



Alimco Financial Corporation
3300 South Dixie Highway, Suite 1-365
West Palm Beach, FL 33405

May 31, 2017

Re: Federal Income Tax Consequences of Reverse/Forward Stock Split

Dear Stockholder:

As explained in the materials accompanying this letter, Alimco Financial Corporation (the “Company”) has completed a reverse/forward stock split (hereinafter referred to as the “Reverse/Forward Stock Split”) with respect to its outstanding common stock, \$0.01 par value per share (the “Common Stock”). As a result, stockholders owning fewer than 10,000 shares of Common Stock at the effective time of the transaction had their shares cancelled (“Cancelled Shares”) and converted into the right to receive cash in lieu of the Cancelled Shares. This letter will outline certain of the federal income tax consequences of the transaction to the Company and its stockholders.

Summarized below are the material federal income tax consequences to the Company and to the stockholders resulting from the Reverse/Forward Stock Split. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), the Treasury Regulations (the “Regulations”) issued pursuant thereto, and published rulings and court decisions in effect as of the date hereof, all of which are subject to change. This summary does not take into account possible changes in such laws or interpretations, including amendments to the Code, applicable statutes, Regulations and proposed Regulations or changes in judicial or administrative rulings, some of which may have retroactive effect. No assurance can be given that any such changes will not adversely affect the federal income tax consequences of the Reverse/Forward Stock Split.

This summary does not address all aspects of the possible federal income tax consequences of the Reverse/Forward Stock Split and is not intended as tax advice to any person or entity. In particular, and without limiting the foregoing, this summary does not consider the federal income tax consequences to the Company’s stockholders in light of their individual investment circumstances nor to stockholders subject to special treatment under the federal income tax laws (for example, tax exempt entities, retirement plans, mutual funds, partnerships or other entities classified as partnerships for US federal income tax purposes (and investors therein), financial institutions, life insurance companies, regulated investment companies, taxpayers subject to the alternative minimum tax or who have elected Mark-to-Market accounting, U.S. expatriates or former long term residents, and foreign taxpayers), or who hold, have held or will hold Common Stock as part of a

straddle, hedging, or conversion, constructive sale or other integrated transactions for federal income tax purposes. In addition, this summary does not address any consequences of the Reverse/Forward Stock Split under any state, local, or foreign tax laws.

If any entity that is classified as a partnership for U.S. federal income tax purposes holds Common Stock, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners in such partnership should consult their own tax advisors as to the particular U.S. federal income tax consequences of the Reverse/Forward Stock Split.

The Company will not obtain a ruling from the Internal Revenue Service or an opinion of counsel regarding the federal income tax consequences of the Reverse/Forward Stock Split. Accordingly, you are encouraged to consult your own tax advisor regarding the specific tax consequences of the proposed transaction, including the application and effect of state, local, and foreign income and other tax laws.

This summary assumes that you are one of the following: (i) a citizen or resident of the United States, (ii) a domestic corporation, (iii) an estate, the income of which is subject to United States federal income tax regardless of its source, or (iv) a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust. This summary also assumes that you have held and will continue to hold your shares of Common Stock as capital assets for federal income tax purposes.

The Company believes that the Reverse/Forward Stock Split will be treated as a tax-free "recapitalization" for federal income tax purposes. This should result in no material federal income tax consequences to the Company or to its stockholders who do not receive cash in the transaction. However, if you are receiving cash in the transaction, the payment to you will be the last distribution you will receive from the Company and you may recognize gain or loss for federal income tax purposes.

Stockholders who do not receive cash in connection with the Reverse/Forward Stock Split

If you (1) continue to hold shares of Common Stock directly immediately after the Reverse/Forward Stock Split and (2) you receive no cash as a result of the transaction, you should not recognize any gain or loss in the transaction for federal income tax purposes. Your aggregate adjusted tax basis in your shares of Common Stock held immediately after the Reverse/Forward Stock Split will be equal to your aggregate adjusted tax basis in your shares held immediately prior to the transaction and you will have the same holding period in your stock as you had in such stock immediately prior to the transaction.

Stockholders who receive cash in connection with the Reverse/Forward Stock Split

If you receive cash in lieu of fractional shares as a result of the Reverse/Forward Stock Split, the cash you receive will be the last distribution you will receive from the

Company with respect to the Cancelled Shares. You will generally recognize capital gain or loss on the Reverse/Forward Stock Split for federal income tax purposes, with such gain or loss measured by the difference between the cash you receive for your Cancelled Shares and your aggregate adjusted basis in such shares.

Capital Gain or Loss

For individuals, net capital gain (defined generally as your total capital gains in excess of capital losses for the year) recognized upon the cash out of your Cancelled Shares that have been held for more than 12 months will be subject to tax at a rate not to exceed 15% or 20%, depending on your overall tax bracket. Net capital gains recognized from the sale of capital assets that have been held for 12 months or less will be subject to tax at ordinary income tax rates. For certain taxpayers, capital gains may also become subject to the 3.8% Medicare tax. Capital gain recognized by a corporate taxpayer will be subject to federal income tax at the ordinary income tax rates applicable to corporations. There are limitations on the deductibility of capital losses which largely depend on whether the losses are incurred by a corporate or noncorporate taxpayer.

Backup Withholding

Stockholders may be required to provide their social security or other taxpayer identification numbers (or, in some instances, additional information) to the Company's transfer agent in connection with the Reverse/Forward Stock Split to avoid backup withholding requirements that otherwise might apply. The letter of transmittal will require each stockholder to deliver such information with the stock certificates which are surrendered following the effective date of the Reverse/Forward Stock Split. Failure to provide such information may result in backup withholding at a rate of 28%

The preceding discussion of the material U.S. federal income tax consequences of the Reverse/Forward Stock Split is general and does not include all consequences to every stockholder under federal, state, local or foreign tax laws and of any proposed or future changes to applicable law. It also does not include potential tax consequences from taxes not based on net income such as gift, estate or other transfer taxes and documentary taxes. You should consult with your tax advisor as to the particular federal, state, local, foreign or other tax consequences of the transaction, in light of your specific circumstances.