



2ND MARKET CAPITAL SERVICES CORPORATION ANNOUNCES CORSAIRES HIGH INCOME VALUE EQUITIES (CHIVE) BROKE IMPOUND ON JANUARY 25TH, 2019

JUNE 27, 2019 – MADISON, WI

2nd Market Capital Services Corporation, the Managing Member of *Corsaires High Income Value Equities, LLC (CHIVE)*, announced today that CHIVE broke impound on January 25th, 2019 and will remain open to accredited investors for subscription until July 31st, 2019. CHIVE is a high-yield REIT-focused fund marketed through a general solicitation private placement offering (the “Offering”) solely to accredited investors under Rule 506(c) of Regulation D promulgated by the SEC under the Securities Act of 1933, as amended.

Units will be offered and sold by 2nd Market Capital Services Corporation, who will not receive a commission for the sale of Units. 2nd Market Capital Services Corporation invites accredited investors interested in participating in the Offering to visit the company’s offering portal at <https://CHIVE.2ndmarketcapital.com> or contact the Manager directly at CHIVE@2ndmarketcapital.com.

THE OPPORTUNITY THE REIT SECTOR PRESENTS TODAY

As 2018 came to a close, there were numerous potential headwinds in the market and the economy, such as rapidly rising treasury yields and hawkish Federal Reserve commentary that left open the potential for as many as 4 more rate hikes in 2019. The concerning headwinds of January, however, have now become strong tailwinds for REITs. Due to unexpectedly low inflation that consistently remains below the Fed’s target of 2%, plummeting treasury yields and the recent announcement by Mario Draghi of potential additional quantitative easing in the EU, the Fed pivoted sharply in June to a more dovish tone. Instead of as many as 4 rates hikes in 2019, there is now discussion of up to 2 cuts of 25 bps each.

The 10-year treasury yield recently fell below 2%, dropping to the lowest level since November 2016. The S&P 500 recently hit an all-time high and now yields less than 1.5%. With treasuries and many broader market stocks at extremely high prices and very low yields, REITs present an attractively priced and high yielding alternative. Numerous REITs can currently be purchased at prices substantially below net asset value and at dividend yields upwards of 8% that are fully covered by stable and growing cash flows. Additionally, the Tax Cuts and Jobs Act significantly reduced the taxation on ordinary REIT dividends, improving the after-tax return of these securities.

Another often overlooked benefit of REITs for investors is diversification. REITs are an exceptionally diverse asset class that participates in nearly every part of the economy. REITs own office buildings, single family homes, cell towers, billboards, data centers, farmland, manufacturing facilities, hospitals as well as properties

in numerous other industries. REITs also provide geographic diversification as they own properties all across the US as well as internationally.



Additionally, a great valuation rift has arisen between small cap and large cap REITs. Investors can currently pay an average of 39% less for each dollar of FFO/share when buying small cap REITs than large cap REITs ($13.1x/21.5x - 1 = -39\%$). This presents a rare and lucrative opportunity to take advantage of this tremendous spread.

REIT Price/FFO By Market Cap as of 06/19/2019		
Market Cap	Mean Price/FFO (2019Y)	Number of REITs
Micro Cap	12.9X	13
Small Cap	13.1X	62
Mid Cap	16.9X	72
Large Cap	21.5X	25
REIT Average	15.9X	172

Source: Table by Simon Bowler of 2nd Market Capital, Data compiled from SNL.com

In order to capitalize on these opportunities, 2nd Market Capital is raising up to \$30mm in a REIT-dedicated fund called Corsaires High Income Value Equities, LLC or “CHIVE” which is being used to invest in fundamentally strong REITs at a good value. Through the targeted selection of deeply discounted REITs with strong dividend yields and the use of modest leverage, the CHIVE portfolio currently has a double-digit dividend yield net of expenses. Thanks to the recent pivot by the Fed, this opportunity may continue to improve. Each time the Fed cuts rates by 25 bps, the cost of margin interest for CHIVE will also decrease by 25 bps. A declining cost of capital could potentially provide a growing spread between REIT dividend yields and the cost of margin interest.

ABOUT 2ND MARKET CAPITAL SERVICES CORPORATION

2nd Market Capital Services Corporation was formed in 1989 to exploit the inefficiencies and opportunities of the secondary markets for non-exchange traded real estate securities. Since 1991 2MC has capitalized 22, finite-life, target specific private investment funds designed to acquire assets at discounts to their intrinsic value; 17 funds have gone full cycle, 5 are operating. Historical results for both our active and closed funds organized since the year 2000 are fully detailed on our website at <https://www.2ndmarketcapital.com>. CHIVE is our 23rd pooled investment and is designed to capture today's opportunities in REIT common and preferred equities.

NOTICE: This material and content is qualified in its entirety by an offering memorandum (the "Memorandum") which contains more complete information including risk factors. The material contains forward-looking statements and hypothetical economic forecasts that may not be realized. Past performance is not indicative of future results which are difficult to predict. Actual results may materially vary from your expectations. By receiving or viewing this material, you acknowledge and agree not to rely upon it in making an investment decision. Please read the Memorandum. This material does not constitute or form a part of any offer to sell or solicitation to buy securities nor shall it or any part of it form the basis of any contract or commitment whatsoever. Without limiting the foregoing, this material does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not permitted under applicable law or to any person or entity who is not an "accredited investor" as defined under Rule 501(a) of the U.S. Securities Act of 1933, as amended, or who does not possess the necessary qualifications described in the Memorandum and/or Rule 506(c) under Regulation D of the U.S. Securities Act of 1933, as amended. Please read the Memorandum.

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