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RELIANCE GLOBAL GROUP, INC.
RELI-OTC

EXECUTIVE INFORMATIONAL OVERVIEW® **July 5, 2019**

RELIANCE GLOBAL GROUP INC

Reliance Global Group, Inc.
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Ticker (Exchange)	RELI (OTC)
Recent Price (07/05/2019)	$0.1245
52-week Range	$0.0037 - 0.339
Shares Outstanding	326 million
Market Capitalization	$40.6 million
Average 10-day volume	90,300
Insider Ownership +>5%	~50%
Institutional Ownership	—
EPS (Year ended 12/31/18)	NA
Employees	4 (plus 40 at agency level)

RELI (OTC) One-year Stock Chart*

*The Company was created on September 21, 2018, when it executed a reverse merger, acquiring the common and preferred shares of Ethos Media Network, Inc. (EOMN).

RELI's INSURANCE ACQUISITIONS

EBS Employee Benefits Solutions, LLC

US Benefits Alliance LLC

CCS Commercial Coverage Solutions LLC

Fortman Insurance Services

SMFC

Sources: Crystal Research Associates, LLC and Reliance Global Group, Inc.

COMPANY DESCRIPTION

Reliance Global Group, Inc. ("RELI" or "the Company") operates as a diversified holding company investing in real estate and insurance markets, as well as other related sectors. RELI's focus is to grow the Company by pursuing an aggressive acquisition strategy, including both real estate and wholesale and retail **insurance agencies†**. In the real estate division, the Company's primary focus is to pinpoint undervalued **multifamily properties** throughout various locations in the U.S., profiting through increased interim cash flows and substantial exit value gains. In the insurance sector, RELI's strategy is to identify and acquire undervalued wholesale and retail insurance agencies with operations in growing or underserved segments, expand and optimize their operations, and achieve asset value appreciation while generating interim cash flows. As part of its growth and acquisition strategy, RELI is currently in negotiations with several affiliated and non-affiliated parties and expects to complete a number of material transactions throughout the course of 2019. The Company is controlled by the same management team as Reliance Global Holdings, LLC, a limited liability company that is the owner and operator of numerous companies with core interests in real estate and insurance. RELI's relationship with Reliance Holding Group provides the Company with significant benefits: (1) experience, know-how, and industry relations in both the real estate and insurance sectors; (2) a source of acquisition targets currently under Reliance Global Holdings' control; and (3) financial and logistic assistance.

KEY POINTS

- RELI acquires existing businesses with proven track records in sectors where its operators have previous experience and where it sees value-added opportunities. RELI's acquisitions include both affiliated properties—properties currently owned or controlled by Reliance Global Holdings—as well as non-affiliated parties.
- RELI's acquisitions have been privately funded through Reliance Global Holdings. RELI is now seeking private capital from outside sources to procure $10 million to $20 million of additional funds to secure and finance new acquisitions.
- RELI is currently under contract with Reliance Global Holdings to acquire 19 multifamily properties, with a combined net equity of $30 million and a combined asset value of over $110 million.
- To date, RELI has acquired five insurance agencies, including both affiliated and unaffiliated companies, and has executed Letters of Intent (LOIs) for the acquisition of two other agencies.
- In September 2018, RELI elected to terminate its status as an SEC-reporting entity as it intended to acquire businesses which did not have SEC-compliant financial statements. Following those acquisitions, the Company began SEC-compliant audits of its financials to become an SEC-reporting issuer again.
- The Company is led and advised by a management team that offers over 100 years of combined business expertise in real estate, insurance, and the financial service industry.
- Cash and cash equivalent as of February 28, 2019 was $136,673.

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Executive Overview

Reliance Global Group, Inc. ("RELI" or "the Company") operates as a diversified holding company investing in real estate and insurance markets, as well as other related sectors. RELI is focused on growing through an aggressive acquisition strategy, including both real estate and wholesale and retail insurance agencies (depicted in Figure 1). In the real estate division, the Company's primary focus is to pinpoint undervalued multifamily properties throughout various geographical locations within the U.S., improving their operational expenses, and profiting through increased interim cash flows—realizing substantial exit value gains. In the insurance sector, the Company's primary strategy is to identify specific risk to reward arbitrage opportunities and develop these on a national platform, thereby increasing revenues and returns.

Figure 1

RELIANCE GLOBAL GROUP OPERATIONS

RELIANCE GLOBAL GROUP (RELI)	
REAL ESTATE	**INSURANCE**
Acquisition of Multifamily Properties Act as the Holder (cash flow) and Merchant (profit)	Acquisition of Insurance Agencies Insurance agencies are not exposed to insurance risks

Sources: Crystal Research Associates, LLC and Reliance Global Group, Inc.

RELI is controlled by the same management team as Reliance Global Holdings, LLC, a New Jersey-based limited liability company that is the owner and operator of numerous companies with core interests in real estate and insurance. Mr. Ezra Beyman (biography on page 8) is the chairman of Reliance Global Holdings and Chief Executive Officer (CEO) of RELI. RELI's relationship with Reliance Global Holdings provides the Company with significant benefits: (1) experience, know-how, and industry relations in both the real estate and insurance industries; (2) a source of acquisition targets currently under Reliance Global Holdings' control; and (3) financial and logistic assistance.

RELI acquires existing businesses with proven track records in sectors where its operators have previous experience and have developed proprietary strategies, as well as where it sees value-added opportunities. RELI's acquisitions include both affiliated properties—properties currently owned or controlled by Reliance Global Holdings—along with non-affiliated parties. RELI completed the acquisition of two insurance agencies from Reliance Global Holdings as well three unaffiliated agencies; it is further under contract to acquire 19 multifamily properties from Reliance Global Holdings (listed in Figure 9, page 21). The combined properties have a net equity of $30 million and a combined asset value of over $110 million. As part of its growth and acquisition strategy, RELI is in negotiations with several affiliated and non-affiliated parties and expects to complete a number of material transactions throughout the course of 2019. To date, RELI's acquisitions have been privately funded through Reliance Global Holdings' investment of funds and assets. RELI is seeking private capital from outside sources to procure $10 million to $20 million of additional funds, which will be used to secure and finance new acquisitions.

Long term, the Company seeks to conduct all transactions and acquisitions through the operations of RELI. However, in some instances, Reliance Global Holdings could act as a place holder to facilitate the acquisition process, with those properties later transferred under RELI's umbrella. In addition, RELI and Reliance Global Holdings plan to conduct future transactions in order to transfer additional assets to RELI, with the final goal of transferring most of the desirable properties, excluding assets that Reliance Global Holdings owns via joint venture or with third parties.

REAL ESTATE OPERATIONS

RELI's real estate division focuses on the acquisition, ownership, leasing, management, and redevelopment of multifamily residential properties throughout the U.S. The Company's primary investment objectives are to preserve, protect, and return invested capital, as well as to realize cash flow and capital appreciation over the long term. The Company intends to target multifamily properties throughout the U.S., which offer the potential to achieve attractive risk-adjusted returns.

Multifamily investment properties are normally classified either Class A, B, C, or D. The classification is based on the age of the property, quality of construction, location, and amenities, with Class A being the top asset class and the most luxurious rental properties that command the highest rents, while Class D is considered the bottom tier and are properties in marginal conditions and mediocre locations. RELI specifically targets A to C rated properties with over 100 units and acquisition targets priced below the market capitalization rate (cap rate) margin for that particular market, with a strong emphasis on B rated properties. Class B properties represent the second level of multifamily asset classes. These assets are generally built within the last 20 years, offer good quality construction, and command rental income just under Class A properties, but normally offer a higher cap rate than A properties and can be viewed as value investments. Furthermore, when comparing Class B to their Class A counterparts, the former can be recession insulated. This is because during conditions of economic uncertainty, Class B buildings do not have to rely on premium rents to drive profitability (Source: RealCrowd's *The Growing Demand for Class B Multifamily and What It Means for Investors* April 2018). The Company seeks properties that derive value from unique attributes and locations, such as access to major transportation hubs and corridors, locales near employment centers, and properties that support specific local industries or major employment centers.

RELI plans to act as both the holder and merchant of its acquisitions. After selecting and acquiring a specific asset that the Company believes is priced attractively, RELI plans to utilize its management expertise to derive a continued cash flow from the property. This might include improvements of the property that could allow RELI to seek higher rent revenue. When a particular property displays a significant capital appreciation, RELI plans to act a merchant and sell it in order to capitalize on the higher value.

Through its industry experience and the operations of Reliance Global Holdings, RELI's management team has built a network of relationships from which to source investment opportunities. These relationships include owners, property managers, developers, leasing and investment sales brokers, financiers, lenders, institutional investors, lawyers, and accountants. The Company believes that these broad connections could help source not only marketed transactions, but also potential transactions outside of a competitive bid environment.

Multifamily Properties

Multifamily properties (also known as multi-dwelling units or MDUs) are a type of residential housing with two or more separate units contained within one building or several buildings within one complex. Investing in multifamily properties is considered a favorable strategy among investors because of their additional source of monthly income, along with a slow but steady appreciation. As an investor, the advantages of owning a multifamily property include: (1) greater cash flow; (2) higher value; and (3) less operational risk.

The more income a property receives, the higher its value. Because multifamily properties are comprised of more units, resulting in multiple streams of income, these types of investments not only provide a continuous source of cash flow, but are also generally valued higher than single-family homes, which are dependent on comparable sales. In addition, one of the underlying benefits of investing in multifamily properties is less risk. Unlike single-family units, where income is lost when the home is vacant, multifamily properties have numerous units and a larger pool of tenants, which can alleviate the total economic loss for investors resulting from vacant units.

Despite the tumultuous stock market at the end of 2018, the current economic trajectory indicates that there is little on the horizon that would cause a major disruption to the multifamily property market. On the contrary, there are many drivers—healthy job growth, rising wages, rising interests, and worsening home affordability—which would suggest continuous growth of multifamily properties' demand. Much of the new demand will center on apartments that serve the traditional workforce: Class B and C properties. The qualities of Class B multifamily units (clean, modern, yet affordable) are highly coveted, forcing renters to compete for a product that is dwindling in supply.

Although new apartment completions will reach their highest level in more than 25 years with the delivery of more than 315,000 units, the new inventory largely caters to more affluent renters. As a result, Class A vacancy is expected to rise to 5.8% while Class B apartment vacancy remains relatively stable at 4.7%. (Source: RealCrowd's *The Growing Demand for Class B Multifamily and What It Means for Investors* April 2018).

INSURANCE OPERATIONS

RELI's insurance operations focus on the acquisition and management of insurance agencies throughout the U.S. The Company's primary focus is to pinpoint undervalued wholesale and retail insurance agencies with operations in growing or underserved segments (including healthcare and Medicare, as well as personal and commercial insurance lines). RELI then focuses on expanding their operations on a national platform and improving operational efficiencies in order to achieve asset value appreciation while generating interim cash flows. In the insurance sector, RELI's management team has significant experience acquiring and managing insurance portfolios in several states, as well as developing specialized programs targeting niche markets.

Insurance Agencies

An insurance agency or broker, solicits, writes, and binds policies through many different insurance companies. They are not directly employed by any insurance carrier. Insurance agencies act as intermediaries between insurance providers/carriers and downstream consumers; they can decide which insurance products they would like to represent. In contrast, an insurance carrier is a manufacturer of insurance services and products that the insurance agencies sell. Carriers control the underwriting process, claims process, pricing, and overall management of the insurance products. A key operational difference between agencies and carriers is the risk profile. The potential financial risks to the insurance industry caused by unforeseen events, such as natural disasters, is the responsibility of the carriers (and their re-insurers). Agencies and brokerages bear no insurance risks. Furthermore, an increase in damage caused by natural disasters generally boosts demand for insurance and results in possible premium increases. Since insurance brokers and agents are a central part to the distribution of these products, they normally benefit from this increase in demand and premiums, despite damaged profit margins among these upstream underwriters and carriers (Source: IBISWorld's *Insurance Brokers & Agencies Industry in the US*, December 2018).

The U.S. insurance broker and agency industry has grown steadily over the five years through 2018 due to macroeconomic growth, beneficial legislation which has passed, and positive trends within the insurance sector, reaching revenues of $164 billion in 2018. Over the next few years through to 2023, the industry is expected to grow moderately as the macroeconomic landscape continues to improve (Source: IBISWorld's *Insurance Brokers & Agencies Industry in the US*, December 2018). The solid growth within the insurance agency market has resulted in strong mergers and acquisition (M&A) activity within this sector. Mergers and acquisitions from insurance agents and brokers broke several records in 2018. There were a record 626 deals in the U.S. and Canada in 2018, including 330 transactions in the second half of the year and 148 transactions during the fourth quarter. Furthermore, there were 611 M&A deals in 2017, which had previously been the most active year (Source: Optis Partners' *Agent and Broker 2018 Year-end Merger & Acquisition Update*, January 2019). The confluence of unrelenting market pressure to achieve sustainable growth, a lingering abundance of capital and capacity, improving global economies, and an upturn in interest rates may indicate that insurers should be prepared for a continued growth of M&A activity in 2019 and beyond.

Acquisition Activities

To date, RELI has acquired five insurance brokerages (Figure 2), including both affiliated (i.e. owned by Reliance Global Holdings) and unaffiliated companies, and has executed Letters of Intent (LOIs) for the acquisition of two additional insurance agencies. As its acquisition strategy continues, RELI's large reach within the insurance arena can provide the Company with the ability to offer lower rates, which could boost RELI's competitive position within the industry.

Figure 2
RELI'S INSURANCE ACQUISITION ACTIVITY

Acquired	Date	Location	Line of Business	Status
U.S. Benefits Alliance, LLC (USBA)	10/25/2018	Michigan	Health Insurance	Affiliated
Employee Benefit Solutions, LLC (EBS)	10/25/2018	Michigan	Health Insurance	Affiliated
Commercial Solutions of Insurance Agency, LLC	12/11/2018	New Jersey	P&C - Trucking industry	Unaffiliated
Southwestern Montana Insurance Center, LLC	4/3/2019	Montana	Group Health Insurance	Unaffiliated
Fortman Insurance Agency LLC	5/3/2019	Ohio	P&C	Unaffiliated

Source: Reliance Global Group, Inc.

Company's SEC Reporting Status

These acquisitions have played a role in the Company's SEC reporting status. In September 2018, the Company elected to terminate RELI's status as an SEC-reporting entity as they intended to acquire U.S Benefits Alliance (USBA) and Employee Benefit Solutions (EBS), which did not have SEC-compliant audited financial statements. Thus, RELI decided to complete the acquisition of the companies, then perform SEC-compliant audits of the businesses (which is on-going) to become an SEC-reporting issuer again. As RELI is in the process of completing its audited financial statements, the subsequent acquisitions of Southwestern Montana Insurance Center and Fortman Insurance Agency was conducted by Reliance Global Holdings and will be transferred into RELI upon the successful completion of the audit (benefitting from its relationship with Reliance Global Holdings). In addition to capitalizing on the management expertise and financing help, RELI can further use its affiliate as a holding company in order to execute time sensitive transactions while it continues to conduct the necessary steps to become an SEC-reporting issuer.

National Campaign in Support of RELI's Healthcare Business

In February 2019, RELI arranged to commit significant funds (up to $1.5 million) to launch a national campaign to recruit independent health agents, brokers, and National Marketing Organizations to market USBA's portfolio of insurance products. The investment of funds will be supplied by Reliance Global Holdings. The campaign, aimed at the growth and expansion of RELI's national healthcare insurance brokerage and agency partnership agreements, together with RELI's acquisition activities, are expected to be a catalyst for the Company to become a national leader in the Medicare insurance sales market.

The Company plans to support its national campaign through the use of The Referral Depot (TRD), which is a one-of-a-kind software-based referral program made for the insurance industry. In November 2018, RELI entered into an exclusive six-month agreement with TRD, placing TRD under the Company's full management and control. At the end of the six-month agreement, RELI has the right to purchase TRD outright. The Company recently extended its six-month agreement with TRD. TRD's easy-to-use software allows insurance professionals and agents to refer business, which they do not write, to other insurance professionals who do so for a commission split or other incentive.

TRD has three possible applications: (1) independent insurance agents can refer business they do not write, such as individual health, group health, Medicare, or life insurance, to USBA and receive a commission split on that business; (2) agents or agencies can also use the TRD software to receive referrals from other third parties for their businesses; and (3) the Company can offer large organizations with downline agents, such as marketing organizations, Field Marketing Organizations (FMOs), and general agents, the ability to use the TRD software to drive referrals directly to their agents in order to scale their businesses. TRD is already in use by acquired companies—USBA and EBS—as well as in use within the independent agency community. USBA and EBS have further been engaged in talks with large national insurance agencies to have this software implemented within their sales force team.

CORPORATE INFORMATION

Headquartered in Lakewood, New Jersey, RELI was created on September 21, 2018 when it executed a reverse merger, acquiring the common and preferred shares of Ethos Media Network, Inc. (EOMN). The Company subsequently changed its name to Reliance Global Group, Inc. and its trading symbol to RELI, effective November 15, 2018. Since then, the Company has undergone significant acquisition activities in both the real estate and insurance market segments. At the corporate level, RELI employs four individuals, with an additional 40-plus employees at the agency level.

FINANCIALS

As of September 2018 (the time the Company was created via a reverse merger), RELI elected to terminate its status as an SEC-reporting entity because they intended to acquire businesses within 30 to 60 days, which did not have SEC-compliant audited financial statements, and which, in their judgment, might not become SEC-compliant audits within the time required by SEC regulations. Thus, RELI made the decision to complete the acquisition of the Companies and then to perform SEC-compliant audits of the businesses (which is ongoing) to become an SEC-reporting issuer again.

Company Leadership

RELI is controlled by the same management team of Reliance Global Holdings, LLC, a New York-based limited liability company, which is the owner and operator of numerous companies with core interests invested in real estate and insurance brokerage. Mr. Ezra Beyman, the chairman of Reliance Global Holdings, is also the Chief Executive Officer (CEO) of RELI. Members of RELI's management team are highlighted in Figure 3 and profiled below, followed by profiles of Reliance Global Holdings' executive management.

RELI Executive Management

Figure 3

RELIANCE GLOBAL GROUP'S MANAGEMENT

Ezra Beyman	Chief Executive Officer and Chairman of the Board
Alex Blumenfrucht, CPA	Chief Financial Officer and Board Member
Mark Sisson	Chief Operating Officer of EBS/USBA
Yaakov Beyman	Executive Vice President, Insurance Division

Source: Reliance Global Group, Inc.

Ezra Beyman, Chief Executive Officer and Chairman of the Board

Mr. Beyman is the central force leading the success and growth of Reliance Global Holdings and RELI. Drawing on his nearly three decades of entrepreneurial experience in real estate and ten years in insurance, he has set his vision and acuity on one integrated goal: integrity and success. Mr. Beyman's current portfolio of commercial and residential properties comprise of 93 apartment complexes and approximately 9,500 units, as well as several insurance companies. In 1985, he founded a small mortgage broker, together with his wife, which he operated in his basement. From there, his company rapidly grew into a dynamic force on the market. By 2008, he owned the third largest licensed mortgage brokerage in the U.S., having acquired numerous mortgage companies in the interim. He also expanded to real estate acquisition, having grown his portfolio to over three billion dollars. In expanding his investments, Mr. Beyman began exploring opportunities in other markets, acquiring several insurance agencies in both Florida and New Jersey. His latest venture includes entering the domains of warrantee and insurance carriers. Raised in the New York metropolitan area, Mr. Beyman spent his secondary and post-secondary school years at Mesivta Tifereth Yerushalayim, where he advanced his analytic abilities while mastering various areas of Talmudic studies, earning a position as one of the closest students of the Dean. He earned his First Talmudic degree in 1975. From early in his career, Mr. Beyman has worked closely with his wife, whom he made an equal equity partner in all his enterprises in 2009. He is now seeking to grow their enterprise in the post-recession era to peaks surpassing their previous successes.

Alex Blumenfrucht, CPA, Chief Financial Officer and Board Member

Mr. Blumenfrucht serves as the Chief Financial Officer (CFO) of RELI and also serves as the CFO at Reliance Global Holdings. Prior to joining Reliance Global Holdings, Mr. Blumenfrucht served as an Audit & Assurance Professional at Deloitte & Touche, LLP where he successfully led audit teams on both public and privately held corporations. Mr. Blumenfrucht's extensive experience in internal control, financial analysis, and reporting for both private and publicly traded companies is central to the Company's management of finances, reporting, and controls.

Mark Sisson, Chief Operating Officer of RELI's subsidiary, EBS/USBA

Beginning his career in 1998, Mr. Sisson specialized in Medicare and Group Health insurance sales. In 2003, he launched Employee Benefit Solutions, Inc., a health insurance agency specializing in group, individual, and Medicare sales. In 2012, he opened Tri Star Benefits and My Family Health Insurance, two health and life General Agencies. Noticing that many agents were struggling to find ways to get new prospects, Mr. Sisson released a book entitled "The Innovative Agent-the Insurance Agent's Roadmap for Success" on Amazon. In 2016, as part of his efforts to improve agent success, Mr. Sisson developed The Referral Depot (TRD), a one-of-a-kind referral software program. With Reliance Global Groups' recent acquisition of Tristar Benefits as well as the exclusive rights to TRD, Mr. Sisson gives local agents the opportunity to generate sales of insurance products that were not previously accessible to them.

Yaakov Beyman, Executive Vice President, Insurance Division

Mr. Beyman oversees the insurance operations of Reliance Global Holdings. He works from a platform that includes both strategizing the future vision of the insurance division and developing and implementing operational tools on a more granular level to grow the various insurance businesses. In his role as a strategist, Mr. Beyman has mapped a clear future: expand the various insurance products that RELI offers both geographically and in category. On the more hands-on level, Mr. Beyman (who holds insurance licenses in most of the continental U.S.) is heavily involved in marketing, maintaining state of the art technological models, financial management and distribution, and entity creation and maintenance. Combining his roles as the idea-generator and implementer, he is well-equipped to take the lead role in growing the insurance divisions to greater heights.

Reliance Global Holdings Executive Management

As a team, Reliance Global Holdings' management offers over 100 years of combined business expertise in real estate, insurance, and the financial service industry. Through its industry experience, Reliance Global Holding's team has built a network of relationships from which to source investment opportunities for RELI. These relationships include owners, property managers, developers, leasing and investment sales brokers, financiers, lenders, institutional investors, lawyers, and accountants. Members of Reliance Global Holdings' management team and advisory board are highlighted in Figure 4 and profiled below.

Figure 4

RELIANCE GLOBAL HOLDINGS' MANAGEMENT

Ezra Beyman	Chairman
Alex Blumenfrucht, CPA	Chief Financial Officer (CFO)
Yaakov Beyman	Executive Vice President, Insurance Division
Shimon Ehrman	Director of Operations, Real Estate Division
David Silber, CPA	Controller, Real Estate Division
Simcha Podolsky	Vice President, Acquisitions, Real Estate Division
Bill Phillips	Senior Asset Manager, Real Estate Division
Sara Elgin	Assistant Vice President, Real Estate Division

Source: Reliance Global Holdings, LLC.

Ezra Beyman, Chairman

Biography on page 8.

Alex Blumenfrucht, CPA, Chief Financial Officer

Biography on page 8.

Yaakov Beyman, Executive Vice President, Insurance Division

Biography on page 9.

Shimon Ehrman, Director of Operations, Real Estate Division

Mr. Ehrman brings a combination of experience and enthusiasm to the team at Reliance Global Holdings. As director of operations, he oversees the management and operation for all of Reliance Global Holdings' properties. His determination and goal-oriented approach serve him well in managing about 2,500 units spread out throughout the U.S. When not analyzing the overall financial performance of his team, Mr. Ehrman's hands-on style manifests itself in many routine inspections of the physical properties to ensure productivity and organization. All regional managers report directly to him. Mr. Ehrman's motto is encapsulated best in the name of his management company: Efficiency! With a constant eye to improvement, Mr. Ehrman is known to uncover ways to improve already efficient platforms, whether through restructuring current systems or generating new ones. To date, he has substantially raised the value of a multitude of properties by increasing occupancy and lowering expenses, and correspondingly increased net operating incomes, all while preserving the quality service that Efficient-managed residents have come to expect. As Reliance Global Holdings expands its property management base, Mr. Ehrman is well-poised to apply his unique style to growing a dynamic, national management company.

David Silber, CPA, Controller, Real Estate Division

Mr. Silber is controller of Efficient Property Management, the property management division of Reliance Global Holdings, which manages approximately 2,500 units throughout the U.S. He is responsible for all financial facets of property operations, capital allocations, and development of the properties held by Reliance Global Holdings. He oversees all of the accounting operations of Efficient, including the production of periodic financial reports and maintenance of the accounting records. Mr. Silber mitigates Reliance Global Holdings' risk by setting up controls and budgets. He is a Certified Public Accountant (CPA), has a master's degree from Farleigh Dickinson University, and a bachelor's degree from Beth Medrash Gavoha.

Simcha Podolsky, Vice President Acquisitions, Real Estate Division

As vice president of Real Estate Acquisitions at Reliance Global Holdings, Mr. Podolsky currently manages the company's real estate investments. His position includes identifying, analyzing, and acquiring real estate opportunities and overseeing every aspect of the transaction—from initial research to closing. His extensive management experience enables him to asses each real estate opportunity from both an investment and management viewpoint, ensuring that a solid business plan is achieved with each deal. Additionally, he is involved in disposition of assets. His attention to detail allows him to invest wisely and positively. In the past, Mr. Podolsky completed a rigorous real estate field training program under Efficient Property Management and served with them as a regional manager. By overseeing more than 25 properties in four states (including over 2,500 apartments), he acquired hands-on experience. In addition to his property management experience, Mr. Podolsky is also certified in Forex, Options Trading, Equity Trading, and Stocks and Bonds, and has day traded with leveraged liquidity of close to $100 million.

Bill Phillips, Senior Asset Manager, Real Estate Division

Mr. Phillips brings 32 years of diversified asset management abilities to Reliance Global Holdings, with a solid, strategic focus on property preservation and cost control. He identifies opportunities for increased property success by evaluating property amenities, and targets and implements carefully selected improvements, replacements, and repairs while also identifying and creating strategies for improving the marketing of communities. As part of his attention to cost control, Mr. Phillips currently heads up the negotiation, implementation, and management of corporate purchasing programs for all maintenance and property re-development activities. He further oversees a large team of both in-house and contract renovation specialists throughout the portfolio whose purpose is to concentrate on physically improving the properties' overall integrity and longevity. These approaches continually enhance the overall value of the assets, providing a fresh updated approach as well as long term preservation. Mr. Phillips came to the company with a strong background in property management at all levels. His past experiences include the development, implementation, and management of several large corporate capital (capex) project management programs and proven success in regional property maintenance programs. He has designed and implemented corporate and property-level training programs, as well as many highly cost-effective purchasing programs. Mr. Phillips is also a proven leader with property acquisition and dispositions, with a high involvement in these processes throughout his career. He has demonstrated ongoing strengths in recruiting, hiring, and successfully managing both in-house and contractor teams to accomplish the continued goals by overcoming the challenges of maintaining the assets at a superior level. Mr. Phillips has numerous educational achievements and certifications in the building/property management industry and has continued his education throughout his career. Among these are RSES certifications, as well as asbestos and mold mitigation training and certifications. He is currently putting his previous experiences and strategies to work for the Company at Efficient Property Management.

Sara Elgin, Assistant Vice President, Real Estate Division

As assistant vice president of Efficient Property Management, Ms. Elgin oversees all regional operations in both Georgia and Florida. Her wealth of experience and resourcefulness empower her to supervise and advise the district and area managers in establishing general company policies, aside from her taking an active role in the everyday responsibilities. By capitalizing on her past experiences, Ms. Elgin effectively balances the various aspects of the business with her devotion to the company. She employs a creative yet sound approach to maintaining resident and staff satisfaction. This, in turn, has increased occupancy and encouraged cooperation from all parties involved. She has maintained the seamless running of financial matters, including income, revenue, collections, occupancy, billing, and maintenance.

Milestones

Over the past nine months, RELI has achieved a number of key milestones, including the establishment of the Company on September 2018 through a reverse merger, and the name change from Ethos Media Network to Reliance Global Group, as well as significant acquisition activities in both the real estate and insurance market segments. Specifically, the Company has achieved the following key milestones as it implements its acquisition and growth strategies:

Recent Milestones

- Completed the acquisition of five insurance companies:
  - Employee Benefit Solution, LLC
  - U.S. Benefits Alliance, LLC
  - Commercial Solutions of Insurance Agency, LLC
  - Southwestern Montana Insurance Center
  - Fortman Insurance Agency LLC
- Executed Letters of Intent (LOIs) for the acquisition of two additional insurance agencies
- Entered into an exclusive agreement for the use of The Referral Depot (TRD) software in order to support its insurance activities
- Signed LOIs to purchase a total of 19 multifamily properties
- Arranged to commit up to $1.5 million to launch a national campaign to support its health insurance operations
- Began conducting the required financial audits to become an SEC-reporting institution

Potential Milestones

Over the next 12 months, RELI plans to focus on the expansion and growth of its business through two different channels: continued asset acquisitions in both the real estate and insurance markets; and organic growth of its current insurance operations through geographic expansion and market share growth.

As part of its growth and acquisition strategy, RELI is currently in negotiations with several affiliated and non-affiliated parties and expects to complete a number of material transactions throughout the course of 2019. Alternatively, organic growth will be supported by the Company's national campaign to expand its healthcare and Medicare business; the expansion of its services through the use of TRD software to both obtain referrals for internal growth as well as to provide referral services to third parties; and the use of market synergies and large market reach to obtain efficiencies and competitive advantages.

Core Story

Reliance Global Group, Inc. ("RELI" or "the Company") operates as a diversified holding company investing in the real estate and insurance markets, as well as other related sectors. RELI's focus is to grow by pursuing an aggressive acquisition strategy, including both real estate and wholesale and retail insurance agencies (noting insurance agencies—as opposed to insurance carriers—bear no insurance risk). The Company is controlled by the same management team as Reliance Global Holdings, LLC, a New York-based limited liability company that is the owner and operator of numerous companies with core interests invested in real estate and insurance brokerage. In addition to the acquisition of unaffiliated assets, RELI plans to acquire assets currently owned by Reliance Global Holdings, which also provides the Company with financial and logistic assistance as well as management expertise, shown in Figure 5.

Figure 5

RELIANCE GLOBAL GROUP OPERATIONS

RELIANCE GLOBAL GROUP (RELI)

REAL ESTATE	**INSURANCE**
Acquisition of Multifamily Properties Act as the Holder (cash flow) and Merchant (profit)	Acquisition of Insurance Agencies Insurance agencies are not exposed to insurance risks

Assets
Financial and Logistic Assistance
Management Expertise

RELIANCE GLOBAL HOLDINGS

Sources: Crystal Research Associates, LLC and Reliance Global Group, Inc.

Within the real estate division, the Company's primary focus is to pinpoint undervalued multifamily properties throughout various geographical locations across the U.S.; improve their operational expenses and management with its highly-cost efficient management approach; and profit through increased interim cash flows and substantial exit value gains.

Within the insurance sector, RELI's team has extensive experience acquiring and managing insurance portfolios in several states, as well as developing specialized programs targeting niche markets. More precisely, the Company's primary strategy is to identify specific risk to reward arbitrage opportunities and to develop them on a national platform, thereby increasing revenues and returns. RELI plans to execute its focused strategy of pursuing acquisitions in the real estate and insurance agency sectors to fully leverage its management team's expertise within these industries. The Company plans to capitalize on the experience, know-how, and industry relations from both the real estate and insurance industries with a variety of commercial real estate owners and operators, brokers, and other intermediaries and third parties of its management team acquired through the operations of Reliance Global Holdings.

Reliance Global Holdings

Reliance Global Holdings is a New York-based firm that owns and operates numerous companies spanning several sectors, with its core interests invested in real estate and insurance. It's founder and chairman, Mr. Ezra Beyman, is a veteran entrepreneur and investor whose successful career spans over 36 years. In December 1983, Mr. Beyman founded Empire Equity Group, Inc., a mortgage broker which became the third largest residential mortgage company in the U.S. and was sold in 2008. Since 1990, he has been a principal in real estate acquisitions involving over 40,000 multifamily units with a trade value of over three billion dollars. In 2005, Mr. Beyman segued into insurance; buying, managing and selling many insurance brokers. As a team, Reliance Global Holdings' management offers over 100 years of combined business expertise in real estate, insurance, and the financial service industry.

RELI’s acquisitions include both affiliated properties—properties currently owned or controlled by Reliance Global Holdings—as well as and non-affiliated parties. RELI acquires existing businesses with proven track records in sectors where its operators have previous experience, have developed proprietary strategies, and where it sees value-add opportunities. RELI is under contract to acquire 19 multifamily properties as well as two Michigan-based insurance agencies from Reliance Global Holdings. As part of its growth and acquisition strategy, RELI is currently in negotiations with several affiliated and non-affiliated parties and expects to complete a number of real estate transactions throughout 2019. The Company seeks to maximize each acquisition’s potential by continued expansion and developing efficiencies and economies of scale through large scale purchasing and shared services.

To date, RELI’s acquisitions have been privately funded through Reliance Global Holdings’ investment of funds and assets. RELI is now seeking private capital from outside sources to procure $10 million to $20 million of additional funds to be used to secure and finance new acquisitions.

Long term, the Company seeks to conduct all transactions and acquisitions through the operations of RELI. However, in some instances, Reliance Global Holdings could act as a place holder to facilitate the acquisition process, with those properties later transferred under RELI’s umbrella. In addition, RELI and Reliance Global Holdings plan to conduct future transactions in order to transfer additional assets to RELI, with the final goal of transferring most of the desirable properties, excluding assets that Reliance Global Holdings owns in joint venture or with third parties.

RELI'S REAL ESTATE OPERATIONS

RELI's real estate division focuses on the acquisition, ownership, leasing, management, and redevelopment of multifamily residential properties throughout the U.S. The Company's primary focus is to pinpoint undervalued multifamily properties throughout various geographical locations; improve operational expenses and management through its highly-cost efficient management approach; and achieve increased interim cash flows and substantial exit value gains. RELI believes that investing in multifamily properties represents a good investment opportunity due to the following four factors:

(1) Favorable demographic trends, strength in the job market, and reduced affordability of owning a home, which are expected to continue to fuel strong demand for multifamily rental units;

(2) Near full employment in the labor market as the U.S. national unemployment rate is currently under 5%. According to the Company, the strengthening labor market will put upward pressure on wage growth and rents;

(3) Historically low interest rates that allow for favorable long-term debt financing; and

(4) Continued compression of capitalization rates in response to sustained investor appetite and a desire for income producing assets.

Through its industry experience, RELI's management team has built a network of relationships from which to source investment opportunities. These relationships include owners, property managers, developers, leasing and investment sales brokers, financiers, lenders, institutional investors, lawyers, and accountants. The Company believes that these broad connections could help source not only marketed transactions, but also potential transactions outside of a competitive bid environment. RELI is currently in contract with Reliance Global Holdings to assume ownership of 19 multifamily properties which have a net equity of $30 million and a combined asset value of over $110 million.

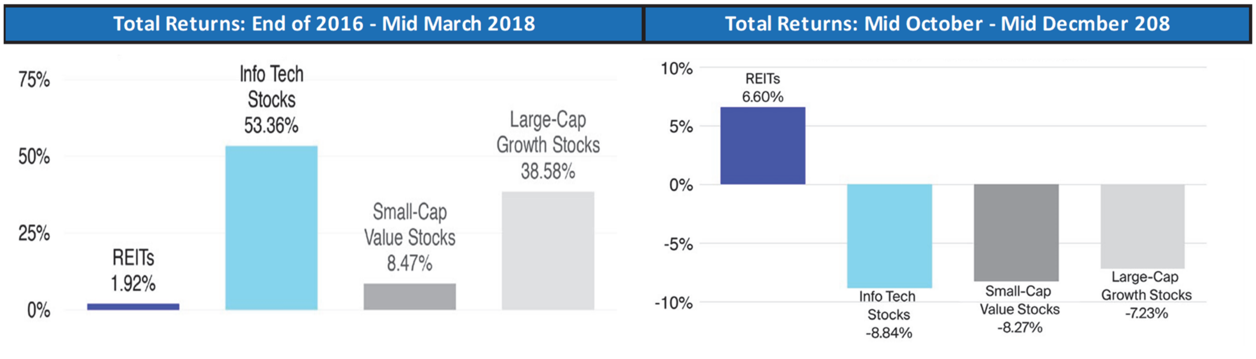
MARKET OVERVIEW

Real estate and real estate investment trust (REIT) investments have delivered a long-term total return to investors that generally matches and often beats broad market aggregates. For example, the annual total return on the Nareit All Equity REITs Index (a free-float adjusted, market capitalization-weighted index of U.S. equity REITs) in the 25 years through January 2019 was 10.3%, one full percentage point higher than the total return on the S&P 500 over the same period. A portfolio that includes real estate also benefits from improved diversification, as REIT and real estate returns are not highly correlated with the broader stock market.

Over the last two years, real estate and REIT investment returns have lagged the broad stock market performance. However, experts believe that the underperformance has not been a product of negative market dynamics or the effect of interest rates on real estate values, but rather due to an irrational exuberance regarding future earnings growth for already-overvalued companies, especially within the technology sector. During 2017, the top-performing sector of the market, by far, was information technology (IT) stocks: The S&P 500 Information Technology sector index returned 38.89%, beating the runner-up sector by 15 percentage points, as shown in Figure 6 (page 16). The beginning of 2018 extended that streak, and by the middle of March 2018, the IT sector index had returned 53.4% over 14.5 months.

Figure 6

TOTAL RETURNS BY SELECTED INVESTMENTS



Source: NARIT.

However, as seen in the right side of Figure 6, the technology stock bubble that had begun in late 2016 seems to have ended in 2018. Investors who were preoccupied with technology stocks eventually saw favorable opportunities in REITs, which had become one of the most undervalued segments of the investment market. Through mid-December 2018, annual returns in the broad U.S. stock market were slightly negative at -1.7%, while REIT returns were positive +2.6%, as investors came to terms with fundamental market conditions and started to shift from a bubble mentality towards a value-seeking mentality. As this shift continues, current valuations, solid underlying operating fundamentals, and favorable demand and supply drivers have set up the real estate market for a potentially strong ongoing performance for the next several years (Source: NAREITS' REITs*: A Look Back at 2018 and a Look Forward to 2019*).

MULTIFAMILY PROPERTIES OVERVIEW

Multifamily properties (also known as multi-dwelling units or MDUs) are a type of residential housing with two or more separate units contained within one building or several buildings within one complex, as seen in Figure 7. They are generally comprised of many configurations, with the most common examples being duplexes, townhouses, apartment buildings, and some types of condos.

Figure 7

MULTIFAMILY PROPERTY

Source: Reliance Global Group, Inc.

Class A, B, C, or D Multifamily Properties

As further described below, multifamily investment properties are normally classified either Class A, B, C, or D. The classification is based on the age of the property, quality of construction, location, and amenities, with Class A being the top asset class and the most luxurious rental properties that command the highest rents, while Class D is considered the bottom tier and are properties in marginal conditions and mediocre locations.

Class A Multifamily

- Usually built within the last 10 to 15 years with top amenities.
- High quality construction with highest quality materials.
- Commands the highest rents—high-income earning tenants.
- Low vacancy rates.

Class B Multifamily

- Generally built within the last 20 years.
- Good quality construction with little deferred maintenance, but less than what is offered by properties in the high end of the market.
- Rental income a bit lower than Class A.
- A higher cap rate than an A property and can be viewed as a value investment.

Class C Multifamily

- Generally built within the last 30 years.
- Limited, dated exterior and interior amenity package.
- Located in places that are not considered very desirable.
- Commands rents below Class B properties.
- Probably requires renovation, including updating the building infrastructure to bring it up to date.

Class D Multifamily

- Generally, over 30 years old, worn properties, operationally more transient.
- Situated in fringe or mediocre locations with high crime rates.
- Challenge to collect rent.
- No amenity package offered.
- Marginal construction quality and condition.

Investing in Multifamily Properties

There are approximately 120 million households in the U.S. totaling 317 million occupants. Of the total households, roughly 43 million are renter-occupied (36%) and 77 million are owner-occupied (64%). Of the 43 million rental properties, approximately 19 million live in multifamily properties, with Class A rental and Class B/C/D properties representing 45% and 55% of total units, respectively (Source: ASotREG's *What's Driving the Demand for Apartments and Why I'm Bullish Class B Multi*, March 2019).

While they are the least common type of residential buildings, investing in multifamily properties is considered a favorable strategy among investors due to their additional source of monthly income, along with a slow but steady appreciation. As an investor, the advantages to owning a multifamily property include: (1) greater cash flow; (2) higher value; and (3) less operational risk. The more income a property receives, the higher its value. Because multifamily properties are comprised of more units (resulting in multiple streams of income), these types of investments not only provide a continuous source of cash flow, but are also generally valued higher than single-family homes, which are dependent on comparable sales. In addition, one of the underlying benefits of investing in multifamily properties is less risk. Unlike single-family units—where income is lost when the home is vacant—multifamily properties have numerous units and a larger pool of tenants, which can alleviate the total economic loss for investors resulting from vacant units (Source: Fortune Builder's *Investing in Multifamily Real Estate: The Ultimate Guide*).

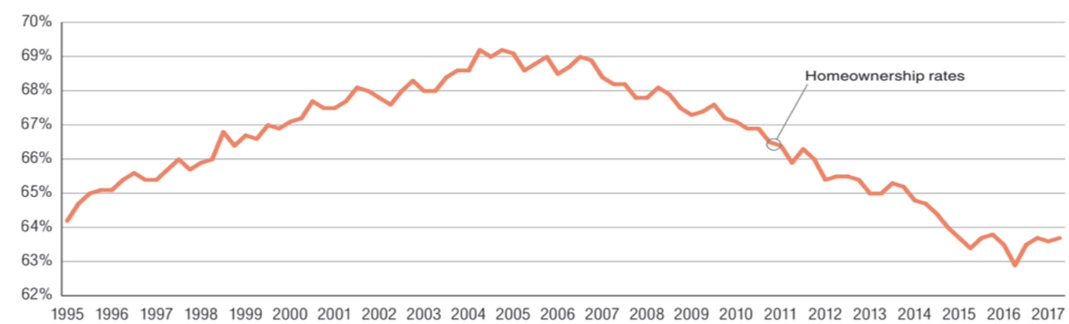
Multifamily Property Markets Expected to Grow

Despite a tumultuous stock market at the end of 2018, the current economic trajectory indicates that there is little on the horizon that would cause a major disruption to the multifamily property market in 2019. On the contrary, there are many drivers that would suggest a continuous growth of multifamily properties' demand. These include job growth, which is expected to remain healthy, although slower than in prior years, combined with a tight labor market and thus higher wage growth, which together with a preference for multifamily living, could all help fuel demand. The strengthening of labor markets and economic growth may also result in renters with more disposable income available to pay higher rents, which would also favor A/B property owners (Source: Realtyshare's *2018 Multifamily Housing Trends*).

Worsening home affordability across much of the country also seems to be a primary driver of multifamily popularity. The past decade has generally seen a significant move back to major metropolitan areas, particularly among younger households; though affordability in the fastest growing of these areas has deteriorated sharply. Likewise, higher interest rates, together with housing price appreciation, will continue to make ownership more expensive. As a result, homeownership rates, which topped out at roughly at 70% in 2005, reached 63% in 2016, as seen in Figure 8. The reduction of the homeownership rate added roughly 8.4 million households to the renter pool, resulting in higher than average occupancies and strong rent growth (Source: ASotREG's *What's Driving the Demand for Apartments and Why I'm Bullish Class B Multi*, March 2019).

Figure 8

HOMEOWNERSHIP RATES



Source: Current Population Survey/Housing Vacancy Survey, Series H-111, U.S. Census.

Furthermore, the 2017 Tax Cuts and Jobs Act may also incentivize renting over homeownership. The changes to the mortgage interest deduction, real estate taxes, and sales taxes is further expected to drive workers in higher-cost metropolitan areas to shift from homeownership in the suburbs to renting closer to their jobs.

These drivers have resulted in a shift regarding lifestyle preferences. Millennials are opting to rent as a housing preference, perhaps because it provides higher affordability when compared to owning, as well as flexibility, along with greater access to community connectivity. Renting-by-choice also seems to be trending among other age groups, including the 55-plus households, who are downsizing to a more maintenance-free, connected lifestyle, with easy access to healthcare, culture, entertainment, and restaurants. Rental units found in multifamily dwellings are attractive options for baby boomers as they provide adequate space in vibrant neighborhoods. By nature of development, existing multifamily buildings reside close to transportation nodes, shopping centers, and other amenities that boomers love. A Freddie Mac survey found that over five million baby boomers expect to rent their next home by 2020 (Source: RealCrowd's *The Growing Demand for Class B Multifamily and What It Means for Investors,* April 2018).

From an investment perspective, the strong multifamily operating dynamics has resulted in rising rents paired with high occupancies, which has produced income growth generally outpacing operating expense increases. Moreover, the slower growth in home prices suggests that real estate appreciation will slow in most parts of the U.S. housing market in 2019. This means that while prices will continue to rise, the days of easy price gains might come to an end. In addition, with rising interest rates, the inexpensive debt capital that supported rising property values in recent years is diminishing. When the cost of borrowing rises, cap rates must move correspondingly, with sales prices coming down for investments to make sense. With that inherent price pressure in mind, 2019 is likely to be more of a buyer's market. Attractive multifamily acquisitions can be captured by buyers who secure assets that are priced correctly (Source: Kiplinger's *2019 Real Estate Report: How Does the Multifamily Market Look?* December 2018).

RELI'S INVESTMENT STRATEGIES

The Company's primary investment objectives are to preserve, protect, and return invested capital as well as to realize cash flow and capital appreciation over the long term. The Company intends to target strategically located multifamily properties throughout the U.S., which offer the potential to achieve attractive risk-adjusted returns. RELI specifically targets A to C rated properties with over 100 units and acquisition targets priced below the market cap rate margin for that particular market, with an emphasis on B rated properties. The Company seeks properties that derive value from unique attributes and locations, such as access to major transportation hubs and corridors, locales near employment centers, and properties that support specific local industries or major employment centers.

Housing markets remains tight as household formation accelerates. Steady job creation and low unemployment are expected to boost household formation in 2019, supporting a third consecutive year of national sub-5% vacancy level. Much of the new demand is expected to center on apartments that serve to the traditional workforce: Class B and C properties. The qualities of Class B multifamily units (clean, modern, yet affordable) are highly coveted, forcing renters to compete for a product that is dwindling in supply. Although new apartment completions will reach their highest level in more than 25 years, with the delivery of more than 315,000 units, the new inventory largely caters to more affluent renters. As a result, Class A vacancy is expected to rise to 5.8% while Class B apartment vacancy remains relatively stable at 4.7% (Source: National Real Estate Investor's *Ranking the Top Multifamily Markets,* February 2019).

Given the current climate, returns on Class B buildings are already seeing significant growth. So far this year, annualized growth in gross rents in the top 70 metropolitan areas is 3.4%; this has reached almost 7% in top metropolitan markets. Furthermore, when comparing Class B to their Class A counterparts, the former can be recession insulated. This is because during conditions of economic uncertainty, Class B buildings do not have to rely on premium rents to drive profitability (Source: RealCrowd's *The Growing Demand for Class B Multifamily and What It Means for Investors*, April 2018).

RELI plans to act as both the holder and merchant of its acquisitions. After selecting and acquiring a specific asset that the Company believes is priced attractively, RELI plans to utilize its management expertise to derive a continued cash flow from the property. This might include improvements of the property that could allow RELI to seek higher rent revenue. When a particular property displays a significant capital appreciation, RELI plans to act as a merchant and sell it in order to capitalize on the higher value.

The Company believes that the following strategic factors provide it with a competitive advantage and a solid platform to continue the successful implementation of its aggressive expansion plans, while also maximizing profitability and achieving sustainable long-term growth:

- Continuing the acquisition of stable, income producing undervalued multifamily residential properties;
- Creating efficiencies and economies of scale through large scale purchasing and shared services, such as property management services; and
- Capitalizing on its management team's market knowledge and industry relationships.

The Company plans to use, when possible, its affiliate, called Efficient Property Management, LLC, as its property management company. Over the past 30 years, Efficient Property Management has strategically focused on maximizing profitability by increasing occupancy, increasing rents, and lowering expenses. In addition, Efficient Property Management is involved in the property's preservation, increasing each property's overall integrity and longevity.

RELI further intends to capitalize on the ability of its management team to source, evaluate, negotiate, structure, close and manage acquisitions of multifamily properties throughout the U.S. For example, RELI believes that its relationships with multiple merchant builders acquired over its management team's 30 years of real estate operations provide the Company with a competitive advantage in securing real estate acquisitions that fit its portfolio objectives.

In terms of day-to-day operations, RELI actively reviews its property performance quarterly, including operational statistics, collections, market trends, significant lease rollovers, marketing strategy, and capital improvements. In particular, the asset's capital expenditures and insurance are closely monitored in order to mitigate large risks across the portfolio. As a value-oriented long-term investor, RELI plans to adjust its investment strategy to react to evolving market dynamics. As economic and business cycles develop, the Company may adjust and/or expand its investment strategy and target investments to capitalize on various investment opportunities. RELI believes that its market expertise, responsive investment strategy, and diversified initial portfolio allow it to adapt to changing market conditions and generate attractive long-term returns.

RELI'S CURRENT PORTFOLIO AND ACQUISITIONS

RELI's future acquisitions are expected to include both affiliated properties—properties currently owned or controlled by Reliance Global Holdings—as well as non-affiliated parties. Currently, RELI is under contract to acquire 19 multifamily properties (its initial portfolio) from Reliance Global Holdings, listed in Figure 9 (page 21). These properties have been under the control of Reliance Global Holdings since approximately 2005. The combined properties have a net equity of $30 million and a combined asset value of over $110 million. To date, RELI's acquisitions have been privately funded through Reliance Global Holdings' investment of funds and assets. RELI is now seeking private capital from outside sources to procure $10 million to $20 million of additional funds to be used to secure and finance new acquisitions. As part of its growth and acquisition strategy, RELI is currently in negotiations with several affiliated and non-affiliated parties and expects to complete a number of material real estate transactions throughout 2019. The Company plans to maximize each acquisition's potential by continued expansion and development efficiencies and economies of scale through large scale purchasing and shared services. RELI plans to target properties with significant possibilities for capital appreciation, such as those requiring renovations or repositioning, those located in neighborhoods with high growth potential, and those available from sellers who are distressed or face time-sensitive deadlines.

Figure 9

RELI'S INITIAL PORTFOLIO

PROPERTY	LOCATION	UNITS	PROPERTY	LOCATION	UNITS
Amberidge	Roseville MI	45	Hayfield Park	Burlington KY	86
Ashgrove	Louisville KY	60	Laurel Bay	Ypsilanti MI	68
Beckford Place	The Plains OH	60	Meadowood	Newburgh IN	65
Camellia Court	Columbus OH	104	Ridgewood	Bedford IN	98
Carleton Court	Ann Arbor MI	104	River Glen	Reynoldsburg	113
Cedarwood	Goshen IN	90	Slate Run	Bedford OH	62
Dover Place	Eastlake OH	229	Tabor Ridge	Berea OH	97
Elmwood	Marietta GA	48	Willowood	Frankfort KY	110
Forsythia Court	Westerville OH	60	Wood Trail	Newnan GA	61
Foxhaven	Canton OH	107			

Source: Reliance Global Group, Inc.

Reliance Global Holdings plans to buyout any partners or third parties still owning an interest in these properties. Therefore, by the time the transaction is completed, RELI is expected to be the sole owner of these assets.

RELI'S INSURANCE OPERATIONS

RELI's insurance operations focus on the acquisition and management of insurance brokers throughout the U.S. The Company's primary focus is to pinpoint undervalued agencies with operations in growing or underserved segments throughout various geographical locations; improve operational efficiencies; and achieve asset value appreciation while generating interim cash flows. Within the insurance sector, RELI's team has over a century of experience acquiring and managing insurance portfolios in several states, as well as developing specialized programs targeting niche markets. The Company plans to accomplish these objectives by acquiring wholesale and retail insurance agencies it deems to represent a good buying opportunity (as opposed to insurance carriers) as insurance agencies bear no insurance risk. Once acquired, RELI will develop them on a national platform to increase revenues and profits through a synergetic structure. The Company is initially focused on segments that are underserved or growing, including healthcare and Medicare, as well as personal and commercial insurance lines.

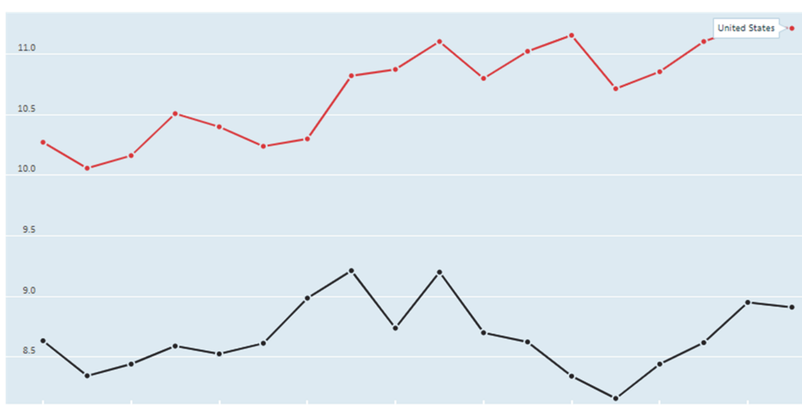
To date, RELI has acquired five insurance agencies, including both affiliated (i.e. owned by Reliance Global Holdings) and unaffiliated agencies, and has executed Letters of Intent (LOIs) for the acquisition of two additional insurance brokers. As its acquisition strategy continues, RELI's large reach within the insurance arena can provide the Company with the ability to offer lower rates, which could boost its competitive position in the industry.

MARKET OVERVIEW

There are three main insurance sectors: (1) property/casualty (P/C), which consists mainly of auto, home, and commercial insurance; (2) life/health (L/H), which consists mainly of life insurance and annuity products; and (3) accident and health, which is normally written by insurers whose main business is health insurance. The $5 trillion global insurance industry plays a huge role in the U.S. economy, with insurance spending in 2017 making up about 11% of the U.S.'s GDP (Source: OECD Insurance Statistics), as shown in Figure 10.

Figure 10

INSURANCE SPENDING AS PERCENTAGE OF GDP



Source: OECD Insurance Statistics.

The U.S. remained the world's largest insurance market, with a 28% market share of global direct premiums written in 2017. There were approximately 743 L/H insurers, 2,620 P/C insurers, and 1,130 health insurers licensed in the U.S. in 2017, with premiums of $638 billion, $640 billion, and $189 billion, respectively (Source: Agency Checklist's *U.S. Insurance Market Still the Largest—Federal Report Covers the State of the Industry*, November 2018). Sustained economic growth, rising interest rates, and higher investment income are among the positive factors that appear to be bolstering insurer's results in 2018, setting the stage for enhanced top- and bottom-line growth in the years ahead (Source: Deloitte's *2019 Insurance Industry Outlook*).

Insurance Agency Industry Overview

An insurance agency or broker, solicits, writes, and binds policies through many different insurance companies, as they are not directly employed by any insurance carrier. Thus, insurance agencies can decide which insurance carriers they would like to represent and which products they would like to sell. They are like a retail shop that sells insurance services and products created by the insurance carrier. The main difference between a broker and an agent has to do with who they represent. An agent represents one or more insurance companies, acting as an extension of the insurer. A broker represents the insurance buyer.

An insurance carrier, on the other hand, is a manufacturer of insurance services and products that the insurance agencies sell. They control the underwriting process, claims process, pricing, and the overall management of the insurance products. Insurance carriers do not sell their products through direct agents, but only through independent agencies. Insurance policies are created and administered by the insurance carrier.

A key operating difference between agencies and carriers is the risk profile. The potential financial risks to the insurance industry caused by unforeseen event such as natural disasters are the responsibility of the carriers (and their re-insurers). Agencies and brokers bear no insurance risk. Furthermore, an increase in damage caused by natural disasters generally boosts demand for insurance and results in possible premium increases. Since insurance brokers and agents are a central part of the distribution of these products, they normally benefit from this increase in demand and premiums despite damaged profit margins among these upstream underwriters and carriers. Natural disasters are inherently difficult to forecast but any increase in the frequency of these events holds the potential to boost insurance policy volumes, particularly for property and casualty products (Source: IBISWorld's *Insurance Brokers & Agencies Industry in the US*, December 2018).

This risk difference is key, especially considering the changing climate which is contributing to more volatile weather patterns that is resulting in an increased rate of natural disasters. The economic costs of 2018's 394 natural disaster events were estimated at $225 billion, with insurance covering $90 billion of the overall total and creating the fourth costliest year on record for insured losses, noting that 2017 and 2018 brought the costliest back-to-back years on record for both economic losses ($653 billion) due to weather-related events and for insured losses ($237 billion) (Source: Aon's *Weather, Climate & Catastrophe Insight – 2018 Insight Report*, January 2019).

Agencies and Brokers Outlook

Insurance brokers and agencies play a critical role within the insurance market by distributing policies and consulting insurance underwriters and consumers. The industry is a vital component to the larger insurance sector as industry operators act as intermediaries between insurance providers and downstream consumers. Operators generate income via commissions earned on policies sold. Given the transaction-based nature of the industry, revenue primarily depends on three factors: (1) policy (premium) pricing; (2) demand for insurance; and (3) the popularity of using agents and brokers in the distribution process.

The U.S. insurance broker and agency industry has grown steadily over the five years to 2018 due to macroeconomic growth, beneficial legislation that has been passed, and positive trends in the insurance sector, achieving $164 billion in revenues in 2018. As disposable income levels rose during that period, consumers were better suited to pay for more expensive insurance policies. Furthermore, some legislation, such as the Private Patient Affordable Care Act (PPACA), mandates that consumers have health insurance, which industry operators help consumers purchase. This helped provide constant demand for insurance products and services provided by industry operators during the period. For the coming five years, through 2023, the industry is anticipated to grow moderately as the macroeconomic landscape continues to improve (Source: IBISWorld's *Insurance Brokers & Agencies Industry in the US*, December 2018).

Insurers are benefitting from a strong economy, steady interest rates, and greater investment income, which has created an environment for greater top- and bottom-line growth. U.S. property and casualty carriers, in particular, have seen their insurable exposure base expand for both personal and commercial lines, perhaps in part due to faster GDP gains, lower unemployment, and greater consumer spending. Additionally, luck may be partially to credit for this improvement since insurers have benefitted from a relief in a record number of natural disaster losses, which provided some reprieve to the financial hit from relatively recent catastrophes, such as Hurricane Florence (August to September 2018), which caused major flood losses along with roughly $5 billion in insured damages, or Hurricane Michael (October 2018), with insured losses between $4.5 billion and $8 billion.

Insurance carriers should not continue to depend on the positive (though uncertain) fundamental economic strength of years past to maintain positive balance sheet momentum. In order to succeed, carriers must address foundational challenges, which include remaining relevant despite systemic economic changes combined with expanding consumer preferences. Some of the issues that insurers must address will fall within the areas of mergers and acquisitions (M&A), technology, product development, talent, regulation, as well as tax reform, as described below.

- *M&A*. The convergence of market pressures to attain sustainable growth, a persistent wealth of capital and capacity, and a possible upturn in interest rates may demonstrate that insurers should be prepared for an uptick in M&A activity in 2019. Should interest rates continue to rise, this may lead to a double-edged sword since it makes debt more expensive. As it stands now, fairly rich valuations could dampen activity, however, M&A could offer opportunities to scale and obtain new capabilities, primarily as it relates to technology.

- *Technology*. Advancements in mobile and digital technology are forcing insurers to innovate, which is expected to continue and intensify, where every insurance agency will need to focus on what makes their customer experiences and products unique. They will also need to integrate with technology enablers to bring to their customers a value proposition via a connected ecosystem. Furthermore, to better compete within the industry, those within the distribution system would benefit tremendously by improving the ability to share critical data and analytics between systems. Insurers are seeking to employ the cloud to power advanced analytics, improve data gathering, and grow cognitive applications. In order to keep pace with the industry and prepare for a cloud-enabled future, insurance carriers should prioritize migrating their existing systems to the cloud and launch new applications off-site.

- *Product development*. Economic and technological changes create the need for new types of coverage, revamped policies, and alternative distribution platforms; adaptation of this, however, has been slow within the insurance industry. Siloed business lines, legacy processes, and regulatory considerations hinder the rapid and agile product development needed within this highly competitive landscape. Accordingly, insurers would benefit by focusing on creating hybrid policies that cover both commercial and personal risks. They could also supply on-demand coverage options, which provide greater control to customers for their policy terms and time frames.

  Furthermore, novel and unique micro-experiences could become the foundation for digital expansion as agencies are distinguished by the niche markets they sell to and can better service versus their peers. Digital content campaigns and user interfaces targeting specialized prospects and customer segments are expected to continue to expand. These micro-experiences could allow agencies to have access to a market that can quote, bind, and service insurance online, and where they are focused on commercial lines and specialty insurance for niche markets. In such a scenario, they may be able to offer new opportunities for agencies to expand quickly via digital building blocks that can be easily integrated into existing business and/or workflows.

- *Talent*. Overlapping with expanding technologies and product development, insurance companies are increasing their staff, specifically in the areas of analytics and technology (where talent is increasingly scarce). Additionally, the expanded use of robotic process automation and artificial intelligence (AI), could reinvent or eliminate a broad spectrum of insurance job functions, giving way to personnel's need to take on more complicated responsibilities. This is likely to require retraining to learn the needed skills to function within a digital-first organization. Specifically, insurers may need to modify job descriptions as well as retrain their current staff to develop a group of professionals whose work is improved by emerging technologies and where they can focus on higher-value, strategic roles. Simultaneously, insurers could transition operations to accommodate a more flexible and virtual workforce. Carriers should further focus on scaling up efforts to retain and employ methods that are most productive for its long-term employees as a way to keep institutional knowledge and industry experience in-house (perhaps beyond anticipated retirement).

- *Regulation*. Regulation will continue to play a significant role in the operations and development of the insurance industry, with three high-priority compliance issues (each with global and domestic implications) facing insurers:

  - *Market conduct*. "Best interest" standards are being considered at both the federal and state levels to protect consumers who purchase annuities and life insurance. Due to this, insurers should seek to review and adjust their compliance structures to accommodate what could turn into a patchwork oversight system. One possibility could be to integrate new technologies that would allow for continual oversight and management of the sales process.

  - *Cyber risk*. With New York State's new cybersecurity regulations, insurers are facing compliance deadlines, which have formed the basis of a nationwide model law developed by the National Association of Insurance Commissioners. Going forward, the spotlight is likely to be on how insurers plan to manage third-party risks, given so much importance has been placed on migrating policyholder data and software systems to external hosts.

  - *Privacy oversight*. Privacy is both a data-security and reputational risk issue given the European Union's General Data Protection Regulation (GDPR) having been implemented along with similar standards set to be imposed in California. Equally as important is how data can be used moving forward, specifically when it comes to disclosure and consumer signoff. In addition to legal and IT experts, insurers should include multiple stakeholders in its compliance efforts. Over the longer term, carriers may reexamine how the vast amounts of alternative data at their disposal may be leveraged for the mutual benefit not only for the carriers but their policyholders, while simultaneously remaining compliant with domestic and global regulations.

- *Taxes*. The global trend has been to lower corporate income tax rates, with a recent report from the Organization for Economic Co-operation and Development citing significant tax reform packages enacted in Argentina, France, Latvia, and the U.S., with other countries introducing more disjointed reforms. U.S. insurers continue to focus on adapting to the changes introduced in the Tax Cuts and Jobs Act of 2017. The U.S. Department of the Treasury and the Internal Revenue Service (IRS) have issued final and proposed guidance on certain important, newly enacted provisions, such as the application of the base erosion and anti-abuse tax to reinsurance, as well as the taxation of foreign operations owned by U.S. taxpayers. Additional guidance could be imminent on many other important provisions, including how the new loss carryover rules will fit with the old rules in the context of life-nonlife consolidated returns.

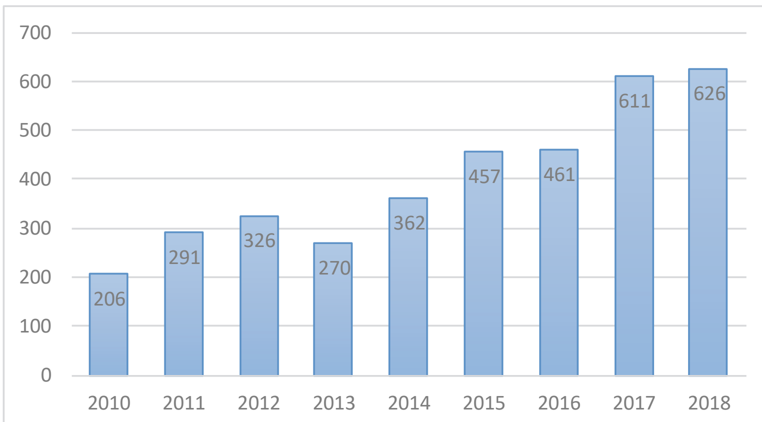
While the industry may need to address internal and external pressures, the impact from these issues will continue to fall within the individual insurer. Thus, since insurers control their own destinies, potentially the most significant factor is likely to be how committed and prepared insurers are to quickly adjust to changes in the economy, society, and technology, and respond accordingly.

Insurance Agencies Mergers and Acquisition (M&A) Overview

In the two years leading up to 2018, one in 10 insurance agencies were involved in some sort of M&A activity (Source: IA Buyer's Guide: *The 6 Stages of Acquiring an Agency,* November 2017); this trend does not seem to be slowing. Mergers and acquisitions of insurance agents and brokers broke several records in 2018. As shown in Figure 11, there were a record 626 deals in the U.S. and Canada in 2018, including 330 transactions in the second half of the year and 148 transactions during the fourth quarter. In 2017, there were 611 M&A deals, which was previously the most active year (Source: Optis Partners' *Agent and Broker 2018 Year-end Merger & Acquisition Update*, January 2019).

Figure 11

INSURANCE M&A ACTIVITY



Source: Insurance Journal.

The confluence of unrelenting market pressure to achieve sustainable growth, a lingering abundance of capital and capacity, improving global economies, and an upturn in interest rates may indicate that insurers should be prepared for continued growth of M&A activity in 2019. Specifically, the following factors are among the expected driving forces of an active insurance M&A market in the coming years:

- Sustained U.S. economic growth, rising interest rates, and higher investment income are among the positive factors bolstering insurance companies' results in 2018 and positioning them for bottom-line growth in the new year, making them attractive takeover targets.

- Continued soft debt rates, resulting in an increase in the available capital, which could drive insurance agencies' acquisitions to increase market share, diversification, and growth in niche areas.

- The volatility of the stock market, which causes falling prices and sell-offs, which could present opportunities for companies with strong balance sheets and private equity groups to acquire distressed assets at favorable valuations.

- Easement of regulatory barriers to M&A, which is good news for well-capitalized insurance companies and other entities looking to investments or acquisitions as ways to boost inorganic growth (Source: Deloitte's 2019 Insurance M&A Outlook).

These driving forces have facilitated the acquisition of insurance agencies, especially small- and mid-market companies looking at consolidation to grow and build out their portfolio capabilities, boost their bottom line, broaden their product portfolio or geographic reach, and strengthen future competitiveness.

RELI'S INSURANCE ACQUISITIONS ACTIVITIES

To date, RELI has acquired five insurance agencies, including both affiliated and unaffiliated companies, and has executed Letters of Intent (LOIs) for the acquisition of two additional insurance agencies, listed in Figure 12.

Figure 12
RELI'S INSURANCE ACQUISITION ACTIVITY

Acquired	Date	Location	Line of Business	Status
U.S. Benefits Alliance, LLC (USBA)	10/25/2018	Michigan	Health Insurance	Affiliated
Employee Benefit Solutions, LLC (EBS)	10/25/2018	Michigan	Health Insurance	Affiliated
Commercial Solutions of Insurance Agency, LLC	12/11/2018	New Jersey	P&C - Trucking industry	Unaffiliated
Southwestern Montana Insurance Center, LLC	4/3/2019	Montana	Group Health Insurance	Unaffiliated
Fortman Insurance Agency LLC	5/3/2019	Ohio	P&C	Unaffiliated
Letters of Intent	**Date**	**Location**	**Line of Business**	**Status**
TBA	5/18/2019	TBA	TBA	Unaffiliated
TBA	5/18/2019	TBA	TBA	Unaffiliated

Source: Reliance Global Group, Inc.

Employee Benefit Solutions, LLC (EBS) and U.S. Benefits Alliance, LLC (USBA)
https://www.ebs-insurance.com/
https://usbenefitsalliance.com/

In October 2018, the Company acquired 100% of Employee Benefit Solutions (EBS) and U.S. Benefits Alliance (USBA), two insurance agencies specializing in the sale of health insurance products in the wholesale and retail industry. The agencies were owned by Reliance Global Holdings. The two Michigan-based insurance agencies reported $914,000 in revenues in 2017 on a combined basis. Based on recent new customer enrollments that have occurred under RELI's management, RELI expects these subsidiaries to achieve substantial, year-over-year revenue growth during 2019. The consideration for the acquisition was the issuance of 16,400,000 restricted shares, bringing the total number of issued and outstanding common shares to 263,393,149.

The Referral Depot (TRD)

In November 2018, RELI entered into an exclusive six-month agreement with The Referral Depot (TRD), a one-of-a-kind software-based referral program (Figure 13) made for the insurance industry, placing TRD under the Company's full management and control, for the benefit of RELI's acquired subsidiaries EBS and USBA. Pursuant to the agreement, all commissions or overrides earned by RELI's subsidiaries during the six-month period of the agreement will be owned by RELI in perpetuity, whether or not the agreement is renewed. At the end of the six-month agreement, RELI has the right to purchase TRD outright. The Company recently extended its six-month agreement with TRD. TRD is already in use by EBS and USBA, as well as in use within the independent agency community. EBS and USBA have further been engaged in talks with large national insurance agencies to have this software implemented within their sales force team.

Figure 13
THE REFERRAL DEPOT (TRD)

Source: The Referral Depot.

TRD's easy-to-use software allows insurance professionals and agents to refer business which they do not write to other insurance professionals that do, for a commission split or other incentive. TRD has three possible applications: (1) independent insurance agents, which can refer business they do not write, such as individual health, group health, Medicare, or life insurance, to USBA and receive a commission split on that business; (2) agents or agencies, which can also use the TRD software to receive referrals from other third parties for their businesses; and (3) the ability to offer large organizations with downline agents, such as marketing organizations, Field Marketing Organization (FMOs) and general agents, the ability to use the TRD software to drive referrals directly to their agents in order to scale their businesses.

The Company believes that the TRD software provides it with a competitive advantage to grow its insurance business, while at the same time providing it with additional sources of income as it acts as an FMO for independent agents and agencies.

Commercial Solutions of Insurance Agency, LLC (now doing business as Commercial Coverage Solutions, LLC)
http://csinj.biz/

In December 2018, the Company acquired the unaffiliated niche insurance agency, Commercial Solutions of Insurance Agency (Commercial Solutions) for a total purchase price of $1.2 million, consisting of cash and the issuance of 761,905 restricted RELI shares. Headquartered in Hackettstown, New Jersey, Commercial Solutions specializes in providing commercial P&C insurance to the trucking, towing, and short-haul services industries, serving customers in several Northeastern states, including New York, New Jersey, Pennsylvania, and Maryland. Commercial Solutions supports approximately $6.7 million in annual premiums and reported revenues of $510,000 (unaudited) for the fiscal year ended December 31, 2017. As a result of the transaction, 100% of Commercial Solutions has been acquired. The agency will now be a wholly owned subsidiary of RELI.

Southwestern Montana Insurance Center, LLC (now doing business as Southwestern Montana Financial Center Inc.)
http://www.swmtfinancial.com/

On April 2019, RELI announced the acquisition of an unaffiliated niche insurance agency, Southwestern Montana Insurance Center (Southwestern Montana), by its affiliate Reliance Global Holdings for a total purchase price of $2.338 million, consisting of cash and the issuance of restricted stock. Headquartered in Belgrade, Montana, Southwestern Montana specializes in providing employee benefit health insurance to groups and individuals in the entire state. For the fiscal year ended December 31, 2018, Southwestern Montana had premiums of $7.5 million and revenues of approximately $1.5 million (unaudited).

As RELI is in the process of completing its audited financial statements in order to become a SEC-reporting issuer, this acquisition was purchased by Reliance Global Holdings and will be transferred into RELI upon the successful completion of the audit. This is another example of how RELI's benefits from its relationship with Reliance Global Holding. In addition to capitalizing on the management expertise and financing expertise, RELI can use its affiliate as a holding company in order to execute time sensitive transactions while it continues to conduct the necessary steps to become a SEC-reporting issuer.

Fortman Insurance Agency LLC (now doing business as Fortman Insurance Services, LLC)
http://www.fortmanins.com/

On May 2019, RELI (through its subsidiary Reliance Global Holdings), completed the acquisition of Ohio-based Fortman Insurance Agency LLC (Fortman Insurance) for a total purchase price of $4.138 million, consisting of cash and the issuance of restricted stock. Fortman Insurance serves customers throughout Ohio, providing personal and commercial lines of insurance. For the fiscal year ended December 31, 2018, the agency had written premiums of approximately $21 million and reported revenues of $1.6 million (unaudited). This is RELI's fifth acquisition and is in line with management's growth strategy of completing acquisitions in a timely manner. Similar to the Southwestern Montana transaction, the acquisition was purchased by Reliance Global Holdings and will be transferred to RELI upon the Company's successful completion of its audit.

Letters of Intent (LOIs)

In addition to the aforementioned acquisitions, RELI has executed the following LOIs:

- May 18, 2019: Executed an LOI to acquire two additional unaffiliated insurance agencies.

NATIONAL CAMPAIGN FOR HEALTHCARE BUSINESS

In February 2019, RELI arranged to commit significant funds (up to $1.5 million) and launched a national campaign to recruit independent health agents, brokers, and National Marketing Organizations to market USBA's portfolio of insurance products. The campaign, aimed at the growth and expansion of RELI's national health insurance brokerage and agency partnership agreements, and RELI's acquisition activities, are expected to be a catalyst for the Company to become a national leader in the Medicare insurance sales market. The investment of funds will be supplied by Reliance Global Holdings.

Investment Highlights

- *Reliance Global Group, Inc. ("RELI" or "the Company") operates as a diversified holding company investing in real estate and insurance markets, as well as other related sectors.* RELI's focus is to grow the Company by pursuing an aggressive acquisition strategy, including both real estate and wholesale and retail insurance agencies.

- *The Company is controlled by the same management team as Reliance Global Holdings, LLC, a limited liability company that is the owner of numerous companies in the real estate and insurance sectors.* Reliance Global Holdings' management offers over 100 years of combined business expertise in real estate, insurance, and the financial service industry. RELI's relationship with Reliance Holding Group provides the Company with significant benefits: (1) experience, know-how, and industry relations in both the real estate and insurance industries; (2) a source of acquisition targets currently under Reliance Global Holdings control; and (3) financial and logistic assistance.

- *RELI acquires existing businesses with proven track records and where it sees value-added opportunities.* The Company's acquisitions include both affiliated properties—properties currently owned or controlled by Reliance Global Holdings—as well as non-affiliated parties. To date, RELI's acquisitions have been privately funded through Reliance Global Holdings' investment of funds and assets. RELI is now seeking private capital from outside sources to procure $10 million to $20 million of additional funds to be used to secure and finance new acquisitions.

- *RELI plans to act as both the holder and merchant of its acquisitions.* After acquiring a specific asset, the Company plans to utilize its management expertise to derive a continued cash flow. Then, when the asset displays a significant capital appreciation, RELI plans to act a merchant and sell it in order to capitalize on the higher value.

- *RELI is currently in negotiations with several affiliated and non-affiliated parties and expects to complete a number of material transactions during 2019*. The Company seeks to conduct all transactions and acquisitions through the operations of RELI, as well as complete the acquisition and transfer of desirable assets currently under Reliance Global Holdings control. In addition, in some instances, Reliance Global Holdings could act as a place holder to facilitate the acquisition process, with those properties later transferred under RELI's umbrella.

- *As of September 2018 (the time the Company was created via a reverse merger), RELI elected to terminate its status as an SEC-reporting entity because they intended to acquire businesses which did not have SEC-compliant audited financial statements.* Thus, RELI made the decision to complete the acquisitions and then to perform SEC-compliant audits of the businesses (which is ongoing) to become a SEC-reporting issuer again.

REAL ESTATE OPERATIONS

- In the real estate division, the Company's primary focus is to acquire and manage undervalued multifamily properties throughout various geographical locations in the U.S.; improve operational expenses; and derive profits through increased interim cash flows and substantial exit value gains from capital appreciation.

- The Company intends to target multifamily properties throughout the U.S. that offer the potential to achieve attractive risk-adjusted returns. RELI specifically targets Class B properties with over 100 units that are priced below the market cap rate margin for that particular market. Class B properties, the second level of multifamily asset classes, are generally built within the last 20 years, offer good quality construction, and command rental income just under Class A properties. When comparing Class B to their Class A counterparts, the former normally offers a higher cap rate, can be viewed as value investments, and can be recession insulated. That is because under economic uncertainty, Class B buildings do not have to rely on premium rents to drive profitability.

- RELI is currently under contract with Reliance Global Holdings to acquire 19 multifamily properties. These properties have been under the control of Reliance Global Holdings since approximately 2005. The combined properties have a net equity of $30 million and a combined asset value of over $110 million.

- Despite the tumultuous stock market at the end of 2018, the current economic trajectory points to an expected strong ongoing performance for the real estate market. The technology stock bubble that began in late 2016 seems to have ended in 2018. Investors who were preoccupied with technology stocks eventually saw favorable opportunities in real estate, which had become one of the most undervalued segments of the investment market. The same applies to the sub-market of multifamily properties, with key drivers—healthy job growth, rising wages, rising interests, and worsening home affordability—pointing to the expected continued growth of multifamily property demand in the next few years.

INSURANCE OPERATIONS

- RELI's insurance operations focus on the acquisition and management of undervalued wholesale and retail insurance agencies with operations in growing or underserved segments (including healthcare and Medicare). Once acquired, the Company aims to expand their operations on a national platform; improve operational efficiencies; and achieve asset value appreciation while generating interim cash flows.

- A key operating difference between agencies and carriers is the risk profile. The financial risks to the insurance industry caused by unforeseen event such as natural disasters are the responsibility of the carriers. Agencies bear no insurance risks. Furthermore, an increase the occurrence of natural disasters generally boosts demand for insurance and results in possible premium increases, which would actually benefit insurance agents, despite damaged profit margins among these upstream underwriters and carriers.

- To date, RELI has acquired five insurance agencies, including both affiliated (i.e. owned by Reliance Global Holdings) and unaffiliated companies, and has executed Letters of Intent (LOIs) for the acquisition of two additional insurance agencies. As its acquisition strategy continues, RELI's large reach across the insurance space can provide the Company with the ability to offer lower rates, which could boost RELI's competitive position within the industry.

- On February 2019, RELI arranged to commit significant funds, up to $1.5 million, and launched a national campaign to recruit independent health agents, brokers, and National Marketing Organizations aimed at the growth and expansion of RELI's health insurance business. The investment of funds will be supplied by Reliance Global Holdings. The campaign, coupled with RELI's acquisition activities, are expected to be a catalyst for the Company to become a national leader in the Medicare insurance sales market.

Competition

As RELI continues to implement its growth and expansion strategy in both the real estate and insurance markets, it expects to encounter competition for both the acquisition of new assets as well as the operations in their respective markets. In terms of asset acquisitions, RELI anticipates significant competition from other companies, including REITs, insurance companies, commercial banks, private investment funds, hedge funds, specialty finance companies, online investment platforms, and other investors.

The Company believes that the experience, know-how, and industry relations with a wide variety of commercial real estate owners and operators, brokers, and other intermediaries and third parties in both the real estate and insurance industries by its management team acquired through the operations of Reliance Global Holdings provides a competitive advantage over other entities that do not have its knowledge or connections.

Real Estate

RELI plans to capitalize on the ability of its management team to source, evaluate, negotiate, structure, close, and manage acquisitions of multifamily properties throughout the U.S. For example, RELI believes that its relationships with multiple merchant builders acquired over its management team’s 30 years of real estate operations provides the Company with a competitive advantage in securing real estate acquisitions that fit its portfolio objectives.

From an investment perspective, the strong multifamily acquisition market presents both challenges and opportunities for the Company. With rising interest rates, the inexpensive debt capital that supported fast rising property values in recent years is diminishing. When the cost of borrowing goes up, cap rates must move correspondingly, resulting in pricing pressure. Due to this, 2019 could be more of a buyer’s market. Attractive multifamily acquisitions can be captured by buyers who secure assets that are priced right to account for rising interest rates.

While trying to profit from these market dynamics, the Company could encounter competition from other entities vying to acquire the same properties, including REITs, real estate holding companies, private investors, and developers. However, through its industry experience, RELI’s management team has built a network of relationships from which to source investment opportunities. These relationships include owners, property managers, developers, leasing and investment sales brokers, financiers, lenders, institutional investors, lawyers, and accountants, which could potentially result in transactions outside of a competitive bid environment. Furthermore, RELI could also face competition to attract residents and lease apartments on those properties it owns and operates from housing alternatives, including other rental apartments, condominiums and single-family homes that are available for rent, as well as new and existing condominiums and single-family homes for sale.

The Company believes that the following strategic factors provide it with a competitive advantage and a solid platform to continue the successful implementation of its aggressive expansion plans, while simultaneously maximizing profitability and achieving sustainable long-term growth:

- Continuing to acquire stable, income-producing, undervalued multifamily residential properties;
- Creating efficiencies and economies of scale through large scale purchasing and shared services, such as property management services; and
- Capitalizing on its management team’s market knowledge and industry relationships.

Insurance

As RELI continues to expand its insurance operations, it could encounter competition for both the acquisition of targets as well as day-to-day competition in the markets and insurance lines it operates.

Acquisition

The merger and acquisition of insurance agents and brokers has experienced sustained growth over the last few years, a trend that is expected to continue in 2019 and beyond. This competitive environment represents a challenge for the Company as it increases the competition for the assets it intends to acquire. However, it also means that the acquisition timelines accelerate with narrow windows of opportunity, favoring those groups that have both strong financing capabilities and deep industry connections. RELI believes that its relationship with Reliance Global Holdings provides competitive advantages as its affiliate provides not only acquisition opportunities from its own portfolio but also financing assistance and extensive industry connections that could facilitate and accelerate RELI’s acquisition activities.

Operation

As the Company continues to pursue organic growth through the operations of its insurance agencies, it is sure to encounter competition from national or local agencies and brokers that compete with RELI in terms of geographic location and products. To date, RELI has acquired five insurance agencies and has executed Letters of Intent (LOIs) for the acquisition of two additional insurance brokerages. As its acquisition strategy continues, RELI’s expanded reach in the insurance sector can provide the Company with the ability to offer lower rates, which could boost RELI’s competitive position within the industry. In addition, the Company believes that the TRD software (described on pages 27-28) provides a competitive advantage to grow its insurance business while at the same time creating additional sources of revenue as it acts as an FMO for independent agents and agencies.

Historical Financial Results

As of September 2018 (the time the Company was created via a reverse merger), RELI elected to terminate its status as an SEC-reporting entity because they intended to acquire businesses within 30 to 60 days which did not have SEC-compliant audited financial statements, and which, in their judgment, might not become SEC-compliant audits within the time required by SEC regulations. Thus, RELI made the decision to complete the acquisition of the Companies, and then to perform SEC-compliant audits of the businesses (which are ongoing) to become an SEC-reporting issuer again. Figures 14, 15, and 16 provide the Company's income statement, balance sheet, and statement of cash flows for the year ended December 31, 2017.

Figure 14

FAMILY HEALTH ADVISORS, INC., EMPLOYEE BENEFIT SOLUTIONS, INC., AND TRI STAR BENEFITS, LLC

COMBINED STATEMENT OF OPERATIONS

	For the Year Ended December 31, 2017
REVENUE	$ 909,736
Commission income	909,736
Total revenue	
OPERATING EXPENSES	
Commission expense	342,830
Salaries and wages	192,935
General and administrative expenses	154,654
Marketing and advertising	8,395
Depreciation expense	6,288
Total operating expenses	705,102
Income from operations	204,634
Other expense, net	(1,685)
Net income	$ 202,949

Source: Reliance Global Group, Inc.

Figure 15

FAMILY HEALTH ADVISORS, INC., EMPLOYEE BENEFIT SOLUTIONS, INC., AND TRI STAR BENEFITS, LLC

COMBINED BALANCE SHEET

		December 31, 2017
Current assets:		
Cash	$	23,611
Note receivables, relates parties		570
Total current assets		24,181
Property and equipment, net of accumulated depreciation		6,490
Total assets	$	30,671
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$	177,547
Notes payables, relates parties		31,943
Line of credit		5,217
Total current liabilities		214,707
Stockholders' and members' equity (deficit)		
Financial Health Advisors, Inc.		
Common stock, $0.00 par value, 10,000 shares authorized and 10,000 shares issued and outstanding		—
Additional paid-in capital		1,000
Retained earnings		870
Employee Benefit Solutions, Inc.		
Common stock, $0.00 par value, 10,000 shares authorized and 100 shares issued and outstanding		—
Additional paid-in capital		17,485
Accumulated deficit		(222,728)
Tri Star Benefit, LLC members' equity		19,337
Total stockholders' equity (deficit) and members' equity		(184,036)
Total liabilities and stockholders' equity (deficit) and members' equity	$	30,671

Source: Reliance Global Group, Inc.

Figure 16

FAMILY HEALTH ADVISORS, INC., EMPLOYEE BENEFIT SOLUTIONS, INC., AND TRI STAR BENEFITS, LLC

COMBINED STATEMENT OF CASH FLOWS

		For the Year Ended December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:	$	202,949
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		6,288
Change in operating assets and liabilities:		
Accounts payable and other accrued liabilities		(32,902)
Net cash provided by operating activities		176,335
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid		(114,042)
Distributions to members		(65,575)
Payment of notes payable		(2,702)
Payment of notes payable, related parties		(314)
Net cash used in financing activities		(182,633)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of note receivable, related parties		(2,570)
Note receivable, relates parties		2,500
Net cash provided by investing activities		(70)
Net decrease in cash		(6,368)
Cash at beginning of year		29,979
Cash at end of year	$	23,611
SUPPLEMENTAL DISCLOSURE OF CASH AND NON-CASH TRANSACTIONS:		
Non-cash distribution to member (see Note 9.)	$	(5,000)
Cash paid for interest	$	1,761

Source: Reliance Global Group, Inc.

Recent Events

06/21/2109—Announced that the Company posted its 2017 consolidated audited statements on the OTC website. Additionally, the Company also plans to post portions of the independent third-party due diligence reports for the two agencies recently acquired by RELI's affiliate, Reliance Global Holdings, LLC—Fortman Insurance Services and Southwestern Montana Insurance Center. These agencies will be transferred into RELI prior to the completion of the RELI audits. These events relate to the Company's efforts to complete the ongoing financial audits to become an SEC reporting entity (efforts that have been delayed due to the Company's aggressive acquisitions activities) as each new acquisition requires its own independent audit.

06/14/2019—Announced it has retained Crescendo Communications, LLC to provide investor relations and strategic advisory services for the Company. Crescendo is a New York-based communications firm with experience representing public companies and helping build awareness within the investment community.

06/13/2019—Provided a letter to shareholders summarizing key milestones achieved and outlining growth strategy. The Company continued the acquisition of growing cash flow positive insurance and real estate assets, while at the same time building a scalable national infrastructure to accelerate organic growth and support additional acquisitions to drive economies of scale. In aggregate, combining the agencies it acquires and those under LOI, the Company's insurance assets have a pro forma annual premiums revenue run rate in excess of $4.6 million. In addition, as part of its organic growth strategy, the Company launched a national campaign to recruit independent health agents, brokers, and National Marketing Organizations to market its portfolio of insurance products, including the implementation of a one-of-a-kind software-based referral program for the insurance industry. Within the real estate vertical, it signed two letters of intent to acquire a total of 19 multifamily properties that are expected to generate over $1.3 million in cash flow annually. To complete both real estate acquisitions, RELI is in the process of securing the approval of the lender and finishing its SEC-compliant audited financial statements.

05/03/2019—Announced through its affiliate, Reliance Global Holdings, that it had completed the previously announced acquisition of Ohio-based Fortman Insurance Agency LLC, for a total purchase price of $4.138 million, consisting of cash and the issuance of restricted stock. As RELI is in the process of completing its audited financial statements in order to become an SEC-reporting issuer, the acquisition was purchased by Reliance Global Holdings and will be transferred into RELI upon the successful completion of the audit. Fortman serves customers throughout Ohio, providing personal and commercial lines of insurance. For the fiscal year ended December 31, 2018, Fortman had written premiums of approximately $21 million and revenues of $1.6 million (unaudited).

04/18/2019—Announced it will be at the Planet MicroCap Showcase being held April 30 to May 2, 2019 at Bally's Hotel & Casino in Las Vegas.

04/03/2019—Announced the acquisition of an unaffiliated niche insurance agency, Southwestern Montana Insurance Center, LLC, for a total purchase price of $2.338 million, consisting of cash and the issuance of restricted stock. Headquartered in Belgrade, Montana, Southwestern Montana serves customers throughout the state. Southwestern Montana specializes in providing employee benefits insurance to groups and individuals. For the fiscal year ended December 31, 2018, Southwestern Montana had revenues of approximately $1.5 million (unaudited). As RELI is in the process of completing its audited financial statements in order to become an SEC-reporting issuer, this acquisition was purchased by Reliance Global Holdings and will be transferred into RELI upon the successful completion of the audit.

02/28/2019—Arranged to commit significant funds, up to $1.5 million, and launched a national campaign to recruit independent health agents, brokers, and National Marketing Organizations (NMO) to market U.S. Benefits Alliances' portfolio of insurance products. USBA is focused on aggressive growth of the Company's national health insurance brokerage and agent partnership arrangements. The investment of funds will be supplied by Reliance Global Holdings.

02/28/2019—Executed a LOI to acquire an unaffiliated insurance agency. The agency to be acquired had premiums of approximately $16 million (unaudited) in 2018. The agency specializes in personal and commercial insurance lines and is located in the Midwest.

02/06/2019—Executed an amended LOI to acquire 100% of an unaffiliated niche insurance agency. The LOI, originally signed on November 19, 2018, has been amended and re-signed due to the conclusions of the Company's third-party due diligence firm, resulting in RELI renegotiating a more favorable purchase price.

01/31/2019—Signed an LOI to purchase a portfolio of four multifamily properties located in Indiana, Ohio, Michigan, and Georgia. The properties are currently owned by a joint venture of which Mr. Beyman, Chief Executive Officer (CEO) of RELI, is a part owner. The four multifamily properties being acquired by RELI have an appraised value of nearly $33 million and a net equity of approximately $8 million. RELI's intention is to complete the acquisition by issuing RELI common stock.

01/17/2019—Signed an LOI to purchase a portfolio of 15 multifamily properties. The properties are located throughout the states of Ohio, Indiana, Kentucky, Michigan, and Georgia. The properties are currently owned in a joint venture of which Mr. Beyman is a part owner. The assets have an appraised value of nearly $80 million and a net equity of approximately $24 million.

12/19/2018—Provided a corporate update as it continued executing on its strategy of pursuing acquisitions in the real estate and insurance agency sectors. As part of this strategy, RELI is currently in negotiations with several affiliated and non-affiliated parties and expects to complete a number of material real estate transactions throughout the course of 2019. Among the corporate update highlights were: (1) in October 2018, the Company acquired 100% of Employee Benefits Solutions, LLC (EBS) and U.S. Benefits Alliance, LLC (USBA), two Michigan-based insurance agencies specializing in the sale of health insurance products, in the wholesale and retail industry; (2) in November 2018, announced that it is forming a Real Estate Investment Trust (REIT), tentatively entitled "Edmonton Realty REIT USA," for the purpose of acquiring, developing, and owning primarily multifamily apartment complexes throughout the U.S.; and (3) in December 2018, RELI completed the acquisition of Commercial Solutions of Insurance Agency, LLC.

12/11/2018—Completed the previously announced acquisition of an unaffiliated niche insurance agency, Commercial Solutions of Insurance Agency, LLC (Commercial Solutions), for a total purchase price of $1.2 million, consisting of cash and the issuance of 761,905 restricted RELI shares. Headquartered in Hackettstown, New Jersey, Commercial Solutions specializes in providing commercial P&C insurance to the trucking, towing, and short-haul services industries, serving customers in several Northeastern states, including New York, New Jersey, Pennsylvania, and Maryland. Commercial Solutions supports approximately $6.7 million in annual premiums and had revenues of $510,000 (unaudited) for the fiscal year ended December 31, 2017. The agency will now be a wholly owned subsidiary of RELI.

12/06/2018—Retained Friedman LLP, a Public Company Accounting Oversight Board (PCAOB)-registered CPA firm, to serve as the Company's independent auditors, effective immediately.

11/27/2018—Announced that it is forming a Real Estate Investment Trust (REIT) for the purpose of acquiring, developing, and owning primarily multifamily apartment complexes throughout the U.S. The REIT to be formed is tentatively entitled "Edmonton Realty Trust USA." The formation of the REIT is intended to facilitate RELI's entry into the REIT sector. The REIT is intended to be fully owned by RELI, enabling the Company to own interests in multifamily apartment complexes located in the U.S.

11/19/2018—Executed an LOI to acquire an unaffiliated niche insurance agency. The agency specializes in placing group health insurance for businesses in the Northwest. The agency to be acquired had revenues of $1.5 million (unaudited) in 2017. Completion of the acquisition is subject to the signing of a definitive purchase agreement and due diligence.

11/15/2018—Announced that its trading symbol will be changed from EOMN to RELI, effective November 15, 2018.

11/08/2018—Announce that it entered into an exclusive six-month agreement with The Referral Depot (TRD), a one-of-a-kind software-based referral program made for the insurance industry, placing TRD under RELI's full management and control, for the benefit of its recently-acquired subsidiaries, EBS and USBA. At the end of the six-month agreement, RELI has the right to purchase TRD outright. The software is already in use by EBS and USBA, as well as in use within the independent agency community. EBS and USBA have further been engaged in talks with large national insurance agencies to have this software implemented within their sales force team.

10/30/2018—Signed an LOI to acquire 100% of an unaffiliated niche insurance agency servicing New Jersey, New York, Pennsylvania, and Maryland. The Company also announced that it has changed its corporate name in the State of Florida to Reliance Global Group, Inc., and is now applying to FINRA for a symbol change.

10/25/2018—Acquired Employee Benefit Solutions, LLC (EBS) and U.S. Benefits Alliance, LLC (USBA), two Michigan-based insurance agencies specializing in the sale of health insurance products in the wholesale and retail industry. The consideration for the acquisition was the issuance of 16,400,000 restricted shares, bringing the total number of issued and outstanding common shares to 263,393,149. On a combined basis, EBS and USBA's revenues in 2017 were $914,000 (unaudited). As previously announced, new management as of September 21, 2018 terminated the Company's registration as a reporting issuer with the SEC because their intention is to acquire companies which might not have SEC-compliant audited financial statements. Then, when the SEC-compliant audits of the business or businesses have been completed, they intend to become an SEC-reporting issuer again.

10/09/2018—On September 21, 2018, the Company executed a reverse merger, acquiring the common and preferred shares of Ethos Media Network, Inc. (EOMN). The Company elected to terminate its status as an SEC-reporting entity because they intend to acquire a business or businesses within 30 to 60 days, but which currently do not have SEC-compliant audited financial statements, and which, in their judgment, might not become SEC-compliant audits within the time required by SEC regulations. New management's focus will be on acquiring companies in the insurance agency and real estate sectors, then, when the SEC-compliant audits of the business or businesses have been completed, they intend to become a SEC-reporting issuer again.

Risks and Disclosures

This Executive Informational Overview® (EIO) has been prepared by Reliance Global Group, Inc. ("RELI" or "the Company") with the assistance of Crystal Research Associates, LLC ("CRA") based upon information provided by the Company. CRA has not independently verified such information. Some of the information in this EIO relates to future events or future business and financial performance. Such statements constitute forward-looking information within the meaning of the Private Securities Litigation Act of 1995. Such statements can only be predictions and the actual events or results may differ from those discussed due to the risks described in RELI's statements on its financial and other reports filed from time to time.

The content of this report with respect to RELI has been compiled primarily from information available to the public released by the Company through news releases, presentations, Annual Reports, and other SEC filings. RELI is solely responsible for the accuracy of this information. Information as to other companies has been prepared from publicly available information and has not been independently verified by RELI or CRA. Certain summaries of activities and outcomes have been condensed to aid the reader in gaining a general understanding. CRA assumes no responsibility to update the information contained in this report. In addition, CRA has been compensated by the Company in cash of thirty-five thousand dollars and three million options for its services in creating this report and for updates.

Investors should carefully consider the risks and information about RELI's business. Investors should not interpret the order in which considerations are presented in this or other filings as an indication of their relative importance. In addition, the risks and uncertainties overviewed herein are not the only risks that the Company faces. Additional risks and uncertainties not presently known to RELI or that it currently believes to be immaterial may also adversely affect the Company's business. If any of such risks and uncertainties develops into an actual event, RELI's business, financial condition, and results of operations could be materially and adversely affected, and the trading price of the Company's shares could decline.

This report is published solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any state. Past performance does not guarantee future performance. Additional information about RELI as well as copies of this report, can be obtained in either a paper or electronic format by calling (732) 380-4600.

RISKS RELATED TO AN INVESTMENT IN THE COMPANY

The Company is a newly formed entity with limited operating history.

Investors should consider an investment in RELI's common shares in light of the risks, uncertainties, and difficulties frequently encountered by other newly formed companies with similar objectives. To be successful in this market, RELI must, among other things:

- identify and acquire real estate assets and insurance consistent with its investment strategies;
- increase awareness of its name within the investment products market;
- attract, integrate, motivate, and retain qualified personnel to manage its day-to-day operations; and
- build the operations structure to support its business.

There can be no assurance that the Company will achieve its investment objectives.

RELI cannot assure investors that a public market for its common shares will develop and thus the ability to sell its common shares may be limited. In the absence of a public trading market, an investor may be unable to liquidate an investment in the Company's common shares.

The Company's common shares are likely to be subject to significant price fluctuations.

Until an orderly market develops in RELI's common shares, if ever, the price at which it trades is likely to fluctuate significantly. Prices for the Company's common shares will be determined in the marketplace and may be influenced by many factors, including the depth and liquidity of the market, developments affecting its business, investor perception of the Company, and general economic and market conditions. No assurances can be given that an orderly or liquid market will ever develop for RELI's common shares.

If the Company is unable to find suitable investments, RELI may not be able to achieve its investment objectives.

RELI's ability to achieve its investment objectives depends upon the performance of its management team in the acquisition of investments and its ability to source investment opportunities. RELI cannot assure investors that it will be successful in obtaining suitable investments on financially attractive terms or that, if it is able to make investments, its objectives will be achieved.

Disruptions in the financial markets or deteriorating economic conditions could adversely impact the residential real estate market as well as the market for insurance-related investments, which could hinder the Company's ability to implement its business strategy and generate returns.

RELI intends to invest in and acquire a portfolio of multifamily properties throughout the U.S. as well as insurance agencies and brokers. The success of the Company's business is significantly related to general economic conditions and, accordingly, its business can be harmed by the economic slowdown and downturn in real estate and insurance asset values. Periods of economic slowdown or recession, significantly rising interest rates, declining employment levels, decreasing demand for real estate, declining real estate values, or the public perception that any of these events may occur, can reduce volumes for RELI's business lines.

During an economic downturn, it may also take longer for the Company to dispose of its investments or the selling prices may be lower than originally anticipated. As a result, the carrying value of the Company's investments may become impaired and it could experience reduced profitability or record losses as a result of such impairment. In addition, in an extreme deterioration of its business, RELI could have insufficient liquidity to meet its debt service obligations when they come due in future years.

RELI's debt service obligations could adversely affect its overall operating results.

RELI's current portfolio's existing debt and the incurrence of any new debt could subject the Company to many risks, including the risk that:

- its operating cash flow will be insufficient to make required payments of principal and interest;
- its leverage may increase its vulnerability to adverse economic and industry conditions; and
- it may be required to dedicate a substantial portion of operating cash flow from operations to payments on its debt, thereby reducing funds available for operations and capital expenditures.

If RELI is unable to repay its debt obligations in the future, the Company may be forced to refinance debt or dispose of its properties.

If RELI does not have sufficient funds to repay any of its current or future debt, it may be necessary to refinance its debt through additional debt or equity financings. If the Company is unable to refinance its debt on acceptable terms, it may be forced to dispose of its interest on disadvantageous terms, potentially resulting in losses. To the extent RELI cannot meet any current or future debt service obligations, it will risk losing the properties or any interest therein. Adverse economic conditions could also cause the terms on which RELI borrows in the future to be unfavorable. The Company could be required to liquidate its interest in its assets in order to meet their respective debt service obligations at times, which may not permit it to receive an attractive return on its investment.

If RELI sells a property or an asset by providing financing to the purchaser, the Company will bear the risk of default by the purchaser.

If RELI decides to sell any properties or insurance assets, it intends to use its best efforts to sell them for cash; however, in some instances, it may sell properties by providing financing to purchasers. When the Company provides financing to a purchaser, RELI will bear the risk that the purchaser may default. Even in the absence of a purchaser default, the reinvestment of the proceeds in other assets will be delayed until the promissory note or other property RELI may accept upon a sale are actually paid, sold, refinanced, or otherwise disposed.

RELI depends on the knowledge and expertise of its management team for the success of the Company and upon access to its management's professional contacts. RELI may not find a suitable replacement if key personnel leave the Company or otherwise become unavailable.

RELI depends on the diligence, skill, and network of business contacts of its management team as well as that of Reliance Global Holdings. The Company hopes to benefit from the personnel, relationships, and experience of the executive team and other personnel. The departure of any, or a significant number, of the key personnel could have a material adverse effect on the Company's ability to achieve its investment objectives.

RISKS RELATED TO RELI'S REAL ESTATE INVESTMENTS ACTIVITIES

Residential real estate assets that the Company currently owns and may acquire in the future will be subject to the risks typically associated with real estate.

The value of real estate may be adversely affected by a number of risks, including:

- natural disasters, such as hurricanes, earthquakes, and floods;
- acts of war or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001;
- adverse changes in national and local economic and real estate conditions;
- an oversupply of (or a reduction in demand for) residential common shares in the areas where particular properties are located and the attractiveness of particular properties to prospective tenants;
- changes in governmental laws and regulations, fiscal policies, and zoning ordinances and the related costs of compliance therewith and the potential for liability under applicable laws;
- costs of remediation and liabilities associated with environmental conditions affecting properties; and
- the potential for uninsured or underinsured property losses.

The value of each property that RELI acquires will be affected by its ability to generate cash flow and net income, which in turn depends on the amount of rental or other income that can be generated net of expenses required to be incurred with respect to the property. Many expenditures associated with properties (such as operating expenses and capital expenditures) cannot be reduced when there is a reduction in income from the properties. These factors may have a material adverse effect on the value that the Company can realize from its assets.

The actual rents RELI receives for the properties it currently owns and that it acquires in the future may be less than estimated market rents, and the Company may experience a decline in realized rental rates from time to time, which could adversely affect its financial condition, results of operations, and cash flow.

As a result of potential factors, including competitive pricing pressure, a general economic downturn, and the desirability of properties RELI currently owns and acquires in the future compared to other properties, the Company may be unable to realize its estimated market rents across the properties in its portfolio. If RELI is unable to obtain sufficient rental rates across its portfolio, then its ability to generate cash flow growth will be negatively impacted.

Properties that have significant vacancies could be difficult to sell, which could diminish the return on these properties.

A property may incur vacancies either by the expiration of tenant leases or the continued default of tenants under their leases. If vacancies continue for a long period of time, RELI may suffer reduced revenues. In addition, the resale value of the property could be diminished because the market value of the properties will depend principally upon the value of the cash flow generated by the leases associated with that property. Such a reduction in the resale value of a property could also reduce the value of the Company's shareholders' investment.

Further, a decline in general economic conditions in the U.S. could lead to an increase in tenant defaults, lower rental rates, and less demand for residential common shares in those markets. As a result of these trends, RELI may be more inclined to provide leasing incentives to its tenants in order to compete in a more competitive leasing environment. Such trends may result in reduced revenue and lower resale value of properties, which may reduce investor's return.

The Company depends on tenants for revenue, and lease defaults or terminations could reduce its net income.

The success of RELI's real estate investments materially depends on the financial stability of tenants. A default or termination by a tenant on its lease payments would cause the Company to lose the revenue associated with such lease and require it to find an alternative source of revenue to meet mortgage payments and prevent a foreclosure, if the property is subject to a mortgage. In the event of a tenant default or bankruptcy, RELI may experience delays in enforcing its rights as a landlord and may incur substantial costs in protecting its investment and re-leasing the property.

RELI may be required to make rent or other concessions and/or it may be required to incur significant capital expenditures to improve properties in order to retain the tenants or attract new tenants, which could materially and adversely affect its financial condition, results of operations, and cash flow.

To the extent there are adverse economic conditions in the markets in which the Company currently owns, and in which it may own, properties and the demand for apartment units diminish, RELI will be required to make rent or other concessions to tenants, accommodate increased requests for renovations, or provide additional services to the tenants. As a result, the Company may have to make significant capital or other expenditures in order to retain tenants or to attract new tenants in sufficient numbers. Additionally, RELI may need to raise capital to make such expenditures. If it is unable to do so or capital is otherwise unavailable, it may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of the leases, which could materially and adversely affect the Company's financial condition, results of operations, and cash flows.

The Company and the Property Manager may not be able to control operating costs, or its expenses may remain constant or increase, even if income from properties decreases, causing results of operations to be adversely affected.

RELI's financial results depend substantially on leasing units in properties to tenants on terms favorable to the Company. Costs associated with real estate investment, such as real estate taxes, insurance, and maintenance costs, generally are not reduced even when a property is not fully occupied, rental rates decrease, or other circumstances cause a reduction in income from the property. As a result, cash flow from the operations may be reduced if tenants do not pay their rents or if RELI is unable to rent the units on favorable terms. Under those circumstances, the Company might not be able to enforce its rights as landlord without delays and may incur substantial legal costs.

Increases in property taxes would increase operating costs and reduce income.

Properties RELI currently owns and those it may acquire in the future will be subject to real and personal property taxes. These taxes may increase as tax rates change and as the properties are assessed or reassessed by taxing authorities. If property taxes increase, the Company's financial condition and results of operations could be materially and adversely affected and the market price of RELI's common shares could decline.

Competition could limit RELI's ability to lease apartments or increase or maintain rents, which could materially and adversely affect results of operations and cash flow.

Properties RELI currently owns or those that it may acquire in the future compete with other housing alternatives to attract residents, including other rental apartments, condominiums, and single-family homes that are available for rent, as well as new and existing condominiums and single-family homes for sale. Competitive residential housing in the areas RELI operates could adversely affect its ability to lease apartments and to increase or maintain rental rates.

Costs imposed pursuant to governmental laws and regulations may reduce RELI's net income.

Real estate property and the operations conducted on real estate property are subject to federal, state, and local laws and regulations relating to protection of the environment and human health. RELI could be subject to liability in the form of fines, penalties, or damages for noncompliance with these laws and regulations. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, the remediation of contamination associated with the release or disposal of solid and hazardous materials, the presence of toxic building materials, and other health and safety-related concerns.

Some of these laws and regulations may impose liability on the tenants, owners, or operators of real property for the costs to investigate or remediate contaminated properties, regardless of fault, whether the contamination occurred prior to purchase, or whether the acts causing the contamination were legal. Activities of RELI's tenants, the condition of properties at the time it buys them, operations in the vicinity of its properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect RELI's properties.

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce cash flows and the return on shareholders' investment.

There are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution, or environmental matters that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with potential acts of terrorism could sharply increase the premiums the Company pays for coverage against property and casualty claims. Additionally, mortgage lenders in some cases insist that property owners purchase coverage against terrorism as a condition for providing mortgage loans. Such insurance policies may not be available at reasonable costs, if at all, which could inhibit RELI's ability to finance or refinance its properties. In such instances, the Company may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. RELI may not have adequate coverage for such losses. If any properties incur a casualty loss that is not fully insured, the value of the Company's assets will be reduced by any such uninsured loss, which may reduce the value of the investment in the Company.

Investments in real estate are relatively illiquid and RELI may not be able to vary its portfolio in response to changes in economic and other conditions.

Many factors that are beyond the Company's control affect the real estate market and could affect its ability to sell properties and other investments for the price, on the terms or within the time frame that it desires. These factors include general economic conditions, the availability of financing, interest rates, and other factors, including supply and demand. Because real estate investments are relatively illiquid, RELI may have a limited ability to vary its portfolio in response to changes in economic or other conditions. Further, before the Company can sell a property on the terms it wants, it may be necessary to expend funds to correct defects or to make improvements. However, RELI can give no assurance that it will have the funds available to correct such defects or to make such improvements. As a result, the Company expects many of its investments will be illiquid, and if it is required to liquidate all or a portion of its portfolio quickly, RELI may realize significantly less than the value at which it has previously recorded the investments and its ability to vary its portfolio in response to changes in economic and other conditions may be relatively limited, which could adversely affect results of operations and financial condition.

Competition with third parties in acquiring properties and other investments may reduce the Company's profitability and the return on investment.

RELI anticipates significant competition with respect to the acquisition of properties and other investments with many other companies' REITs, insurance companies, commercial banks, private investment funds, hedge funds, specialty finance companies, online investment platforms, and other investors, many of which have greater resources than the Company. RELI may not be able to compete successfully for investments. In addition, the number of entities and the amount of funds competing for suitable investments may increase. If the Company acquires properties and other investments at higher prices than its competitors and/or by using less-than-ideal capital structures, RELI's returns will be lower and the value of its assets may not increase or may decrease significantly below the amount paid for such assets. If such events occur, investors may experience a lower return on their investment.

A prolonged economic slowdown, a lengthy or severe recession, or declining real estate values could harm the Company's operations.

Any investments RELI makes may be susceptible to economic slowdowns or recessions, which could lead to financial losses in its investments and a decrease in revenues, net income, and assets. An economic slowdown or recession, in addition to other non-economic factors, such as an excess supply of properties, could have a material negative impact on the values of both commercial real estate and residential real estate properties.

Glossary

2017 Tax Cuts and Jobs Act—A tax legislation signed into law on December 22, 2017 that makes small reductions to income tax rates for most individual tax brackets and significantly reduces the income tax rate for corporations. The law also aims at personal tax simplification by increasing the standard deduction and family tax credits, but eliminates personal exemptions and some itemized deductions, limiting deductions for state and local income taxes and property taxes.

Capitalization Rate (Cap Rate)—A real estate valuation measure used to compare different real estate investments. Although there are many variations, a cap rate is often calculated as the ratio between the net operating income produced by an asset and the original capital cost or alternatively its current market value.

Class A Multifamily Properties—The top asset class for the multifamily property classification, these are properties usually built within the last 10 to 15 years with top amenities, high quality construction and quality materials, and command the highest rents in the industry.

Class B Multifamily Properties—The second level in terms of asset class for multifamily properties, these are generally built within the last 20 years, and offer good quality construction. These properties command rental income just under Class A properties, but normally offer higher cap rate than A properties and can be viewed as value investments.

Class C Multifamily Properties—Properties generally built within the last 30 years, with limited, dated exterior and interior amenity package, probably requiring renovation, including updating the building infrastructure to bring it up to date, and located in places that are not considered desirable.

Class D Multifamily Properties—The bottom tier in the multifamily asset class, these are generally over 30 years old, worn properties, marginal construction quality and conditions, situated in fringe or mediocre locations with high crime rate, and present a challenge to collect rent.

Insurance Agencies—Sometimes called insurance brokers, they solicit, write, and bind policies through many different insurance companies. They are not directly employed by any insurance carrier. Insurance agencies can decide which insurance carriers they would like to represent and which products they would like to sell.

Insurance Carriers—A manufacturer of insurance services and products that the insurance agency sells to the insurance companies, insurers etc. They control the underwriting process, claims process, pricing, and the overall management. Insurance policies are created and administered by the insurance carrier.

Medicare—A federal government program that provides healthcare coverage (health insurance) for people over 65 years of age, under 65 and receiving Social Security Disability Insurance (SSDI) for a certain amount of time, or under 65 and with End-Stage Renal Disease (ESRD).

Multifamily Properties—Also known as multi-dwelling unit or MDU, a classification of housing where multiple separate housing units for residential inhabitants are contained within one building or several buildings within one complex.

Nareit All Equity REITs index—A free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property.

Real Estate Investment Trust (REIT)—A company that owns, and in most cases operates, income-producing real estate. REITs own many types of commercial real estate, ranging from office and apartment buildings to warehouses, hospitals, shopping centers, and hotels. Modeled after mutual funds, REITs provide investors the chance to own real estate assets.

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About Our Firm: For the past decade, Crystal Research Associates, LLC has successfully articulated the exceptional stories of small- and mid-cap companies to the Wall Street investor community. Our methods are well-established and diverse, from compiling and disseminating objective, factual information for both institutional and retail investor audiences to capitalizing on our expansive line of targeted distribution channels, which include industry-leading financial data and information providers. Our distribution efforts are accompanied by the use of prominent social media channels and by strategic and targeted appearances on national news programs and print media.

Crystal Research Associates is led by Wall Street veterans, Jeffrey Kraws and Karen Goldfarb. Together, Kraws and Goldfarb have built a unique business model, capitalizing on decades of experience as an award-winning sell-side analyst team to produce institutional-quality industry and market research in a manner that is easily understood by investors and consumers. Our firm's approach has been proven successful over the years as our products are published and available on Bloomberg, Thomson Reuters, S&P Capital IQ, FactSet, and scores of other popular forums.

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