

Nick,

As promised, I am sending you the breakdown we discussed earlier. Hopefully seeing this, as well as reading the info below, will provide some depth to what appears to be a one sided perspective. I am not sure if they are looking for someone to pin it on, and chose SBAR, or if they don't know much about the industry - I am going to choose to believe it's the latter one.

I also want to make clear that the sales figures you gave me on the phone was just not SBAR selling yo Solid, but included a couple of other clients - those clients are obviously not included here. I'm also basing this on our price, not what ended up on county records, as the spread between my sales number and county record, would be the spread that Solid was making. The accounting sheet I'm sending you also includes houses that were sold in Michigan, Missouri, and Indiana as well.

My attorney strongly advised me against sending any information over, as pretty much all info related to clients (not just them, any client) is covered by confidentiality, but I figured if it helps you get a clearer picture, then I'll share it albeit in general terms so as to not breach that confidentiality.

I am hopeful that this will clear up some of the false allegations and misconstrued conclusions that seem to have been reached (hopefully they are just misunderstandings, and not of malicious intent).

You've always been fair to me (at least I hope so!) and it seems you've been able to do enough research on me to see that I have done quite a few things both before- and after working with Solid, and I also liked our discussion about how these types of things impacts the cities and residents.

I'd like to think that over the years and the thousands of properties we've sold to investment groups, that we've had a "net positive" impact on the markets where we are active, providing homes and job opportunities, especially for people coming from marginalized communities.

I do want to make it clear that we never, ever, in any scenario want to see investors lose money - absolutely not. Risk is a part of any investment, especially the ones targeting outsized returns, and based on what you are telling me, I really wish that would have been made clearer (if it wasn't) and explained to the buyers prior to investing. This is not something that I, or Brad, had any role in, as we never dealt with the buyers.

I was aware that there was a small number of investors who tried to take Kajsa to court in Sweden, so obviously there were buyers that were not happy, but I also believe that Kajsa "won" the case and the judge did not agree with those investors.

Leading up to the trial, I was helping her where I could, digging through old emails between her staff and Tobias, and all of the properties involved in that case, with one exception, were rented and received income.

Perhaps if the situation had not become so "inflamed" at one point, with investors fighting Solid and us ending up a bit in the middle, the situation could have been handled a lot better and at least a much more orderly exit could have been arranged for those who wanted to sell. It appears from looking at county records that many of the houses that were bought by investors from SBAR, were then resold to entities controlled by one of the biggest wholesalers in Cleveland. Shortly after this, they were then once again resold at a MUCH higher price than what we had sold them for, to clients of two large UK based firms.

Several of the investors also enlisted realtors who perhaps were more looking to help their clients, the buyer, get a great deal, rather than look out for the investors, thereby neglecting their duties, although I am only speculating here.

My general point is, once the business essentially stopped, everyone could have handled things better, and probably achieved a much more favorable outcome - including us. Engaging in a "fire

sale” instead of having the benefit of trying to get a better price on the open market, unfortunately does not tend to yield very good results.

In my personal opinion, I also think that the property manager many investors chose to use towards the end, only had one interest in mind, and it was not to help investors. I’m sure Brad has told you who it was, and I won’t put it here in writing, but once she got her hands on the clients, she wanted nothing more than to bill them VERY excessive amounts, for work that did not need to be done.

While I did not meet the majority of Solids investors, I did still meet quite a few of them, albeit briefly, and they all seemed very nice and friendly as well as excited about the prospect of buying real estate in the US. Some of them were certainly giving the impression that they didn’t have much investment experience, while some were more sophisticated - I just think a lot of them perhaps didn’t understand that when chasing really outsized returns - often in excess of 15-20% per year, you are also unfortunately going to have to assume risks.

I was told that Solid mandated that all clients signed a risk warning, which I don’t have a way of verifying but I also have no reason to believe it is not accurate (Kajsa was careful to try to protect herself, as far as I could see) and our purchase agreements had all the usual “as is-where is” language that I’m sure you have seen when you bought a home for yourself etc. As you probably know, these are standard terms in contract language in all US states.

The Solid model deviated a bit from the way we usually work – which is selling houses with Section 8 tenants. I think you are familiar with the program, but it adds a number of safeguards both for us and the clients. Under the program, each property gets inspected by the city, as well as HUD and gets “signed off” by them before a tenant can move in, so it takes away a lot of the uncertainty that it seems like these buyers are feeling. When using the Section 8 program, there is never a question about whether the properties were renovated or not, or to what standard. The property management is also somewhat less significant, as rent collection is “automatic”, and the PM is simply there in case any general upkeep is needed by the tenant. You will see the houses you found that we sold to the Voyager Pacific fund during this time period were all Sec 8, and they will speak very highly of us.

Solids model and investors on the other hand, while we offered them Section 8 properties, did not have the budgets or the willingness to buy section 8 houses. So rather than partaking in the government program, these investors instead became reliant on local property managers.

One of the bigger challenges I believe the various property managers encountered was that many of the investors chose not to obtain an EIN number and open a US bank account, which meant that Section 8 would have been a non-starter, as legally HUD can not send the money overseas.

As a matter of fact, I know I told you this on the phone but just restating it, I (as in SBAR) received well over \$200k in rent money from various property managers, on behalf of Solid investors, which I was then requested (and complied, even though it did create some tax issues for me) to send to the investors accounts overseas - away from the IRS and any reporting. I think that amount probably also shows you that these were not “houses that couldn’t be rented”, quite the opposite.

As far as I understand, the prospective owners were all provided with pictures of the completed work prior to closing - I can not speak to that as I didn’t have anything to do with that part, but why would you agree to purchase AND CLOSE on a property if you haven’t seen the pictures and making sure you are satisfied? These investors seemed like sensible people, so I can’t understand what made them do it, if they had any doubts at all. I wish that had been brought to our attention, and we could have sold the houses to other firms (who would have elected the section 8 route instead), if we were unable to satisfy the clients. However, any of those concerns unfortunately never made it to me.

Many, many investors also visited Cleveland and (I'm assuming?) saw their houses in person as well. I can't say the number, but they did plenty of "fly in" visits, I was there for a few, many were just Kajsas and Tobias or someone else from her office, so I can't tell you how many came over vs how many relied on whatever information they were given.

I feel like you and I have talked about this several times on the phone, but I believe that the property management, or unfortunate lack thereof, is the main reason why it appears a lot of these properties may not have worked out. When Brad was managing them at the initial stage, I want to say we had 100%, or very close, tenancy- and collection rates.

I know the Solid investors went through a long list of PM's, some I am sure tried their best, while some other ones seemed to have had nefarious motives and I'm sure you have been able to look up a few of their former partners and see where they are today.

The example you brought up of an investor going to Cleveland some time in 2019 and "the house looked terrible" simply is not an indication of anything to do with the work undertaken - I don't know which investor or house we are talking about, but that would have been at least 2 years since they purchased it. I'm sure you have seen it yourself - if a house sits vacant, it's a prime target to get broken into (I'm sure you know that) furnaces stolen, wires cut, and possibly squatters moving in. I'm also pretty sure that based on how most investors, or their property management, handled themselves, that they would not have had utilities on, nor would the property manager have cared enough to winterize the property. We both know what happens to a property in a cold climate when the heat is off all winter, and even more so if they forget to turn the water off.

On the topic of utilities and bills, VERY few of the investors, and virtually none of the Property managers ever bothered to switch utilities into their own names, or the names of the tenants, so while the investors were benefitting from the rental income (at least in the cases I saw, where I had to pass the money along) I was stuck with their bills, and it is ultimately the reason SBAR went out of business in 2018/19, as we owed hundreds of thousands to utility companies in Cleveland by the time everything was "said and done" which I didn't even account for on the attached sheet as it was paid long after the whole Solid business had finished. As you can see, by the end of 2018, we had already paid a very substantial amount on behalf of owners.

Along the same lines, although granted it was more of a nuisance than a real problem, almost all of the investors that ended up opening bank accounts here in the US (which I'm glad they did) ended up using Brad's address and my phone number, and for YEARS he was getting a Christmas sized sack of mail every few days, while I got phone calls from different places, some were banks while some were just random "spam" calls, looking for various investors. I didn't have a problem helping them with it, and I also assisted many of them (the ones I had met myself) sign closing docs and get funds disbursed, once they resold their properties, in a few cases even opening up bank accounts for them - at no charge - as I wanted to help them.

Just a couple of notes for you as you look at the sheet as well:

- The numbers are for the entire 3-4 year period of working with Solid.
- This sheet shows all houses sold to Solid, including houses in Detroit, St Louis and Cleveland. While I've tried to account for all houses, it's possible that a few are missing - this is dating back primarily to 2016/2017 from what I can see, with a few sales after that, during 2018.
- The breakdown of our expenses do NOT include fees paid to wholesalers - we would not have incurred that on very transaction, I would estimate that 40-50% of transactions involved this type of cost, which on average would be between \$2000-3000 per property. This would add up to roughly another \$100-150k in additional expenses for this period.

These fees as you probably know would not show up on the HUD statements, and are in addition to the purchase price that you see recorded on county records.

- The sheet does not factor in any of the travel costs for me (I didn't do a ton of it but as this is a 4 year stretch I did still end up going quite a few times to Detroit and Cleveland, either from Santa Ana or LAX) as well as hotel nights, rental cars, meals on the road etc.

- it also doesn't include fees we paid for services like accounting, tax return preparation and filing, legal costs, any admin work needed, office rent etc, as we chose to account for those costs separately, so we didn't include any of those costs over this 4 year period.

To the general point of the story (I know they're looking for an answer as to what went wrong) I think there are a couple ways to look at it:

- The PM would be at fault for failing to place tenants in the properties, collect rents once they did get a property handed over to them, as well as maintaining- and securing the properties. I also got the impression that Solid (and by default, their investors) had a hard time getting timely- and accurate information from them.

- While it is not a popular opinion, the Investors themselves will probably have to accept most of the blame – which is a shame, as they all seemed like nice and sincere people. Nevertheless, they were chasing very high returns, and I wish they had taken more time to familiarize themselves with the risks, if they are contending that they were not aware of them. While I understand that it was a very stressful time, perhaps some of them will agree that it may have been beneficial not to “panic” at the time they wanted to sell (as many of these properties resold almost immediately at a much higher price), and perhaps could have engaged in a discussion as far as how the situation could have been improved- and stabilized once it started to go in the wrong direction.

- From the feedback you've given me, and what I understand from Kajsa, we (SBAR) could have encouraged Tobias/Solid to establish a more streamlined system, where all prospective owners were given pictures/video TO THEIR SATISFACTION prior to closing. While we cooperated on certain things, we did not (and could not) have any insight as far as how they handled their side of the business. In addition, once they owned the property, we should have insisted that Solid hired a local coordinator to guide them through the process of obtaining an EIN number, open a bank account, purchase insurance etc - things that don't look like a big deal, but once you fall behind on it, it's hard to get on top of it. I did not keep in touch with too many of the investors personally although some of them (maybe 10 or so) did reach out and their biggest complaint seemed to be that they felt that once they'd purchased the property, they were “left stranded” with no support. Again, they referred to the Swedish side of the business, not ours.

- Solid I believe had good intentions, as far as I could tell, and while I was told that they provided risk warnings, they could have perhaps done a better job at trying to “weed out” clients so that they didn't promote this to buyers where the property purchase would require a significant amount of that persons total liquidity, and who could not afford to take on the risk. As mentioned earlier, they probably should have hired at least one person locally in Cleveland that could have handled any issues or questions from clients, rather than relying on management companies who I think they also realized were largely incompetent.

- In hindsight, we probably should have pushed harder to create some sort of forum, especially as the business was closing down, where we could have had an open dialogue, including between SBAR and investors, to help either get the properties on track where the PMs had messed up, or alternatively help facilitate an exit that would have been much better and more profitable than what they achieved.

We did initially attempt to do this for the investors once we learned of the discontent, and Brad did go over to Sweden for a few days and met with many of them, but they seemed not to be too interested in finding a solution, but rather needed a scapegoat. He was a little unnerved as several investors were being confrontational, accusatory, and very emotional with him, even going so far as videotaping the entire meeting. Saying that, even after all of this, Brad still went out of his way to help those who reached out once the partnership with Solid was over, and much of the work he did was paid for by me, SBAR, in order to try to help the investors out.

As I said, I really won't comment any more after this, but hopefully this can help everyone to see it from a different perspective.

Best,
Andreas