available as Collateral. Subject to Section 4, below, in no event shall \$1,500,000 of the Litigation Proceeds after the first \$1,000,000 (the “**Minimum Collateral Amount**”) be subject to any other security interest and Pledgor shall notify any potential holder of a security interest in any part of the Litigation Proceeds of Pledgee’s security interest.

The Collateral shall secure the Obligations, whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 *et seq.*), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

2. Pledgor’s Representations and Warranties; Covenants. To induce Pledgee to enter into this Security Agreement, Pledgor represents and covenants to Pledgee, its successors and assigns, as follows:

(a) Representations and Warranties. The Pledgor represents and warrants to the Pledgee that:

(i) The Pledgor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant the Security Interest to the Pledgee and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval which has been obtained.

(ii) The pledge of the Collateral pursuant to this Agreement creates a valid and perfected Security Interest in the Collateral, securing the payment and performance when due of the Obligations.

(iii) The Collateral is owned by the Pledgor free and clear of any security interest. The Pledgor has not filed or consented to any filing described in Section 2(b)(i) hereof in favor of any person other than the Pledgee, nor permitted the granting or assignment of a Security Interest or permitted perfection of any Security Interest in the Collateral in favor of any person other than the Pledgee. The Security Interest is, or in the case of Collateral in which the Pledgor would obtain rights after the date hereof, will be, a perfected security interest. Such notices, filings and all other action necessary or desirable to perfect and protect the Security Interest have been duly taken or shall be taken immediately upon the creation of the Security Interest.

(iv) This Agreement constitutes the legal, valid and binding obligation of the Pledgor, enforceable against the Pledgor in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (c) to the extent the indemnification provisions contained in this Agreement may be limited by applicable federal or state laws.

(v) The Pledgor shall, at its own cost and expense, defend title to the Collateral and the Security Interest of the Pledgee therein against the claim of any person claiming against or through the Pledgor and shall maintain and preserve such perfected Security Interest for so long as this Agreement shall remain in effect.

(b) Covenants.

(i) Pledgor shall deliver fully-executed Uniform Commercial Code financing statements or other appropriate filings, recordings or registrations containing a description of the Collateral to the Pledgee for filing in each United States governmental, municipal or other office as required to publish notice of and protect the validity of and to establish a legal, valid and perfected Security Interest in favor of the Pledgee in respect of all Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions.

(ii) The Pledgor shall maintain, at its own cost and expense, such complete and accurate records with respect to the Collateral owned by it as is consistent with its current practices and in accordance with prudent and standard practices, but in any event to include complete accounting records indicating all payments and proceeds received with respect to any part of the Collateral, and, at such time or times as any of the Pledgee may reasonably request, promptly to prepare and deliver to such Pledgee a duly certified schedule or schedules in form and detail satisfactory to such Pledgee showing the identity, amount and location of any and all Collateral.

(iii) Payment of Indebtedness. Pledgor will pay the principal sum of the Note secured hereby, together with interest thereon, at the times and in the manner provided in the Note.

(iv) Ownership; Encumbrances. As of the date of the Note and this Security Agreement, and except in accordance with the provisions of the Note or this Security Agreement, the Collateral will be free of all other encumbrances, defenses and liens, and Pledgor will not further encumber the Collateral without the prior written consent of Pledgee.

3. Default. Pledgor shall be in default of the Note and of this Security Agreement in the event that (a) any event set forth in Section 1.b of the Note shall occur without payment in full of all amounts due under the Note and this Agreement having been paid in full, (b) and amount due pursuant to Section 2 of the Note remains unpaid on the tenth (10<sup>th</sup>) day following the date such amount is due, (each a "**Default**").

In the case of an event of Default, as set forth above, Pledgee shall have the right to accelerate payment of the Note upon notice to Pledgor, and Pledgee shall thereafter be entitled to pursue its remedies under applicable laws. All of Pledgee's remedies under the Note and this Agreement shall be cumulative and not exclusive.

4. Release of Collateral. There shall be released from this pledge a portion of the Collateral held by Pledgeholder hereunder upon payment(s) of the principal of the Note. The amount of the Minimum Collateral Amount

that shall be released shall be equal to the value of the payment(s) of principal of the Notes received by the lenders under the Notes.

5. Withdrawal or Substitution of Collateral. Pledgor shall not sell, withdraw, pledge, substitute or otherwise dispose of all or any part of the Collateral without the prior written consent of Pledgee, which consent shall not be unreasonably withheld.

6. Term. The pledge of Collateral pursuant to this Security Agreement shall continue until the payment or performance of all Obligations secured hereby.

7. Invalidity of Particular Provisions. Pledgor and Pledgee agree that the enforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

8. Successors or Assigns. Pledgor and Pledgee agree that all of the terms of this Security Agreement shall be binding on their respective successors and assigns, and that the term "Pledgor" and the term "Pledgee" as used herein shall be deemed to include, for all purposes, the respective designees, successors, assigns, heirs, executors and administrators.

9. Litigation Expense. If any legal proceeding is commenced for the purpose of interpreting or enforcing any provision of this Agreement, or for the purpose of collecting any obligation secured by this Agreement, the Pledgee will be entitled to recover a reasonable attorneys' fee in the proceeding, or any appeal thereof, to be set by the court without the necessity of hearing testimony or receiving evidence, in addition to the costs and disbursements allowed by law. In addition, the Pledgee will be entitled to recover reasonable attorneys' fees and legal expenses incurred by the Pledgee in connection with obtaining the Litigation Proceeds.

10. Governing Law. This Security Agreement shall be interpreted and governed under the internal substantive laws, but not the choice of law rules, of California.

***[Signature Page Follows]***

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**PLEDGOR:**

DiversyFund, Inc.

By: \_\_\_\_\_

Name: Craig Cecilio

Title: Chief Executive Officer

**PLEDGEE:**

Entity/Trust/IRA Name (if applicable): \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title (if applicable): \_\_\_\_\_

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

(see attached)

**DiversyFund, Inc.**  
**Balance Sheet**

Years Ended December 31, 2024 and December 31, 2023

	<u>2024</u>	<u>2023</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	763,785	60,282
Accounts Receivable	90,824	132,069
Prepaid Expense and Deposits	60,754	35,754
<b>Total Current Assets</b>	<b>\$ 915,362.62</b>	<b>\$ 228,105.00</b>
<b>NonCurrent Assets</b>		
Property and Equipment, net	\$ 48,911	28,162
Intangibles, net	\$ 317,031	317,031
Rights of use asset, operating lease	\$ 172,351	172,351
<b>Total Noncurrent Asset</b>	<b>\$ 538,293</b>	<b>\$ 517,544</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,453,655</b>	<b>745,649</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 1,124,144	\$ 1,128,304
Accrued Expenses	\$ (42,994)	\$ (42,994)
Due to/from Related Parties	\$ 1,699,354	\$ 415,057
Credit Cards Payable	\$ 492	\$ (66,151)
Line of Credit	\$ 36,089	\$ 36,089
Note Payable - related party -REIT	\$ 1,440,990	\$ 1,202,978
<b>Total Current Liabilities</b>	<b>\$ 4,258,075</b>	<b>\$ 2,673,283</b>
<b>Long-Term Liabilities</b>		
Note Payable - related party fund	814,000.00	1,400,598.00
Notes Payable - Investors	1,585,763.00	1,789,064.00
Accrued Operating Lease Liability	172,352.00	172,352.00
<b>Total Long-Term Liabilities</b>	<b>\$2,572,115.00</b>	<b>\$3,362,014.00</b>
<b>Total Liabilities</b>	<b>\$6,830,189.99</b>	<b>\$6,035,296.98</b>
<b>Equity</b>		
Common Stock	\$ 38,126,155	\$ 34,909,941
Accumulated Deficit	\$ (43,502,690)	\$ (40,199,589)
<b>Total Shareholder's Equity</b>	<b>(5,376,535)</b>	<b>(5,289,648)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,453,655</b>	<b>\$ 745,649</b>

The accompanying notes are an integral part of these financial statements

**DiversyFund, Inc.**  
**Statement of Income**

Years Ended December 31, 2024 and December 31, 2023

	<u>2024</u>	<u>2023</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b>INCOME</b>		
Income from Real Estate	\$ 379,295	\$1,258,486.00
Investment Income	\$ 195,728	\$ 413,462.00
<b>Total Revenue</b>	<b>\$ 575,023</b>	<b>\$ 1,671,948</b>
<b>OPERATING EXPENSES</b>		
Salaries and Wages	\$ 1,438,270	\$ 3,102,892
Payroll Taxes	\$ 137,025	\$ 233,653
Employee Benefits	\$ 135,881	\$ 82,202
Contractors	\$ 503,828	\$ 1,237,310
Advertising and Promotion	\$ 438,978	\$ 1,236,049
Bank Charges	\$ (1,458)	\$ (25,333)
Education and Training	\$ (2,423)	\$ 3,997
Licenses and Fees	\$ 646	\$ 68,524
Professional Fees	\$ 3,000	\$ 316,679
Legal Fees and Expenses	\$ 82,640	\$ 408,245
Recruiting	\$ 14,674	\$ -
Computer Expense	\$ 346,860	\$ 625,037
Financing Expense		\$ -
Bad Debt Expense	\$ 196,250	\$ -
Interest Expense	\$ 252,436	\$ 59,097
Other Operating Expense	\$ 290,763	\$ 263,064
<b>Total Operating Expenses</b>	<b>\$ 3,837,370</b>	<b>\$ 7,611,416</b>
<b>OTHER INCOME AND EXPENSES</b>		
Other Income	\$ -	\$ 13,806
Other Expense	\$ 1,500	
<b>Total Other Income and Expenses</b>	<b>\$ 1,500</b>	<b>\$ 13,806</b>
<b>Net Income</b>	<b>\$ (3,263,847)</b>	<b>\$ (5,953,274)</b>

The accompanying notes are an integral part of these financial statements

**DiversyFund, Inc.**  
**Statement of Cash Flows**

Years Ended December 31, 2024 and December 31, 2023

	<u>2024</u>	<u>2023</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b>OPERATING ACTIVITIES</b>		
Net Income	(3,263,846.52)	(5,953,274.00)
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Accounts Receivable	40,109	333,062
Prepaid Expense	0	(34,755)
Accounts Payable	341,070	796,542
Accrued Expenses	0	(110,730)
Credit Card Payable	66,876	-67,505
25501 Due to Related Parties	0	225,000
Net cash provided by operating activities	<u>\$ (2,815,791)</u>	<u>\$ (4,811,660)</u>
<b>INVESTING ACTIVITIES</b>		
Technology	(20,749)	(11,027)
Diversyfund Note Receivables	-	(175,000)
Net cash provided by investing activities	<u>\$ (20,749)</u>	<u>\$ (186,027)</u>
<b>FINANCING ACTIVITIES</b>		
Change in Lines of Credit	-	(4,911)
Change in Notes Payable - Related Party	-	25,000
Change in Notes Payable - Related Party REIT	-	(153,304)
Change in Notes Payable - Investors	267,475	-
Proceeds from Issuance of Stock	3,272,568	2,290,705
Net cash provided by financing activities	<u>\$ 3,540,043</u>	<u>\$ 2,157,490</u>
Net cash increase in cash and cash equivalents	<u>\$ 703,503</u>	<u>\$ -2,840,197</u>
Cash and Cash Equivalents - beginning	60,282	2,900,479
Cash and Cash Equivalents - ending	<u>\$ 763,785</u>	<u>\$ 60,282</u>

# DiversyFund, Inc.

## Balance Sheet

Years Ended December 31, 2023 and December 31, 2022

Assets	2023 (Unaudited)	2022 (Audited)
<b>Current Assets</b>		
Cash and Cash Equivalents	60,282	2,900,479
Accounts Receivable	132,069	461,339
Due from Related Parties		-
Prepaid Expenses and Deposits	35,754	33,208
<b>Total Current Assets</b>	<b>\$ 228,104.99</b>	<b>\$ 3,395,026</b>
<b>NonCurrent Assets</b>		
Property and Equipment, net	28,162	17,136
Intangibles, net	317,031	134,822
Rights of use asset, operating lease	172,351	172,351
<b>Total Noncurrent Asset</b>	<b>\$ 517,543.61</b>	<b>\$ 324,309</b>
<b>Total Assets</b>	<b>\$ 745,648.60</b>	<b>\$ 3,719,335</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable	1,128,304	529,360
Accrued Expenses	-42,994	76,236
Due to related parties	415,057	190,057
Credit Cards Payable	-66,151	5,431
Lines of Credit	36,089	77,841
Notes Payable - related party REIT	1,202,978	996,110
Convertible Notes	0	-
<b>Total Current Liabilities</b>	<b>\$ 2,673,282.97</b>	<b>\$ 1,875,035</b>
<b>Long-Term Liabilities</b>		
Notes Payable - related party fund	1,400,598	1,553,902
Notes Payable - Investors	1,789,064	1,318,288
Accrued Operating Lease Liability	172,352	172,351
<b>Total Long-Term Liabilities</b>	<b>\$ 3,362,014</b>	<b>3,044,541</b>
<b>Total Liabilities</b>	<b>\$ 6,035,297</b>	<b>4,919,576</b>
<b>Shareholder's Equity</b>		
Common Stock	34,909,941	33,011,415
Accumulated Deficit	(40,199,589)	(34,211,656)
<b>Total Shareholder's Equity</b>	<b>-\$ 5,289,648</b>	<b>\$ (1,200,241)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 745,649</b>	<b>3,719,335</b>

The accompanying notes are an integral part of these financial statements.

# DiversyFund, Inc. Statement of Income

Years Ended December 31, 2023 and December 31, 2022

	Total	
	2023 (Unaudited)	2022 (Audited)
<b>Income</b>		
Income from Real Estate	\$ 1,258,486	\$ 2,908,459
Investment Income	\$ 413,462	\$ 8,729,853
<b>Total Revenue</b>	<b>\$ 1,671,949</b>	<b>\$ 11,638,312</b>
 <b>OPERATING EXPENSES</b>		
Salaries and Wages	3,102,892	\$ 2,932,764
Payroll Taxes	233,653	\$ 213,336
Employee Benefits	82,202	\$ 233,099
Contractors	1,237,310	\$ 1,236,609
Advertising and Promotion	1,236,049	\$ 1,597,902
Bank Charges	(25,333)	\$ 37,718
Education and Training	3,997	\$ 53,924
Licenses and Fees	68,524	\$ 54,325
Professional fees	316,679	\$ 19,125
Legal Fees and Expense	408,245	\$ 2,744,579
Recruiting	-	\$ 22,424
Computer expense	625,037	\$ 576,191
Financiang expense		\$ 199,153
Bad Debt Expense		\$ 105,132
Interest Expense	59,097	\$ 298,170
Depreciation Expense		\$ 10,926
Amortization Expense		\$ 190,841
Equity kicker expence		\$ 1,259,750
Other Operating Expense	<b>263,064</b>	\$ 217,097
<b>Total Operating Expenses</b>	<b>\$ 7,611,416</b>	<b>\$ 12,003,065</b>
 <b>OTHER INCOME AND EXPENSES</b>		
Other Income	\$ 13,806	-\$ 612
Other Expense		\$ 3,430
<b>Total Other Income and Expenses</b>	<b>\$ 13,806</b>	<b>\$ 2,818</b>
 <b>Net Income</b>	<b>-\$ 5,953,274</b>	<b>-\$ 367,571</b>

The accompanying notes are an integral part of these financial statements.	
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**DiversyFund, Inc.**  
**Statement of Cash Flows**  
January - December 2023

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Net Income	(5,953,274)	(367,561)
Adjustments to reconcile Net Income to Net Cash provided by operating activities:		
Equity kicker Expense	-	1,259,750
Depreciation and amortization	-	23,161
Change in operating assets and liabilities		
Due from Related Parties	-	30,571
Accounts Receivable	333,062	(415,460)
Prepaid Expense	(34,755)	16,079
Accounts Payable	796,542	(18,159)
Accrued Expenses	(110,730)	(38,202)
Credit cards payable	(67,505)	(51,035)
Due to Related Parties	225,000	179,257
Net cash provided/used by operating activities	\$ (4,811,660)	\$ 618,391
<b>INVESTING ACTIVITIES</b>		
15001.1 Technology	(11,027)	-
1225 DiversyFund Note Receivables	(175,000)	-
Net cash provided by investing activities	-\$ 186,026.52	-
<b>FINANCING ACTIVITIES</b>		
Change in Lines of Credit	(4,911)	32,123
Change in Note payable - related party	25,000	73,654
Change in Notes payable - related party REIT	(153,304)	(745,205)
Proceeds from issuance of stock	2,290,705	759,843
Net cash provided by financing activities	\$ 2,157,490	\$ 120,415.00
Net increase in cash and cash equivalents	(2,840,196)	738,806
Cash and cash equivalents - beginning	2,900,479	2,161,673
Cash and cash equivalents - ending	\$ 60,282	2,900,479