# ANNEX I

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RS PARTIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RS PARTIES

*The following discussion and analysis provides information that the RS Parties' management believes is relevant to an assessment and understanding of the financial condition and results of operations of the RS Parties. This discussion and analysis should be read together with (i) RSOP's audited annual consolidated financial statements as of and for the years ended December 31, 2024 and December 31, 2023 and the related notes thereto (ii) RSOP's unaudited interim consolidated financial statements as of and for the six months ended June 30, 2025 and the related notes thereto, (iii) RS's audited annual financial statements as of and for the year ended December 31, 2024 and the related notes thereto, (iv) RS's unaudited interim financial statements as of and for the six months ended June 30, 2025 and the related notes thereto, (v) each Contributed Entities' audited annual financial statements as of and for the year ended December 31, 2024 and (vi) each Contributed Entities' unaudited interim financial statements as of and for the six months ended June 30, 2025 and the related notes thereto, in each case, included elsewhere in this consent solicitation statement/PPM.*

*RS stockholders and RSOP limited partners should also carefully read the unaudited pro forma consolidated financial statements of the Combined Company and Combined Partnership attached hereto at Annex M, which are based on (i) CCI's historical consolidated financial statements, RS's historical financial statements and RSOP's historical consolidated financial statements and which have been adjusted to give effect to the Company Merger, the Partnership Merger and the Pre-Merger Transactions, and (ii) CROP's historical consolidated financial statements and RSOP's historical consolidated financial statements and which have been adjusted to give effect to the Partnership Merger and the Pre-Merger Transactions. Accordingly, this discussion and analysis should be read together with such unaudited pro forma consolidated financial statements.*

*In addition, the following discussion contains forward-looking statements, such as statements regarding the expectations of the RS Parties' relating to the future performance, liquidity and capital resources of the RS Parties. Forward-looking statements involve risks, uncertainties and assumptions that could cause actual results to differ materially from expectations. Actual results may differ materially from those contained in or implied by any forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Cautionary Statement Concerning Forward-Looking Statements" and in other parts of this consent solicitation statement/PPM.*

*Unless the context otherwise indicates or requires, all references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations of the RS Parties" to "we," "us," or "our" refer to RealSource Properties OP, LP and its subsidiaries, and not to RealSource Properties, Inc.*

### Overview of the RS Parties

RS is a Maryland corporation that was formed on August 28, 2020. RS is the sole general partner of RSOP and holds a 1.1% limited partnership interest in RSOP as of June 30, 2025. As the sole general partner of RSOP, RS controls the operations of RSOP. RSOP is a Delaware limited partnership that was formed on August 28, 2020 to invest in multifamily apartment communities and real estate-related assets located throughout the United States. As of June 30, 2025, RSOP owned or had ownership interests in 11 multifamily apartment communities with a total of 3,576 units and a 27-acre parcel of undeveloped land in Colorado Springs, CO.

RS does not consolidate RSOP and its subsidiaries for financial reporting purposes. Instead, RS accounts for its equity investment in RSOP using the equity method of accounting and records its investment in RSOP at fair value in each reporting period, with subsequent changes in fair value reported by RS in its earnings. As a result, this "Management's Discussion and Analysis of Financial Condition and Results of Operations of the RS Parties" focuses primarily on the financial condition and results of operations of RSOP and its subsidiaries prior to the completion of the Pre-Merger Transactions.

RS conducts no business other than owning its equity investment in RSOP and serving as the sole general partner of RSOP. RSOP's principal business is the ownership and operation of multifamily apartment communities. RSOP does not distinguish its principal business or group its operations by geography or other category for purposes of measuring performance. Accordingly, RSOP has one reportable segment comprised of multifamily real estate.

The RS Parties have no employees and are externally managed by RS Advisor pursuant to the RS Advisory Agreement. RS Property Manager, which is an affiliate of RS Advisor, provides property management services to subsidiaries of RSOP pursuant to separate property management agreements. RSM, which is an affiliate of RS Advisor and RS Property Manager, provides personnel to RS Advisor and RS Property Manager and property management services to properties owned by subsidiaries of RSOP as well as seven properties held by third parties.

**The Pre-Merger Transactions**

Contemporaneously with signing the Merger Agreement, the RS Parties entered into an Internalization Agreement pursuant to which RSOP will acquire all equity interests in

- RS Advisor, which is the external advisor to the RS,

- RS Property Manager, which provides property management services to properties owned by subsidiaries of RSOP, and

- RSM, which provides personnel to RS Advisor and RS Property Manager and property management services to properties owned by subsidiaries of RSOP as well as seven properties held by third parties.

The Internalization Agreement also provides for (i) the termination of the RS Advisory Agreement, (ii) the waiver of the right of RS Advisor, as holder of a special limited partnership interest in RSOP, to require RSOP to purchase such special limited partnership interest in connection with the termination of the RS Advisory Agreement and (iii) a waiver of RS Advisor's right under the RS Advisory Agreement to receive disposition fees in connection with the Mergers. The transactions to be effected pursuant to the Internalization Agreement are referred to as the "Pre-Merger Transactions" and will occur contemporaneously with the closing of the Mergers. The total consideration under the Internalization Agreement is 2,142,135 RSOP Common Units, which units will be converted into CROP Common Units in connection with the Mergers.

See the section of this consent solicitation statement/PPM entitled "The Internalization Agreement and Pre-Merger Transactions" for more information regarding the Internalization Agreement and the Pre-Merger Transactions.

**Highlights for the Year Ended December 31, 2024**

The following highlights activities that occurred during the year ended December 31, 2024.

***Operating Results and Net Asset Value***

- Net loss attributable to RSOP limited partners was approximately $13.6 million, or $0.74 per unit, based on the weighted average number of common units outstanding during the period, compared to a net loss attributable to RSOP limited partners of approximately $11.2 million, or $0.63 per unit based on the weighted average number of common units outstanding during the period, for the prior year.

- RSOP had net operating income ("NOI") of approximately $13.7 million compared to NOI of approximately $26.7 million for the prior year. NOI is a non-GAAP financial measure. See "—Non-GAAP Financial Measures —Net Operating Income (NOI)" for more information.

- On December 31, 2024, the RS Parties announced net asset value ("NAV") per unit/share of $12.65 based on financial information available to management of the RS Parties as of October 31, 2024.

***Transaction Activity***

- On December 20, 2024, RSOP sold Nevin Place Apartments, a 55-unit multifamily apartment community in Charlotte, NC, at its cost for a sale price of approximately $8.3 million at its cost.

*Financing and Capital Raising Activity*

- RSOP refinanced the mortgage debt secured by The Retreat at Stillmeadow and the mortgage debt secured by The Mill Georgetown in the amounts of $18.9 million and $29.1 million, respectively.

- RS issued and sold an aggregate of 50,980 shares of its common stock in its private offering, at a weighted average NAV per share of $12.24, raising gross proceeds of approximately $625,000. RS contributed the proceeds from the sale of its common stock to RSOP in exchange for 50,980 RSOP common units.

- RSOP issued and sold an aggregate of 144,395 common units in its private offering, at a weighted average NAV per unit of $12.29, raising gross proceeds of approximately $1.8 million.

- RSOP issued an aggregate of 47,949 common units, at a weighted average NAV per unit of $12.93, in exchange for the contribution of property interests.

- RSOP repurchased 49,485 common units at a weighted average discount of 5% from NAV per unit, for a total of $610,000.

- RSOP declared and paid to limited partners (including RS) $11.9 million in cash distributions, and RS declared and paid to RS stockholders $120,000 in cash distributions.

**Highlights for the Six Months Ended June 30, 2025**

The following highlights activities that occurred during the six months ended June 30, 2025.

*Operating Results and Net Asset Value*

- Net loss attributable to RSOP limited partners was approximately $5.0 million, or $0.27 per unit, based on the weighted average number of common units outstanding during the period.

- RSOP had NOI of approximately $13.7 million.

- The RS Parties' NAV per unit/share was $10.96 based on financial information available to management of the RS Parties as of June 30, 2025. This NAV per unit/share excludes certain valuation adjustments negotiated with the CCI Parties for purposes of determining the exchange ratio pursuant to the Merger Agreement.

*Transaction Activity*

- RS and RSOP entered into the Merger with the CCI Parties on June 25, 2025, pursuant to which each share of RS Common Stock issued and outstanding immediately prior to the effective time of the Company Merger (other than shares held by CCI, any wholly owned subsidiary of CCI or any wholly owned subsidiary of RS) will convert into the right to receive 0.8893 shares of Class I CCI Common Stock, subject to adjustment.

- The RS Parties entered into an Internalization Agreement with the Contributors, Contributed Entities and the Contributor Representatives on June 25, 2025, pursuant to which RSOP will acquire all of the equity interest in RS Advisor, RS Property Manager and RSM. The total consideration under the Internalization Agreement is 2,142,135 RSOP Common Units, which will be converted into CROP Common Units in the Partnership Merger.

*Financing and Capital Raising Activity*

- RSOP declared and paid to limited partners (including RS) $5.7 million in cash distributions, and RS declared and paid to RS stockholders $65,000 in cash distributions.

- Subsequent to the end of the second quarter of 2025, in August 2025, the RS Board, acting on behalf of RS for itself and as sole general partner of RSOP, reduced the amount of the monthly distribution per share of RS Common Stock and RSOP Common Unit from $0.0483 to $0.0242 per share/unit, or an annualized amount of $0.29 per share/unit.

**Business Outlook**

Since early 2023, RSOP has seen the effects caused by higher inflation and increased interest rates on its rental rates in some markets and increased operating costs in all markets. Rather than experiencing anticipated rental rate increases at its properties, RSOP has experienced lower effective rents at some properties and lower rent increases at others. Higher inflation and interest rates have created economic hardships for tenants resulting in significantly higher delinquency and bad debt costs over historical trends. These economic and social factors have reduced cash flow available for distributions, capital improvements, unit redemptions, and acquisitions. Generally, real estate companies like RSOP raise equity to fund capital improvements, make acquisitions and repurchase units, but, as a relatively new real estate company in an industry experiencing decreasing valuations and increasing operational challenges, RSOP found the lead time to build out a retail capital raising network longer than expected. This directly impacted RSOP’s ability to raise equity. In effect, headwinds impacting the real estate industry have restricted RSOP’s ability to raise equity, execute its investment strategy and provide liquidity to investors.

As a result of all the factors discussed above:

- RSOP is capital constrained, which means that it cannot acquire new properties to grow its portfolio. As a result of the on-going discussions with the CCI Parties regarding a potential merger and after signing the Merger Agreement, the RS Parties were required to suspend capital raising activities.

- RSOP has suspended unit repurchases to preserve cash for capital expenditures and distributions.

- RSOP limited capital expenditures to essential projects.

- The RS Parties reduced distributions in April 2025 and again in August 2025. It is possible that the RS Parties may need to make further reductions to the monthly distribution prior to completion of the Merger.

In order for RSOP to meet the operating and capital requirements of its properties, without the completion of the proposed Mergers, the RS Parties believe that unit redemptions will continue to be suspended and future distributions could be limited until the RS Parties see improvements in the operating fundamentals of the properties owned by RSOP.

**Our Real Estate Investments**

The following table provides summary information regarding RSOP's real estate investments as of June 30, 2025.

| Property Name | Market | Number of Units | Average Unit Size (Sq Ft) | Purchase Date | Purchase Price[1] | Mortgage Debt Outstanding[2] | Average Rent | Physical Occupancy Rate | Percentage Owned by RSOP |
|---|---|---|---|---|---|---|---|---|---|
| Alkire Glen | Columbus, OH | 252 | 822 | 5/7/2021 | $25,900,000 | $19,593,000 | $1,245 | 94.4% | 93.47% |
| Antero | Colorado Springs, CO | 528 | 828 | 6/18/2021 | $86,100,000 | $41,521,900 | $1,260 | 86.6% | 94.70% |
| Autumn Ridge | Raleigh, NC | 398 | 803 | 5/7/2021 | $51,500,000 | $36,289,000 | $1,148 | 93.7% | 92.2% |
| Morgan Ridge | Winston-Salem, NC | 432 | 956 | 5/7/2021 | $47,100,000 | $33,425,000 | $1,203 | 95.8% | 96.1% |
| Park at Midtown | Greensboro, NC | 216 | 905 | 5/7/2021 | $19,000,000 | $15,979,000 | $1,239 | 92.6% | 93.0% |
| Park at Oakridge | Greensboro, NC | 232 | 1,035 | 5/7/2021 | $23,500,000 | $18,367,000 | $1,240 | 89.7% | 93.0% |
| Timber Hollow | Fairfield, OH | 368 | 782 | 5/7/2021 | $39,800,000 | $37,257,000 | $1,313 | 95.4% | 85.0% |
| The Retreat at Stillmeadow | Cincinnati, OH | 214 | 1,002 | 12/29/2021 | $32,800,000 | $18,937,000 | $1,308 | 96.3% | 85. 0% |
| The Mill at Georgetown | Georgetown, KY | 228 | 992 | 6/1/2022 | $42,300,000 | $32,658,000 | $1,524 | 99.1% | 96.0% |
| Steepleway Downs | Houston, TX | 224 | 684 | 11/17/2022 | $25,000,000 | $12,829,000 | $979 | 92.9% | 100% |
| Lake St. James | Conyers, GA | 484 | 1,005 | 2/17/2023 | $84,750,000 | $48,724,000 | $1,378 | 87.2% | 100% |
| **Total/Wtd. Avg.** | | 3,576 | 889 | | $477,750,000 | $315,579,900 | $1,261 | 92.4% | 93.6% |

(1) Purchase prices represent the acquisition date fair market value.
(2) Mortgage debt outstanding is shown as if RSOP owned 100% of the property.

As of June 30, 2025, the average age of RSOP's operating properties is 33 years, with an average rent of $1,261 and average physical occupancy of 92.4%.

The following tables provides summary information regarding RSOP's unencumbered land held for development as of June 30, 2025:

| Land Held for Future Development | Location | Purchase Date | Purchase Price[(1)] | Mortgage Debt Outstanding | Percentage Owned by RSOP |
|---|---|---|---|---|---|
| Westgate (Land) | Colorado Springs, CO | 8/24/2022 | $4,800,000 | — | 100% |

(1) Purchase price represents the acquisition date fair market value.

***Financing Strategy***

RSOP has financed the acquisition of its multifamily apartment communities with proceeds from its offerings and loans obtained from third-party lenders. As of June 30, 2025, the mortgage loans on its existing projects bear interest at rates between 3.59% and 6.20% per annum. As of June 30, 2025, the loans have remaining terms between 18 months and 72 months. RSOP targets an aggregate loan-to-value ratio for multifamily apartment communities it acquires of between 60% and 65%, based on the purchase price of the multifamily apartment community or the fair market value of the multifamily apartment community at the time that the financing is obtained; provided, however, that RSOP may obtain financing that is less than or exceeds such loan-to-value ratio in the discretion of the RS Board if the RS Board, acting on behalf of RS as the sole general partner of RSOP, deems it to be in the best interest of the RS Parties.

The following table summarizes certain terms of the outstanding mortgage indebtedness secured by RSOP's operating properties as of June 30, 2025. The Westgate land was not encumbered by a mortgage on June 30, 2025.

| Property | Maturity Date | Amount | Interest Rate | Basis for Rate | Lender |
|---|---|---|---|---|---|
| **Secured fixed rate debt** | | | | | |
| Alkire Glen | 06/01/2031 | $19,593,000 | 3.59% | Fixed | CBRE Capital Markets, Inc. |
| Antero | 12/01/2026 | $41,529,900 | 4.88% | Fixed | Berkeley Point Capital LLC |
| Autumn Ridge | 06/01/2031 | $36,289,000 | 3.59% | Fixed | CBRE Capital Markets, Inc. |
| Morgan Ridge | 06/01/2031 | $33,425,000 | 3.59% | Fixed | CBRE Capital Markets, Inc. |
| Park at Midtown | 11/01/2028 | $15,979,000 | 6.20% | Fixed | Berkeley Point Capital LLC |
| Park at Oakridge | 11/01/2028 | $18,367,000 | 6.20% | Fixed | Berkeley Point Capital LLC |
| Timber Hollow | 04/01/2028 | $37,257,000 | 5.14% | Fixed | Berkeley Point Capital LLC |
| Retreat at Stillmeadow | 12/01/2029 | $18,937,000 | 5.44% | Fixed | Keybank National Association |
| The Mill at Georgetown | 06/01/2030 | $32,658,000 | 5.58% | Fixed | Berkeley Point Capital LLC |
| Steepleway Downs | 12/01/2032 | $12,829,000 | 5.52% | Fixed | Keybank National Association |
| Lake St. James | 10/01/2029 | $48,724,000 | 4.95% | Fixed | Berkeley Point Capital LLC |
| Total/Weighted Average | | $315,579,900 | 4.83% | | |

In connection with the Mergers, the CCI Parties are assuming all of the loans listed above. The RS Parties expect that the loan assumption fees and the legal fees related to the loan assumptions will be approximately $3.5 million. Such loan assumption fees and related legal fees are "transaction expenses" within the meaning of the Merger Agreement. See "The Merger Agreement — Consideration to be Received in the Company Merger and the Partnership Merger — Adjustments to the Merger Consideration — Transaction Expenses."

In addition to the secured mortgage debt summarized in the table above, as of June 30, 2025, RSOP had an installment note with an outstanding principal balance of approximately $1.6 million. The note is payable to RealSource Residential, LLC, bears interest at a fixed rate of 5% per annum and matures on June 30, 2026. An installment payment of $800,000 is due on or before December 31, 2025. The note can be prepaid at any time without any prepayment penalties.

**RSOP Results of Operations**

***Comparison of Years Ended December 31, 2024 and 2023***

RSOP's results of operations for the years ended December 31, 2024 and 2023 are as follows ($ in thousands, except share and per share data):

| | **Year Ended December 31,** | | **Change** | |
|---|---|---|---|---|
| | **2024** | **2023** | **$** | **%** |
| **Rental and other property revenues** | 48,448 | 46,027 | (2,420) | (5) |
| **Expenses** | | | | |
| Property operations expense | 21,045 | 19,317 | (1,728) | (8) |
| General and administrative expenses | 2,034 | 2,165 | 130 | 6 |
| Asset management fee to related party | 2,940 | 2,332 | (608) | (21) |
| Depreciation and amortization expense | 19,439 | 20,072 | 633 | 3 |
| Total operating expenses | 45,460 | 43,886 | (1,574) | (3) |
| **Operating income** | 2,988 | 2,141 | 847 | 4 |
| **Other income (loss)** | | | | |
| Interest expense | (12,777) | (11,406) | (1,371) | (11) |
| Other non-operating expenses | - | (943) | (943) | |
| Distribution income from affiliates | 1,310 | 1,510 | (200) | (13) |
| Equity in net earnings of affiliates | (5,534) | (2,849) | (2,685) | (94) |
| | (4,224) | (1,339) | (2,885) | (215) |
| Total other expenses | (17,001) | (13,688) | (3,312) | (24) |
| **Net loss** | (14,013) | (11,547) | 2,465 | 21 |
| **Net loss attributable to non-controlling interest** | (408) | (344) | 63 | 16 |
| **Net loss attributable to RSOP** | $(13,605) | $(11,203) | $(2,402) | (18%) |
| Weighted average common units outstanding – basic and diluted | 18,413 | 17,792 | | |
| Net loss per common unit– basic and diluted | $(0.74) | $(0.63) | | |

*Rental and Other Property Revenues*

Rental and other property revenues increased just over $2.4 million in 2024 over 2023 as market rents increased by $1.5 million. The most significant component of rent growth resulted from owning Lake St. James for the full twelve months in 2024. This property was purchased in February 2023. Other property revenues grew as a result of improvement in occupancy, less bad debt expense and an increase in utility reimbursement, offset by small increases in concessions and other revenue items. While RSOP is seeing improvements in delinquency and reductions in bad debt, these items are still above historical trends.

*Property Operations Expense*

Property operations expense increased $1.7 million primarily due to a increases in property-level payroll expenses, utilities costs, property taxes and property insurance expenses. The increase in 2024 expenses also reflects a full year of operating expenses for Lake St. James, which was purchased on February 2023.

*General and Administrative Expenses*

General and administrative expenses, which remained consistent across periods, decreased by approximately $130,000 in 2024 compared to 2023.

*Asset Management Fee*

RS Advisor charges an asset management fee based on the gross value of the portfolio. The asset management fee began at 25 basis points in May 2021 with annual increases of 10 basis points, which began on October 1, 2021, until it reaches a maximum of 75 basis points, beginning on October 1, 2025. Asset management fees increased by $600,000 in 2024 over 2023, which was primarily a result of the 10-basis point increase in the rate and the impact of a full year of asset management fees on Lake St. James in 2024.

*Depreciation and Amortization*

Depreciation and amortization decreased $0.6 million, which is the net change resulting from a decrease of $2.6 million in 2023 of the amortization of the value of in-place leases recorded at the acquisition of The Mill at Georgetown, Steepleway Downs and Lake St. James. The in-place leases are amortized over twelve months and were substantially completed in 2023. In 2024 depreciation expense increased by $1.4 million from the depreciation of additional capitalized assets at the properties and including a full year of depreciation on Lake St. James.

*Interest Expense*

Interest expense increased $1.4 million. This increase is a combination of the expiration of an interest rate cap hedge that paid a monthly cash payment to offset interest costs that exceed hedge interest rate that expired in June 2024 on The Park at Midtown, The Park at Oak Ridge and Timber Hollow. This interest rate hedge was in place for the entire year of 2023 and only one half of 2024. RSOP also refinanced these three properties during 2023, increasing the loan balances by approximately by $8.6 million, to convert variable rate debt to fixed rate debt. RSOP also refinanced Lake St. James in August 2024, increasing the outstanding debt by $11.2 million.

*Other Non-Operating Expenses*

The RS Parties determined that the value of Nevin Place, which was sold in December of 2024, was impaired at the end of 2023 and recorded a one-time impairment loss of $943,000 as other expense in 2023.

*Distribution Income and Equity in Net Earning of Affiliations*

We account for joint ventures and other similar entities in which we hold an ownership interest in accordance with the consolidation guidance. Under the variable interest entity ("VIE") model, we consolidate an entity in which we are considered the primary beneficiary. If a joint venture does not qualify as a VIE, then it is not consolidated and must be accounted for as an unconsolidated subsidiary, in which case distributions from such entities are considered to be income and change in valuation are considered to be income or expense. During 2023 and 2024 the entities that owned Autumn Ridge and Steepleway Apartments were unconsolidated subsidiaries. Distributions from these unconsolidated subsidiaries were lower by $200,000 in 2024 as compared to 2023. Equity in the net earnings of affiliates decreased by $2.7 million reflecting a valuation adjustment of the unconsolidated subsidiaries.

## Non-GAAP Financial Measures

### *Net Operating Income (NOI)*

NOI is a supplemental non-GAAP measure of RSOP's property operating results and is defined as RSOP's rental and other property revenues less RSOP's property operations expenses. While the RS Parties' management believes net income (loss), as defined by GAAP, to be the most appropriate measure to evaluate overall performance, they consider NOI to be an appropriate supplemental performance measure. The RS Parties' management believes NOI provides useful information to investors regarding RSOP's results of operations because NOI reflects the operating performance of RSOP's properties and excludes certain items that are not considered to be controllable in connection with the management of such properties, such as real estate-related depreciation and amortization, general and administrative expenses, advisory fees, interest expense, impairment losses, gains or losses on sale of real estate, other income and expense and income or loss attributable to noncontrolling interests. In addition, RS Advisor uses the NOI of each property in RSOP's portfolio to determine NAV. However, NOI should not be viewed as an alternative measure of RSOP's financial performance because it excludes such items that could materially impact the results of operations. Further, NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating NOI, therefore, securityholders of the RS Parties should consider net income (loss) as the primary indicator of the overall financial performance.

The following table reconciles net loss attributable to RSOP from RSOP's consolidated statements of operations to NOI for the years ended December 31, 2024 and 2023 (in thousands):

| | **Year Ended December 31,** | |
|---|---|---|
| | **2024** | **2023** |
| Net loss attributable to RSOP | $(13,605) | $(11,203) |
| Depreciation and amortization | 19,439 | 20,072 |
| General & administrative expenses | 2,034 | 2,165 |
| Asset management fee to related party | 2,941 | 2,332 |
| Interest expense | 12,777 | 11,406 |
| Other non-operating expenses | | 943 |
| Distribution income from affiliates | (1,310) | (1,510) |
| Equity in net earning of affiliates | 5,534 | 2,849 |
| Non-controlling owners loss | (408) | (344) |
| NOI | $27,402 | $26,710 |

NOI increased for the year ended December 31, 2024 by approximately $700,000 for the reasons discussed previously under "—RSOP Results of Operations —Comparisons of Years Ended December 31, and 2024 and 2023 —Rental and Other Property Revenues and —Property Operations Expense" when compared to the same period in the prior year.

The following table reconciles net loss attributable to RSOP from RSOP's consolidated statements of operations to NOI for the six months ended June 30, 2025 (in thousands):

| | **Six Months Ended June 30, 2025** |
|---|---|
| Net loss attributable to RSOP | $(4,973) |
| Depreciation and amortization | 9,179 |
| General & administrative expenses | 1,050 |
| Asset management fee to related party | 1,633 |
| Interest expense | 7,018 |
| Distribution income from affiliates | (645) |
| Equity in net earning of affiliates | 618 |
| Non-controlling owners loss | (174) |

| | |
|---|---|
| NOI | $13,706 |

**NAV Per Unit/Share**

***How the RS Parties Calculate NAV***

The RS Parties do not have a policy that specifies the frequency for determining NAV and NAV per share/unit. The RS Board, on behalf of RS for itself and as the sole general partner of RSOP, has discretion to determine when these determinations are made. At the direction of the RS Board, the RS Parties began determining NAV and NAV per share/unit on a quarterly basis commencing with the determination of NAV and NAV per share/unit that was announced on September 30, 2024based on financial information available as of June 30, 2024.

RS Advisor determines NAV and NAV per share/unit and the RS Board reviews and approves NAV and NAV per share/unit. In 2024, the RS Board approved the use of Altus Group U.S., Inc. ("Altus"), an independent valuation firm, to review RS Advisor's determination of NAV and NAV per share/unit. Altus reviewed NAV and NAV per share/unit announced on September 30, 2024 and December 31, 2024. Altus has not reviewed any other NAV determinations due to cost saving measures undertaken by management in connection with the Mergers. The RS Board considered that NAV and NAV per share/unit announced subsequent to December 31, 2024 had been calculated by RS Advisor using the same valuation methodology used by RS Advisor to determine the NAV and NAV per share/unit announced on September 30, 2024 and December 31, 2024.

RS Advisor estimates the NAV for each property by taking its NOI, after making certain adjustments, and dividing it by an appropriate market capitalization rate. This results in a gross asset value for each property in the portfolio. From time to time, the RS Board has elected to selectively solicit and obtain broker opinions of value and third-party appraisals to support the reasonableness of RS Advisor's determination of estimated gross asset value. RS Advisor then adds the fair value of other operating assets associated with each property to its estimated gross asset value and reduces that amount by the principal amount of outstanding mortgage debt and the amount of other liabilities associated with the operation of such property. This results in a gross net asset value for each the properties in the portfolio. The gross net asset value of each property in the portfolio is then multiplied by RSOP's percentage ownership interest in such property to produce the NAV of such property. The NAV of each property in the portfolio is then aggregated to produce the aggregate NAV. The aggregate NAV is then divided by the outstanding number of shares of RS Common Stock and RSOP partnership units to produce the NAV per share/unit. The RS Board then reviews, with RS Advisor and its representatives, the aggregate NAV and the NAV per share/unit. As noted above, the RS Board has relied on Altus in connection with some, but not all, of the NAV and NAV per share/unit determinations. Each board-approved NAV and NAV per share/unit determination is then communicated to RS stockholders and RSOP limited partners.

***Limitations On NAV Determinations***

To calculate NAV and NAV per share/unit, RS Advisor has adjusted the values of certain of assets and liabilities from historical cost to fair value. RS Advisor's valuation procedures and NAV and NAV per share/unit are not subject to GAAP and have not been and will not be subject to independent audit. NAV and NAV per share/unit may differ from total equity, stockholders' equity or partners' equity reflected in RS's and RSOP's audited financial statements included elsewhere in this consent solicitation statement/PPM. Furthermore, no rule or regulation requires that the RS Parties calculate NAV or NAV per share/unit in a certain way and there is no established practice among public REITs, whether listed or not, private REITs or other real estate companies like RS and RSOP for calculating NAV and NAV per share/unit. As a result, other public and private REITs and real estate companies may use different methodologies or assumptions to determine NAV and NAV per share/unit. The NAV below does not reflect certain negotiated adjustments in valuation used by the RS Parties and the CCI Parties to determine the exchange ratio set forth in the Merger Agreement.

The following table sets forth the components of RSOP's NAV as of June 30, 2025 ($ amounts in thousands):

| **Components of NAV*** | **June 30, 2025** |
|---|---|

| | |
|---|---|
| Gross Asset Valuation | $534,145 |
| Other assets | 10,765 |
| Secured mortgage indebtedness | -(315,580) |
| Other liabilities | (12,548) |
| Unadjusted Net Asset Value | 216,782 |
| Adjustment for non-controlling owners | (14,034) |
| Net Asset Value | $202,748 |

**Liquidity and Capital Resources**

RSOP's principal demands for funds during the short- and long-term are and will be for the acquisition of multifamily apartment communities; operating expenses, including RSOP's allocable portion of the asset management fee and property management fee it pays to RS Advisor and its affiliates prior to completion of the Pre-Merger Transactions; capital expenditures at multifamily apartment communities; general and administrative expenses; payments under debt obligations; repurchases of RSOP Common Units (if and when repurchases of those equity securities is recommenced) and payments of distributions to holders of RS Partnership Units. RSOP intends to attempted to obtain the capital required for its short-term and long-term liquidity needs discussed above from the proceeds of private offerings of its RS Common Stock and RSOP Common Units and from any undistributed funds from its operations.

The RS Parties' ability to raise equity from third parties has been challenged. Since the inception of their private equity offerings through the date of the Merger Agreement, the RS Parties have raised an aggregate of $20.7 million from the sale of RS Common Stock and RS Common Units and $175.5 million in exchange for ownership units in properties. In addition, the Merger Agreement restricts the ability of the RS Parties to generate cash from the sale of equity securities without the prior written consent of the CCI Parties, and the RS Parties have suspended their private offerings. If cash cannot be secured, RSOP may need to sell properties, which would trigger indemnification payments under tax protection agreements between RSOP and certain limited partners.

Outside of cash flow generated by operations, RSOP's only potential source of capital could come from refinancing encumbered properties for additional proceeds. There is significant equity in the Antero property located in Colorado Springs, CO, and the Antero property's mortgage matures in 2026, which could be a source of liquidity. RSOP could also refinance the Autumn Ridge, Alkire Glen and Morgan Ridge properties; however, as these properties currently have interest rates under 4.00%, any refinancing at this time would likely result in higher fixed interest rates.

The RS Parties intend to strengthen their capital and liquidity positions by continuing to focus on core fundamentals at the property level. Factors which could increase or decrease the RS Parties' future liquidity include but are not limited to operating performance of RSOP's properties, the interest rate environment and inflation which could increase its expenses, the amount of capital expenditures RSOP is required to make to its properties and the volume of repurchase requests RSOP receives from holders of RS Common Units. RSOP has satisfied all repurchase requests received prior to April 1, 2025, the date on which the RS Board determined, on behalf of RS in its capacity as the sole general partner of RSOP, that it was not in the best interests of the RS Parties and their securityholders to continue repurchases of the RS Parties' equity securities with the exception of requests from five investors for a total of 160,660 units. As of June 30, 2025, RSOP has unfunded requests to repurchase an aggregate of 197,135 RSOP Common Units for an aggregate purchase price of approximately $2.2 million based on RSOP's NAV as of June 30, 2025. Under the terms of the Merger Agreement, the CCI Parties have agreed to provide $1.8 million to repurchase redemption requests. Due to continuing liquidity constraints at this time, the RS Parties' management believes RSOP's available cash to fund repurchase requests will be limited.

During 2024, RSOP disposed of a 55-unit property in Charlotte, North Carolina at a sales price of approximately $8.3 million. There have not been any dispositions during the first six months of 2025, although RSOP has signed a purchase and sales agreement for the sale of the Westgate land at a sale price of $9.2 million. The closing on this sale is expected to occur in 2026 after the closing of the Mergers.

In addition to the uses of cash discussed above, the RS Parties expect to use capital resources to make certain payments to RS Advisor and its affiliates pursuant to the terms of the RS Advisory Agreement prior to its termination on the closing date of the Pre-Merger Transactions and pursuant to other agreements with affiliates of RS Advisor.

***Material Cash Requirements***

Expected material cash requirements for the twelve months ending December 31, 2025 and thereafter are comprised of (i) contractually obligated expenditures, (ii) other required expenditures and (iii) capital expenditures.

*Contractually Obligated Expenditures*

The following table summarizes RSOP's contractually obligated principal payments on its outstanding debt obligations, exclusive of any refinance or extension options, as of December 31, 2024 (dollars in thousands):

| | **Twelve Months Ending December 31, 2025** | **Twelve Months Ended December 31, 2026** | **Thereafter** |
|---|---|---|---|
| Principal payments on outstanding debt | $839 | $41,900 | $269,684 |

For the twelve months ending December 31, 2025, the total amount of obligated expenditures for property management fees are approximately $2.0 million and the asset management fees are approximately $2.2 million. (The 2025 property management fees and asset management fees can't be determined at this time without knowing the rental revenue for 2025 and the gross value of the assets for that period.) For the twelve months ending December 31, 2026 and thereafter, property management and asset management fees will be calculated on a variable basis. RSOP has a contractual obligation to pay an affiliate approximately 3.5% of rental revenues for property management services for each property, and a contractual obligation to pay RS Advisor approximately 0.75% of the portfolio's gross asset value for asset management services.

*Other Required Expenditures*

The RS Parties incur certain other required expenditures in the ordinary course of business, such as utilities, insurance, real estate taxes, third-party management fees, certain capital expenditures related to the maintenance of properties and corporate level expenses. Additionally, the RS Parties carry comprehensive insurance to protect RSOP's properties against various losses. The amount of insurance expense that the RS Parties incur depends on the assessed value of RSOP's properties, prevailing market rates and changes in risk. Furthermore, the RS Parties incur real estate taxes in the various jurisdictions in which they operate. The amount of real estate taxes that the RS Parties incur depends on changes in the assessed value of RSOP's properties and changes in tax rates assessed by certain jurisdictions.

For the year ended December 31, 2024, distributions declared and paid to RSOP limited partners were $11.9 million. For the year ended December 31, 2024, RSOP's net loss was $13.6 million. Cash flows provided by RSOP's operating activities for the year ended December 31, 2024 were $11.5 million.

For the six months ended June 30, 2025, distributions declared and paid to RSOP limited partners were $5.7 million. For the six months ended June 30, 2025, RSOP's net loss was $5.0 million. Cash flows provided by RSOP's operating activities for the six months ended June 30, 2025 were approximately $5.0 million.

*Capital Expenditures*

RSOP deployed $4.5 million during the year ended December 31, 2024 for capital expenditures, funded by debt, proceeds from offerings of its securities the sale of its properties and property operations. RSOP has $6.7 million of capital expenditures budgeted for 2025 and has deployed $1.5 million for capital expenditures during the six-month period ended June 30, 2025. As a result of the amount of capital expenditures budgeted for 2025, the RS

Board, acting on behalf of RS as the sole general partner of RSOP, suspended repurchases of RSOP Common Units effective as of April 1, 2025. In order to further preserve capital for 2025 budgeted capital expenditures, the RS Board, acting on behalf of RS as the general partner of RSOP, reduced the amount of RSOP's monthly cash distribution beginning with the distribution paid in August 2025 from $0.1450 per RSOP Common Unit to $.0725 per RSOP Common Unit.

**Cash Flows**

The net changes in RSOP's cash and cash equivalents and restricted cash for the years ended December 31, 2024 and 2023 are summarized in the table below:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Net cash provided by (used in) operating activities | $11,264 | $11,225 |
| Net cash provided by investing activities | 2,934 | (22,361) |
| Net cash used in financing activities | (15,016) | (4,290) |
| Net increase (decrease in cash and cash equivalents and restricted cash) | $(818) | $(15,426) |

Net cash flow used in operating activities increased by $291,000 in 2024 compared to 2023. Although the net loss applicable to RSOP for 2024 increased by approximately $2.5 million in 2025, all of this loss was a result of the unrealized loss from investments in affiliates. Depreciation and amortization was less in 2024 by $632,000 but this decrease was more than offset by changes in working capital accounts of approximately $1.7 million. The increase in net cash flow used in operating activities in 2024 compared to 2023 was also impacted by an impairment loss on an asset of $943,000 in 2023.

Net cash flows provided by investing activities increased by $25.3 million in 2024 compared to 2023. In 2023, $12.1 million of cash was used in the acquisition of a property while $7.4 million was generated through the sale of a property in 2024, resulting in a change of $19.5 million between the two years. Capital improvements spent on the properties decreased from $10.3 million in 2023 to $4.5 million in 2024 resulting in an increase in cash from investing activities of $5.8M.

Net cash flow used in financing activities increased by $11 million in 2024 compared to 2023 driven by $6.3 million less proceeds from refinancing activities in 2024 and $3.5 million of principal payments on debt. Other significant changes include an increase in financing fees of $2.7 million, a reduction in proceeds from the sale of RSOP units of $700,000, an increase in distributions of $900,000, distributions paid to non-controlling interest of $700,000 and a reduction in RSOP Common Unit redemptions of $1.7 million.

**Critical Accounting Policies and Estimates**

A critical accounting estimate is one that is both important to RSOP's financial condition and results of operations and that involves some degree of uncertainty. The preceding discussion and analysis of financial condition and results of operations are based on RSOP's consolidated financial statements and the notes thereto, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires the RS Parties' management to make a number of estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. On an ongoing basis, the RS Parties' management evaluates such estimates and assumptions based upon historical experience and various other factors and circumstances. The RS Parties' management believes that such estimates and assumptions are reasonable under the circumstances; however, actual results may differ from these estimates and assumptions.

The RS Parties' management believes that the estimates and assumptions summarized below are most important to the portrayal of the financial condition and results of operations of the RS Parties because they involve a significant level of estimation uncertainty and they have had, or are reasonably likely to have, a material impact on the financial condition or results of operations of the RS Parties.

For a discussion of all of the RS Parties' significant accounting policies, refer to Note 2 of the annual audited financial statements of RS and Note 2 of the annual audited consolidated financial statements of RSOP appearing elsewhere in this consent solicitation statement/PPM.

***RS Critical Accounting Policies and Estimates***

*Assessment of Variable Interest Entities*

RS accounts for joint ventures and other similar entities in which RS holds an ownership interest in accordance with the consolidation guidance. RS first evaluates whether each entity is a variable interest entity ("VIE"). Under the VIE model, RS consolidate an entity in which RS is considered the primary beneficiary. The primary beneficiary is the entity that has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. In addition, when an entity is not a VIE, RS consolidates an entity under the voting model when RS controls the entity through ownership of a majority voting interest.

RS evaluates its investment in RSOP and similar entities in accordance with applicable consolidation guidance to determine whether each such entity is a VIE. The accounting standards for the consolidation of VIEs require qualitative assessments to determine whether RS is the primary beneficiary. The primary beneficiary analysis is based on power and economics. RS concludes that it is the primary beneficiary and consolidate the VIE if RS has both: (i) the power to direct the activities of the VIE that most significantly influence the VIE's economic performance, and (ii) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. Significant judgments and assumptions related to these determinations include, but are not limited to, estimates about the current and future fair values and performance of real estate held by these VIEs and general market conditions.

During fiscal year 2024, RS had a 0.01% interest in RSOP and serves as the general partner of RSOP. Although RS has the power to direct the activities of RSOP as general partner, RS's interest in RSOP, without other sources of potential variability, does not constitute a potentially significant variable interest in RSOP, and therefore RS is not the primary beneficiary of RSOP. The primary beneficiary determination is a continuous assessment that may change in the future.

*Investment in Affiliates*

RS holds a 0.01% interest in RSOP. RS does not have a significant variable interest in RSOP and thus does not qualify for consolidation. Investments for which RS can exercise significant influence but does not have control are accounted for under the equity method unless RS elects the fair value option of accounting. RS has elected the fair value option of accounting to account for its interests in RSOP so as to not track separately the basis differences using the equity method of accounting. Changes in the fair value, which are inclusive of equity in income, are recorded as changes in fair value of unconsolidated affiliates in the consolidated statements of operations during the periods such changes occur.

RS's investment in RSOP is accounted for under the fair value option based on the NAV of RSOP's underlying investments. In determining the fair value of its investment in RSOP, RSOP relies on Level 3 inputs within the fair value hierarchy established under Accounting Standards Codification 820, *Fair Value Measurements and Disclosures.* Level 3 inputs are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability. For more information about the process for determining the NAV of RSOP's underlying investments, please see the section entitled "—NAV per Unit/Share – How the RS Parties Calculate NAV."

***RSOP Critical Accounting Policies and Estimates***

*Investments in Real Estate Assets, Net*

In accordance with the guidance for business combinations, RSOP determines whether the acquisition of a property qualifies as a business combination, which requires that the assets acquired, and liabilities assumed constitute a business. If the property acquired does not constitute a business, RSOP accounts for the transaction as an asset acquisition. All property acquisitions to date have been accounted for as asset acquisitions.

RSOP accounts for asset acquisitions by allocating the total cost to the individual assets acquired and liabilities assumed on a relative fair value basis. Transaction costs associated with the acquisition of a property are capitalized as incurred and are allocated to land, building, furniture, fixtures and equipment and intangible assets on a relative fair value basis. Real estate assets and liabilities include land, building, furniture, fixtures and equipment, other personal property, in-place lease intangibles and debt. The fair value of assets and liabilities is determined using valuation techniques that rely on Level 2 and Level 3 inputs within the fair value framework. Accordingly, RSOP may use significant subjective inputs in determining fair values.

Fair values are determined using methods similar to those used by independent appraisers, and include using replacement cost estimates less depreciation, discounted cash flows, market comparisons, and direct capitalization of net operating income.

If any debt is assumed in an acquisition, the difference between the fair value and face value of the debt is recorded as a premium or discount and amortized to interest expense over the life of the debt assumed.

*Impairment of Long-Lived Assets*

Long-lived assets include real estate assets and acquired intangible assets. Intangible assets are amortized on a straight-line basis over their estimated useful lives. On an annual basis, RSOP assesses potential impairment indicators of long-lived assets. RSOP also reviews for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Indicators that may cause an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results and significant market or economic trends.

When RSOP determines the carrying value of a long-lived asset may not be recoverable based upon the existence of one or more of the above indicators, RSOP determines recoverability by comparing the carrying amount of the asset to the net future undiscounted cash flows the asset is expected to generate. RSOP recognizes, if appropriate, an impairment charge equal to the amount by which the carrying amount exceeds the fair value of the asset.