
REAL STREET CAPITAL
RENTAL COMMUNITIES BUILT
FROM THE GROUND UP.
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CAPITAL

WHY BUILD-TO-RENT?

> Build-to-Rent assets are expected to produce the highest risk-adjusted return of any property type.

- Green Street

THE WALL STREET JOURNAL.

Building and renting Single-Family Homes is Top-Performing Investment

6.7%

Compound Annual Growth Rate Projected through 2026

Forbes

Build-To-Rent Primed For Explosive Growth In 2022

$85B+

Institutional Capital Chasing Build-to-Rent

CBS **United States Census Bureau**

So how big is the rental shortage in the US? The Government has estimated that we are short about 4 million homes in this country, and that number is likely growing, especially since the pandemic.

4M

More Homes Needed in U.S.

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WHY BUILD NEW PROPERTIES?

Multifamily demand has driven up market pricing for already-built assets, resulting in lower investment returns. However, projected returns for developments are in line with historical averages. Today, build-to-rent assets are expected to produce the highest risk-adjusted return of any property type.

SCHEDULE A CALL

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BENEFITS OF INVESTING

PASSIVE INCOME

Investors receive quarterly cash flow distributions, allowing them to buy more time with their families. The stable cash flow generated by build-to-rent homes reduces investor risk and ensures consistent and predictable passive income.

RECESSION-RESISTANT

Residential housing has a long history of being affected far less than other asset classes in the past recessions. At its core, build-to-rent housing provides a basic human need – shelter. As such, it joins food staples as one of the last two expenses people forego during times of severe economic stress.

BEST RISK-ADJUSTED RETURNS

With phenomenal supply and demand economics, build-to-rent homes are expected to produce the best risk-adjusted return of any property type. With the highest compounded annual growth (CAGR) projections of any property type, build-to-rent homes are well-positioned to outperform for the foreseeable future.

DIVERSIFICATION

Because real estate investments tend to behave differently than typical stock and bond investments, adding them to a portfolio may provide broader diversification, enhance returns, and increase income levels. Our investment fund intends to diversify across multiple build-to-rent projects.

INFLATION HEDGE

To help offset the loss of purchasing power of the dollar, savvy investors use residential real estate as an inflation hedge to generate yield above the rate of inflation by locking in low long-term mortgage interest rates, exporting inflation to tenants by raising rents, and profiting from the increase in home prices over the longer term.

SIGNIFICANT TAX BENEFITS

The tax code favors real estate investors. Capital gains is a tax paid when you sell an asset that has increased in value. Our build-to-rent strategy avoids this issue, taking full advantage of depreciation and the ability to refinance tax-free. Investing passively allows you to get the cash flow and tax benefits of owning real estate, without the headaches of being a landlord.

What is driving huge institutional capital inflows to Build-T0-Rent?

People have been wondering what's occurring when build-to-rent, a relatively small asset class, suddenly balloons with nearly $100B earmarked in committed capital. But it's good to anchor to the big picture.

Build-to-rent is not a new asset class that an exorbitant amount of dumb money is heedlessly chasing. Rather, the most savvy, data-driven institutional investors in the world are being attracted to the oldest, most historically proven asset class in capitalism: rental housing. The single-family rental market is becoming institutionalized. Build-to-Rent is now playing an emerging role in the industry's evolution, taking the best aspects of single-family rentals and upgrading the experience by developing all homes inside a professionally managed community.

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What is driving huge institutional capital inflows to Build-T0-Rent?

The market is experiencing a rotation of capital as opposed to an addition of capital. And that rotation means that **mom-and-pop landlords are being replaced by institutional landlords. Institutional landlords** deliver a superior product at lower cost while providing better customer service than mom-and-pop operators. That is a win for the resident.

From an investor's standpoint, build-to-rent communities produce better results than multifamily –with half the volatility. **Single-family homes have achieved higher rent increases, higher appreciation, longer tenancy, and higher total returns**–all while trading at discounted cap rates when compared to multifamily.

The build-to-rent institutional capital inflow is a structural shift in the residential marketplace. Led by the best investors in the world, that structural shift is an acknowledgement of the fundamental features of BTR which confirm that the **build-to-rent asset class is far superior to multifamily.**

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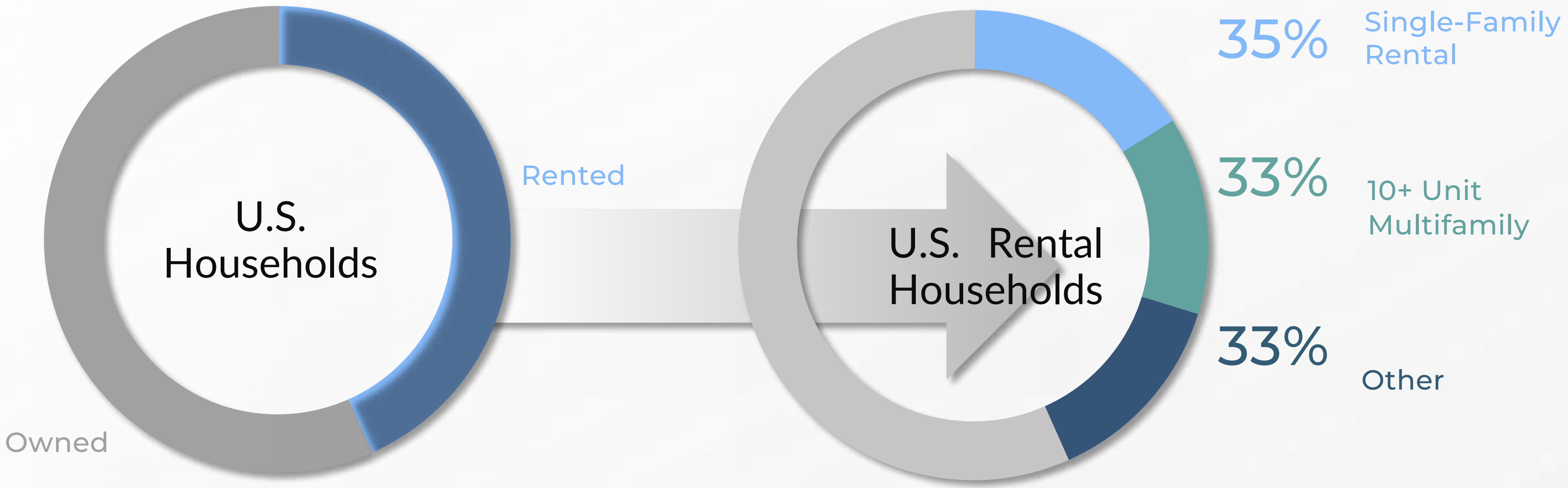
Asset Class Filled by Mom & Pop Operators

INSTITUTIONS TO INVEST TRILLIONS INTO SINGLE-FAMILY RENTALS OVER TIME



ASSET CLASS RIPE FOR CONSOLIDATION

Multifamily
$3.5 Trillion

55%
Owned by institutional investors

Single-Family Rental
$3.4 Trillion

2%
Owned by institutional investors

Trillions will be invested into single family rentals

$1.8T
Investment Gap

The Build-to-Rent sector represents a massive opportunity for investors, generating better returns than multifamily. While 55% of multifamily rental units are owned by large institutions, only 2% of single-family rentals are owned by institutions, making this asset class ripe for consolidation.

Did Buffett see something that others had not?

Investors and residents alike flocked in droves to the single-family rental home.

> If it were practical to load up on single family homes, I would buy up ‘a c ou ple hundred thousand’ single family homes if I could.

Warren Buffett
February 2012

Buffet Thought It… Others Made It Happen

Between 2007-2011 more than **4.7M Single-Family Home Foreclosures** occurred, while an additional 1M homeowners had to "short sell" their homes

2007

2008

2009

2010

2011

U.S. **Housing Crisis** Begins

'08 Financial Crisis led to the **Great Recession**

"Too Big To Fail" the Fed takes over Fannie Mae and Freddie Mac

2012

"American Homes For Rent" and "Invitation Homes Established"

Buffett CNBC Interview
February 2012

Blackstone spends $100M each week on home acquisitions
April 2012

2013

Over 100,000 Homes owned by Institutional Investors, momentum growing

2017

Invitation Homes boasts 96% Occupancy and 70% Renewal Rates

Invitation Homes public offering raises $1.7B

2018

First build-to-rent community,
by Christopher Todd Communities, opens in Phoenix

Blackstone sells its last piece of Invitation Homes, making about $7B since it took the home rental business public

2019

Prior to 2010 institutional landlords didn't exist, but now there are 25-30 such entities, holding in excess of 300,000 SFR Homes

2020

Pretium acquires "Front Yard Residential" for $2.5B, consolidation in early stages

2021

From 2020-present, institutions have earmarked **$85B+ for Build-to-Rent properties due to undeniable demographic tailwinds and significant outperformance**over the past decade relative to other asset classes

Blackstone acquires Home Partners for $6B KKR forms SFR investment company Tricon announces dual listing on NYSE

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Providing Renters with a Superior Product

In many ways, renting an institutionally managed single-family home today is **like living in a full-service apartment or hotel, and certainly more convenient and compelling compared to renting from a non-institutional landlord, or even homeownership** in some cases. Professional property management, combined with high-quality renovations and worry-free maintenance, provides residents with more free time to spend with family and friends.

STREAMLINED LEASING

Using cutting edge websites and new self-showing technology, prospective residents can lease a home quickly, efficiently and with minimal distraction. With a few clicks, residents can view detailed information on a particular home online, take a virtual tour, book an in-person home visit, and complete an application. Many residents of BTR homes can actually go from finding a home online to move-in in a matter of days, in a predominantly "virtual" experience.

HASSLE-FREE ONGOING MAINTENANCE

Instead of waiting for individual vendors to service homes, a robust fleet of in-house maintenance technicians can be dispatched on short notice to tend to common plumbing, HVAC, handyman, and day-to-day repairs. As a result, home maintenance can usually be completed by one technician in a single visit, as opposed to requiring multiple visits from multiple vendors, which can cause frustration and waste valuable time for residents.

PRISTINE HOME QUALITY & ENERGY EFFICIENCY

Homes are constructed to a high standard, and include energy-efficient appliances as well as smart thermostats, leak detection sensors, smart locks, and other connected tools. New roofs, windows, and insulation, combined with high-grade and environmentally friendly paint, flooring, and carpets, provide residents with an incredible move-in and lifestyle experience. Residents have the privilege of living in a brand new home, with improved air quality and circulation, as well as reduced utility expenses.

FAR SUPERIOR CUSTOMER SERVICE

State-of-the-art call centers enable residents to quickly resolve a wide range of issues, ranging from submitting a maintenance request, to asking about a renewal notice or inquiring about moving to a larger rental home in the same neighborhood. The general goal is to achieve a high level of customer satisfaction while reducing stress and time wasted, resulting in far superior customer service than traditional mom-and-pop operators.

SCHEDULE A CALL **INVEST NOW**

Source: Joint Center for Housing Studies of Harvard University, Green Street

Why Build-To-Rent?

Increasing Demand

DEMAND IS HERE, AND IT IS INCREASING FASTER THAN EVER

Household formations are the fundamental driver of housing demand. Per Green St, an estimated 7.5 million total households are expected to be created over the next 5 years in the United States.

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60%
Americans lacking the funds to buy a home

7.5M
Total households expected to be created over next 5 years

870K
More renter households today than pre-covid

95%
Record-high occupancy in US rental homes

MORE HOUSEHOLDS ARE CHOOSING TO RENT

The renter-by-choice segment wants the space of a single-family home without the maintenance obligations of owning or the shared walls, hallways, and limited private outdoor space of most multifamily communities.

COVID RAPIDLY ACCELERATED DEMAND FOR RENTAL HOMES

Single family rental homes provide households more square footage, an essential feature in work from home arrangements demanding additional space to function as an office.

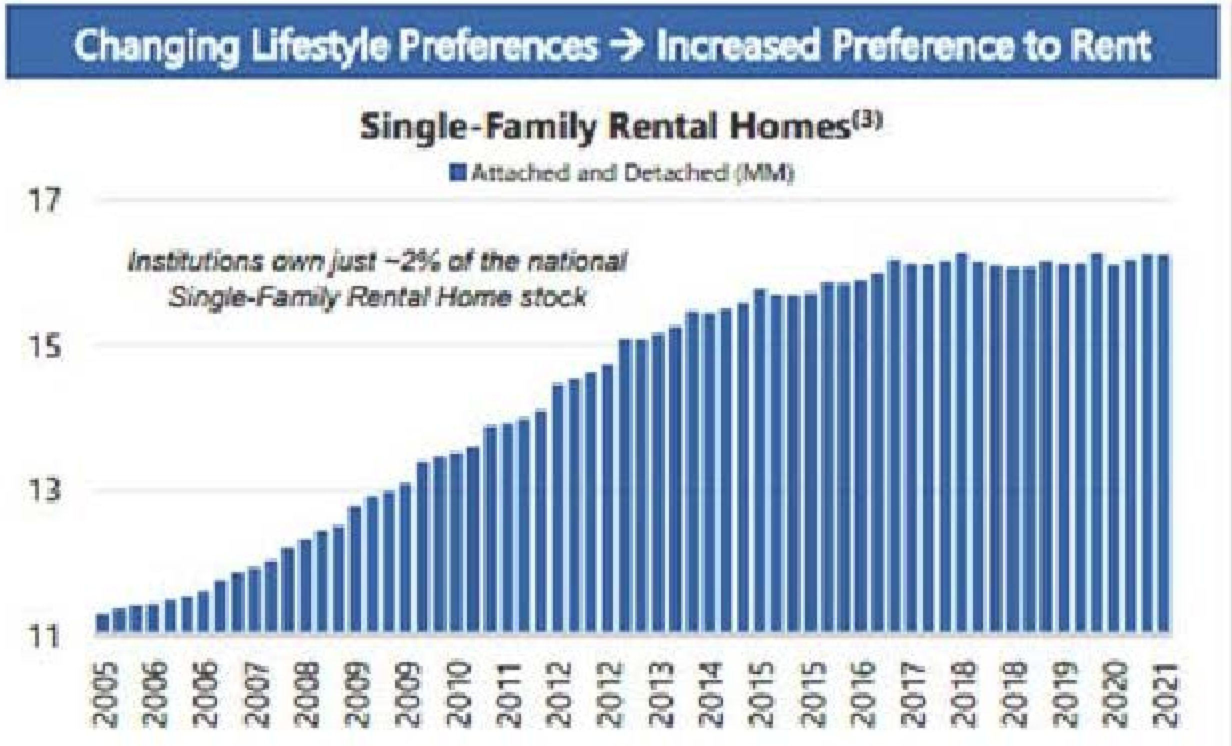
THE COST OF HOME-OWNERSHIP IS SURGING

With substantial home price appreciation over the past couple years, homeownership is increasingly out-of-reach for millennials, our target market.

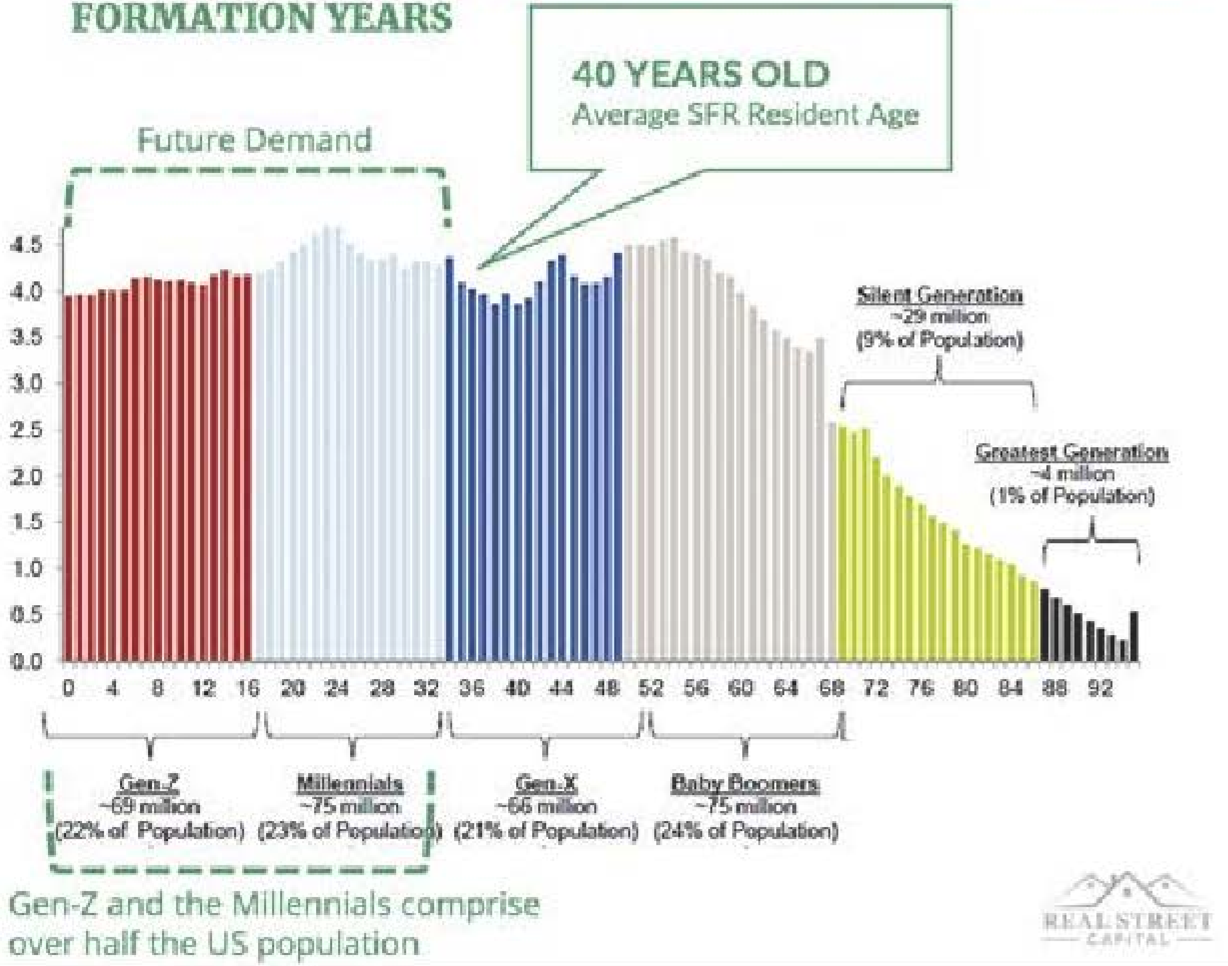
Source: CensusBureau.PewResearchCenter.GoldmanSachsGlobalInvestmentResearch.

Millennials Drive Demand in Build-to-Rent

CHANGING LIFESTYLE PREFERENCES HAVE LED TO A GENERATIONAL SHIFT KNOWN AS RENTER-BY-CHOICE



MILLENNIAL BOOM IS JUST ENTERING PEAK HOUSEHOLD FORMATION YEARS



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Source: Freddie Mac, US Census, National Association of Realtors

Massive Shortage of Housing

OVERALL FEWER HOMES ARE ON THE MARKET

Between 2018 and 2020, the housing supply shortage increased **from 2.5 million to 3.8 million units**

FEWER HOMES LED TO A DECADE OF PRICE APPRECIATION

120 consecutive months of year-over-year home price increases, the longest running streak on record

INCREASED DEMAND HAS PUSHED THE SHORTAGE EVEN FURTHER

72 Million Millennials are entering the market

But from 2018-2020, the pandemic and other factors caused a **52% supply decrease**

HOME PRICES ARE ON THE RISE

In the last year, low supply and high demand have resulted in a **19% price increase**

WE ARE IN IT FOR THE LONG HAUL

Younger cohorts will continue to enter the market and demand for starter homes will rise. Affordability will become an issue-especially when it comes to down payments. **According to Freddie Mac, "we don't expect the shortage to slow down in the next 10 years"**

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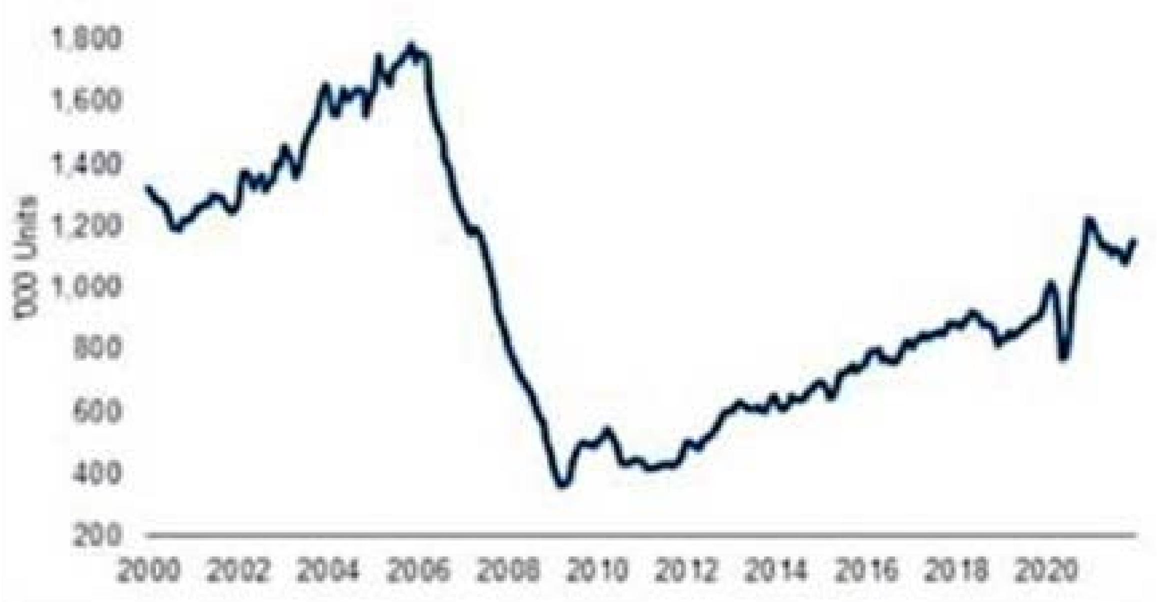
Source:Seeking Alpha –American Homes for Rent 2022

Decade of Undersupply = Massive Housing Shortage

WE FAILED TO BUILD ENOUGH HOMES THE PAST DECADE

SO WE ARE RUNNING OUT OF PLACES FOR RESIDENTS TO LIVE

Single-Family Starts (Trailing 3 months)



TTM Average National Existing Home Inventory (MM)

In early 2022, the inventory of unsold existing homes fell to a new all-time low of 860,000, which is equivalent to 1.6 months of the monthly sales pace, also an all-time low. With fervent demand, **we literally cannot build homes fast enough.**

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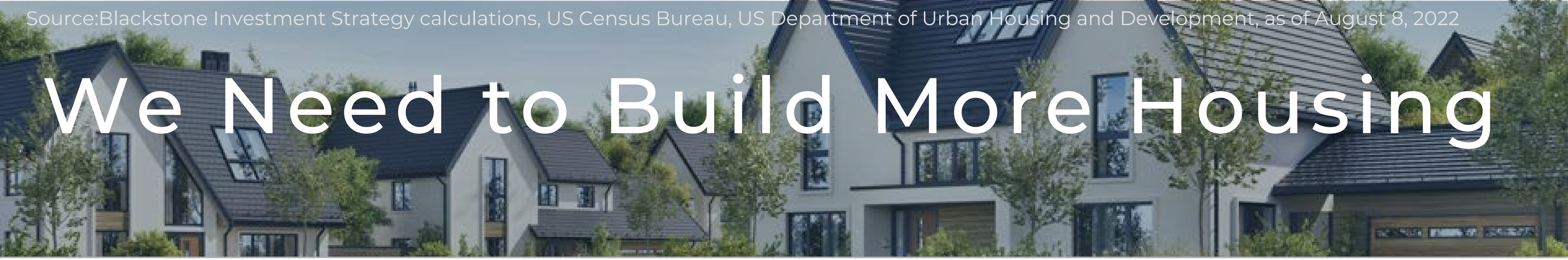
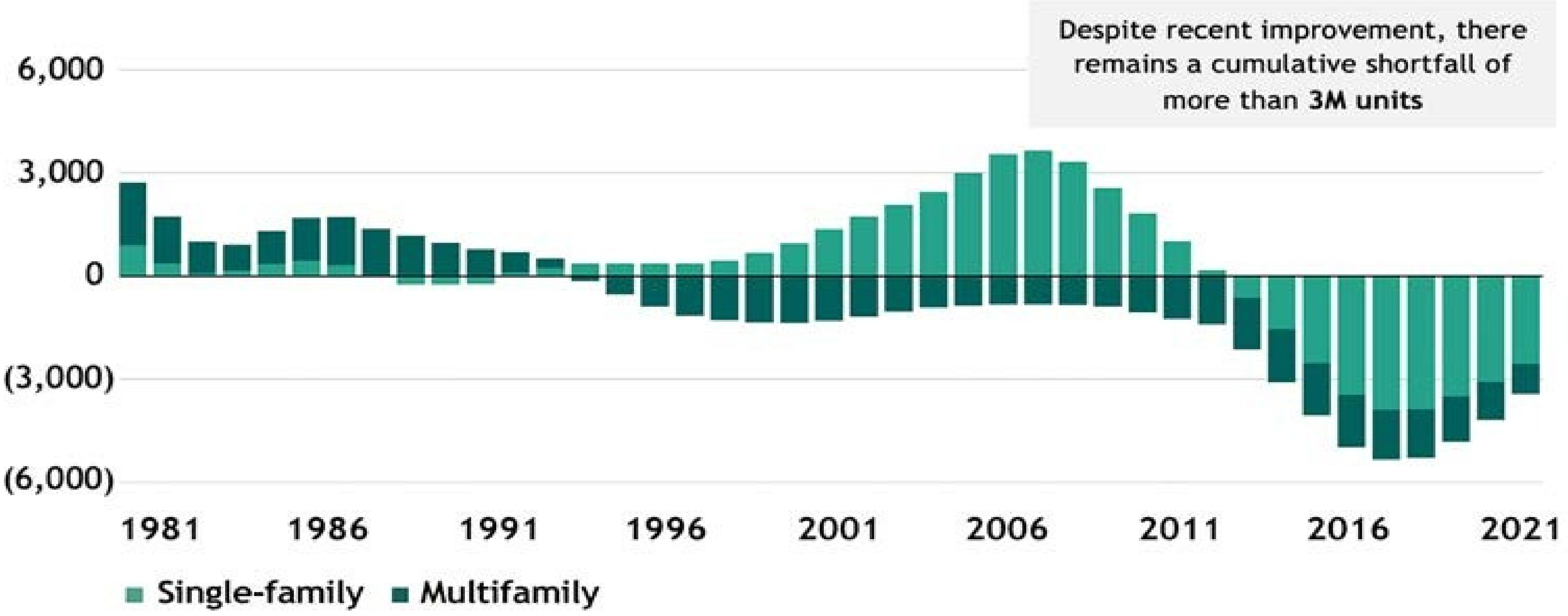
Source:Blackstone Investment Strategy calculations, US Census Bureau, US Department of Urban Housing and Development, as of August 8, 2022



We Need to Build More Housing

SURPLUS (SHORTFALL) US HOME COMPLETIONS RELATIVE HISTORICAL AVERAGE (thousands of units, rolling 10-year sum)



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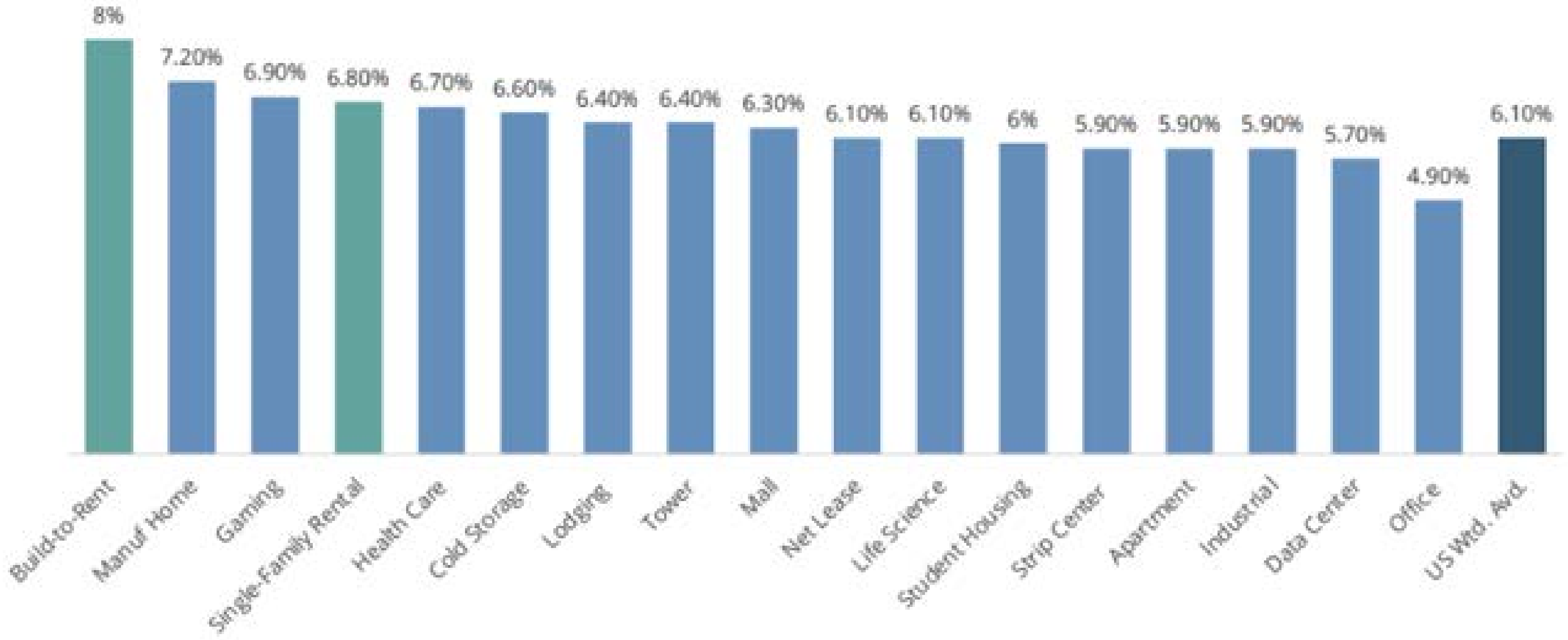
Source: GreenStreetBuild-to-rent2022

Best Risk-Adjusted Returns

PRIVATE MARKET RISK-ADJUSTED RETURN EXPECTATIONS

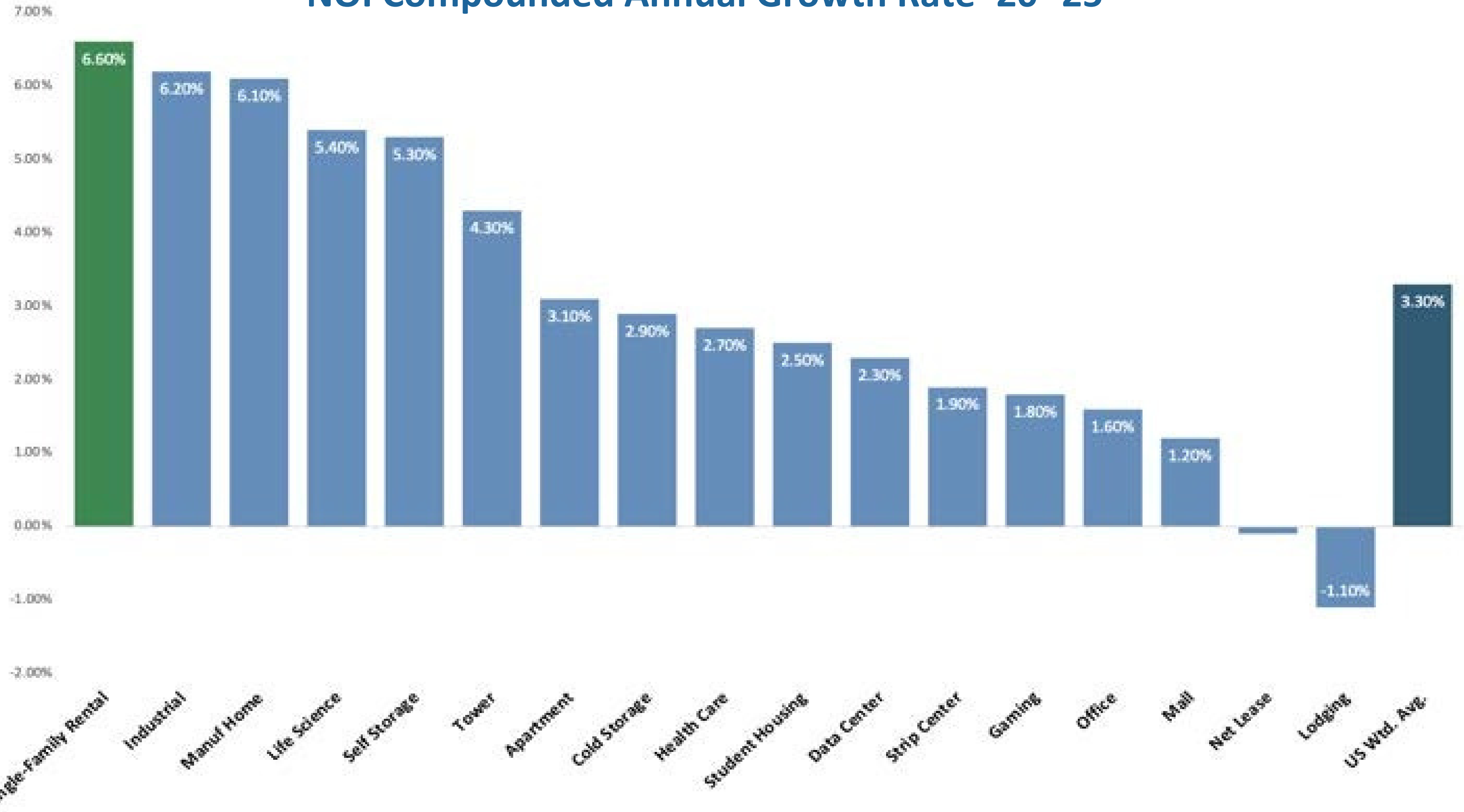


Build-to-Rent assets are expected to produce the highest risk-adjusted return of any property type.

Source: Green Street Build-to-rent 2022

Single Family Rentals have the Highest NOI Growth

NOI Compounded Annual Growth Rate ‘20-’25



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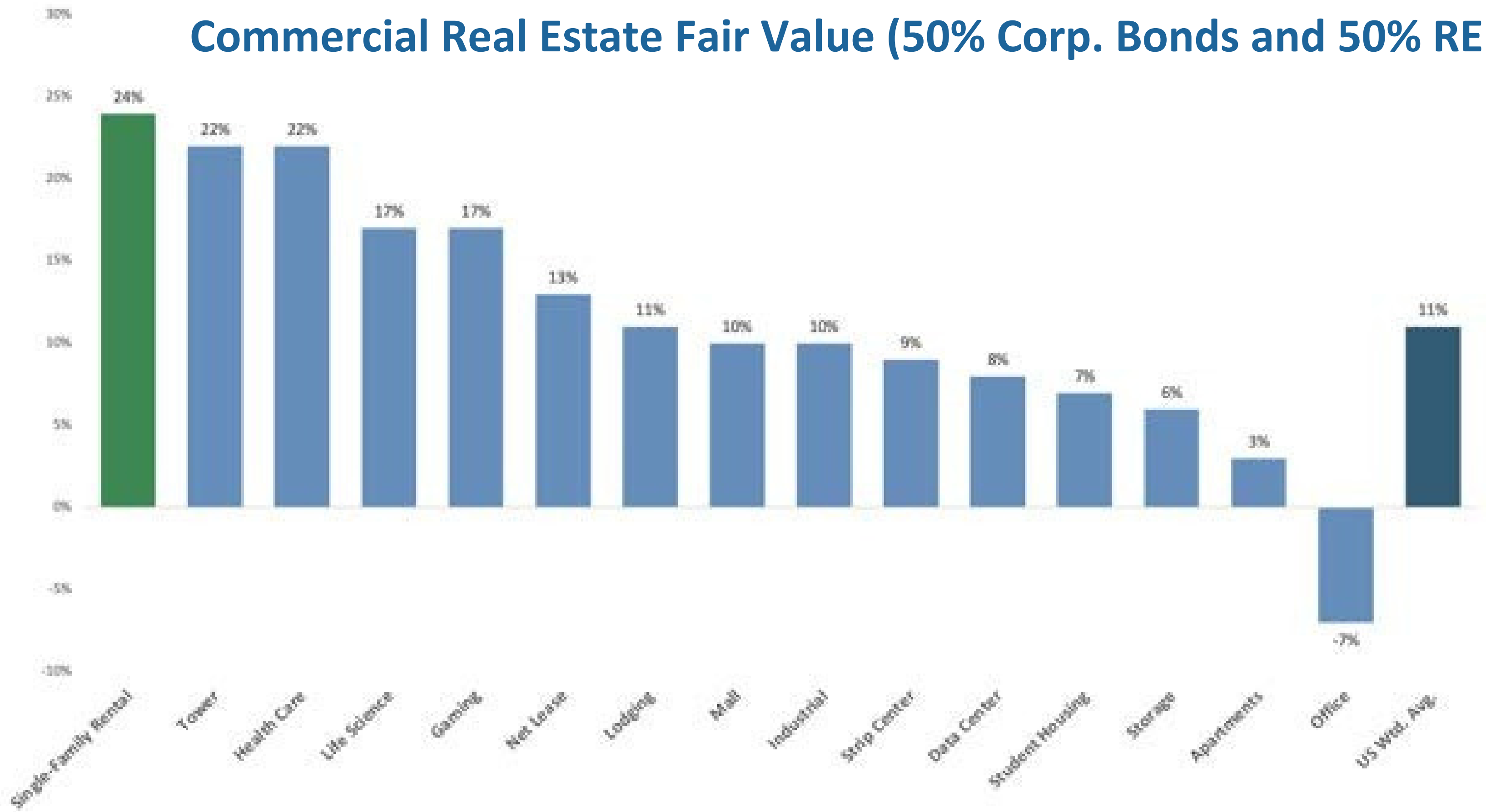
Source: Green Street Build-to-rent 2022

Private Market Sector Pricing 24% Beneath What They Should Be



PRIVATE MARKET SECTOR PRICING: CONCLUSION

Combining discounted cash-flow analysis, the comparison with bond yields, and signals from the public market provides a thoughtful answer for those looking to gain an edge in the private market. Per Green Street, Private-Market prices have upside from here, with single-family rentals slated to outperform.

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BENEFITS OF BUILD-TO-RENT

Strong And Increasing Demand

Housing demand surged during the pandemic and now 15 million households, representing 35% of renting households, choose to rent single-family homes rather than multi-unit apartments. Post-pandemic this is expected to accelerate even more. With record-high housing prices continuing to rise higher, BTR will see even more demand. BTR is already the fastest growing vertical in real estate!

Recession-Resistant

Build-to-rent communities benefit from structural hedges to macroeconomic weakness. When the economy tightens, fewer residents move-out to homeownership, resulting in higher occupancy and longer-term tenancy. In addition, higher unemployment leads to more single-family renter household formations as cost-burdened families needing more space elect to rent homes as opposed to purchase their own.

Low Tenant Turnover

BTR results in a sticky, stable resident base. Average annual income for residents is over $110k across two wage earners. Residents have a 75% renewal rate. Higher price point homes in established, infill neighborhoods drive stickier residents and insulation from new supply. There is zero exposure to substantial development risk using our infill strategy.

Better Cash Flow

Given the higher cost of existing single-family homes and the struggle to find existing inventory, builders and investors are realizing the advantages of BTR opportunities. In Central Florida, stabilized yield-on-cost for BTR exceeds the cap rates for existing portfolios. End result? BTR investors own brand new Class A units that cashflow better than homes built decades earlier.

Inflation Hedge

BTR is a great hedge against inflation. Why? As the community is being developed, market rents continue to accelerate. Once constructed, BTR assets immediately lease-up at the market rate. As opposed to other niches with loss-to-lease on their income statements, BTR landlords can raise their rents at a faster rate, leading to outsized risk-adjusted returns.

Minimal Capital Expenditures

Build-to-Rent offers significantly lower capital expenditures for the first ten years of ownership as compared to existing home portfolios, providing more free cash flow for investors.

Severe Supply Shortage

Housing analysts calculate the current level of long-term underbuilding in a range of four million missing, unbuilt homes. That imbalance of organic, structural supply constraint versus brute increasing demand will define residential investment, development, and construction dynamics for years to come.

Mom-and-Pop Owners

BTR represents a massive opportunity for investors, generating better returns than multifamily with half the volatility. While the majority of multifamily rental units are owned by large institutions, 98% of single-family rentals are owned by mom-and-pop landlords, making this asset class ripe for consolidation.

Margin of Safety

Build-to-rent is the ultimate value-add strategy. BTR homes are constructed at significant discount to market value, resulting in immediate value creation. The built-in equity serves the fund with a nice margin of safety.

Location Location Location

Developers of brand new build-to-rent communities can select premier markets and cherry-pick the very best parcels of land for their product. Real estate is about location, location, locationand there is no better location for build-to-rent homes than in Central Florida.

BUILD-TO-RENT STRATEGY

Build-to-Rent takes the best aspects of single-family rentals and upgrades the experience by developing all homes inside a professionally managed community.

Our strategy will be to develop each project from the ground up ("build") and then lease and hold ("rent") the stabilized property for the long-term.
Wealth is created during the ground up development phase, and then the asset transitions to delivering a high yield passive income stream

This is a popular strategy utilized by institutions, pension funds, family offices, public REITs and insurance companies to maximize both appreciation and cash flow.

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BENEFITS

High Yield and Appreciation
Our build-to-rent strategy achieves the two biggest goals of real estate investing, growth and income, with a single vehicle.

Enter Red Hot Markets at a Better Basis
Build-to-rent is the ultimate value-add strategy. End result? Brand new, A++ product in A+ locations at much better cap rates than existing inventory.

Prioritize Location, Location, Location
Leveraging institutional data, we purchase premier infill parcels in superb sub-markets for our high-quality communities.

Reduce Taxes
Capital gains is a tax paid when you sell an asset that has increased in value. Our BTR strategy avoids this issue, taking full advantage of depreciation and the ability to refinance tax-free.

Reduces Cash Drag
If a development project is complete and then sold, the money returns to your bank account. From there, it may take you three to six months before you are able to redeploy that capital. Our strategy improves your velocity of money.

Margin of Safety
Brand new communities are constructed at significant discount to market value, resulting in immediate value creation and a nice margin of safety.

Please read our **Offering Circular** before investing

Regulation A – Disclaimer

To present accurate and reliable financial projections, there can be no assurance that any of the assumptions in the projections outlined above will be accurate. The projections are subject to inherent limitations and are based on information available at the time of their preparation. They may be affected by subsequent developments or changes that were not anticipated.

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