

12 QUESTIONS to ask every SPONSOR about themselves and their INCOME product.

This Due Diligence checklist () is designed to guide investor discussions with sponsors of an **income** oriented investment offering. Use it to evaluate sponsor credibility, alignment, income stability, and risk management practices.

Sponsor Background & Alignment

- 1 What is your firm's performance history with prior income-oriented offerings (projections vs. actuals)?
- 2 How much of your own capital do you (and affiliates) have invested in this offering?
- 3 How are you compensated (fees, promotes, carried interest)?
Do these align with delivering consistent income to investors?

Income Sources & Stability

- 4 What assets or activities directly generate the distributions (rents, loans, royalties, receivables, etc.)?
- 5 Who are the obligors/tenants/borrowers, what are their credit qualities or financial health and what collateral or guarantees back their obligations?
- 6 How diversified are the income streams by sector, geography, and counterparty?

Risk & Downside Protection

- 7 How would distributions be impacted under downside scenarios (vacancy, default, rate hikes, economic slowdown)?
- 8 What redemption, buyback, or secondary market options exist if I need early liquidity?
- 9 How do current conditions (interest rates, credit spreads, cap rates) affect your income projections?

Oversight & Transparency

- 10 What is your DCR ratio, and are distributions solely from cash flow, or is there any return of capital included?
- 11 What level of reporting, third-party audits of all and related entities or independent verification do investors receive?
- 12 Have you experienced any delays, defaults, restructuring, or regulatory issues in prior income offerings?