US Residential Private Credit Portfolio Construction

KEY MARKET FACTORS

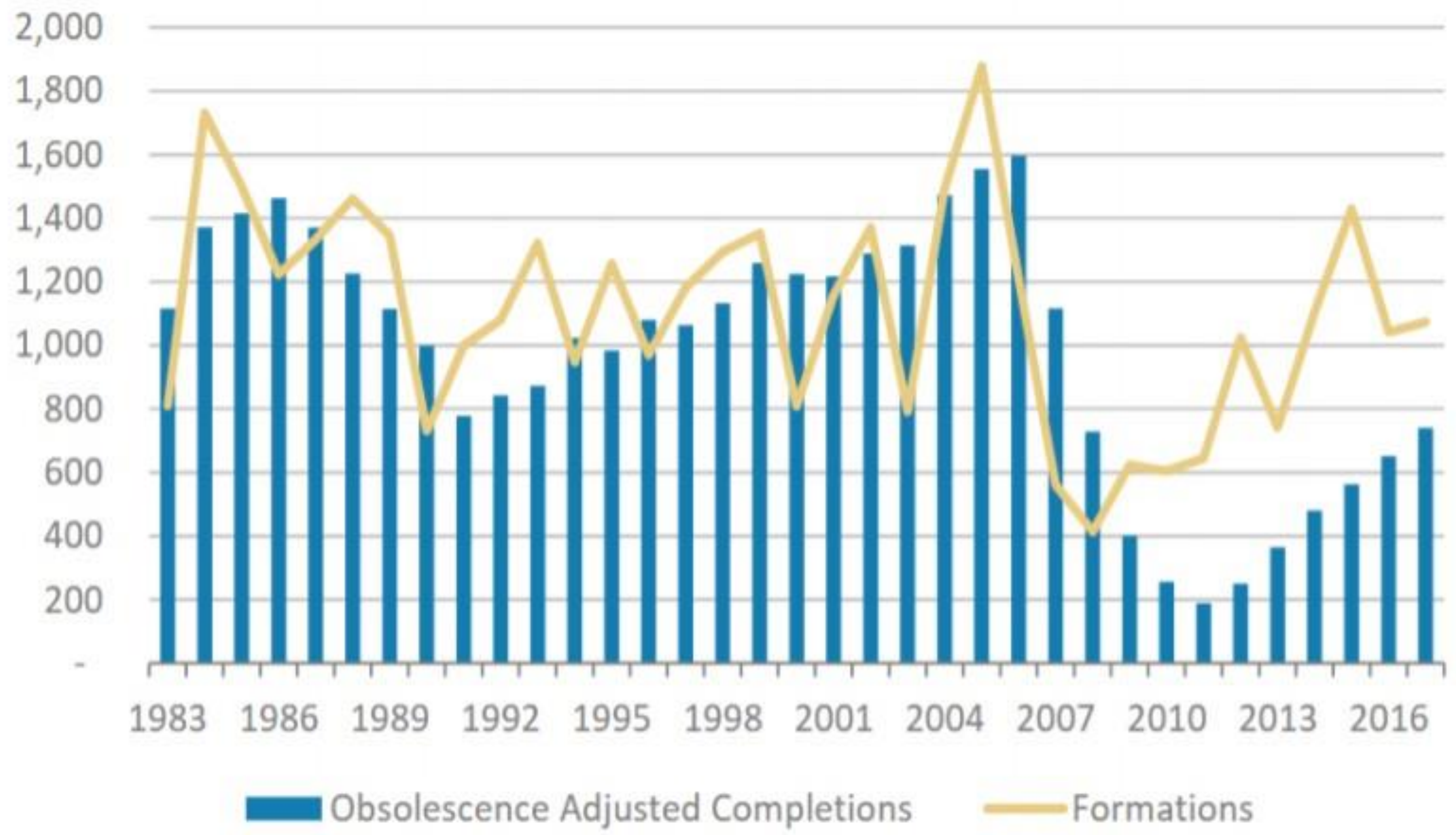
- STRENGTH IN US RESIDENTIAL HOUSING:
  - Significant Structural Supply and Demand Imbalance
    - Inventory shortages and consumer preference for SFR
    - U.S. housing currently underbuilt by an estimated $3MM units
  - Avg. age of Housing Stock over 30+ yrs. Old
  - Migration & Consumer Behavior Changes
    - Migration to more affordable geographies (South-East for example)
    - Work from home
  - Strong Post-Covid Rent Growth Led by Consumer Preference Changes and Lack of Supply
  - Natural Inflation Hedge
  - Increasing Institutional Demand SFR Rental

Source: Amherst tabulation of U.S. Census bureau data on U.S. Housing Units Starts as of December 2020. Note: Annual deficit is shown as the difference between homes constructed in the year vs the longer run average from 1960-2000.

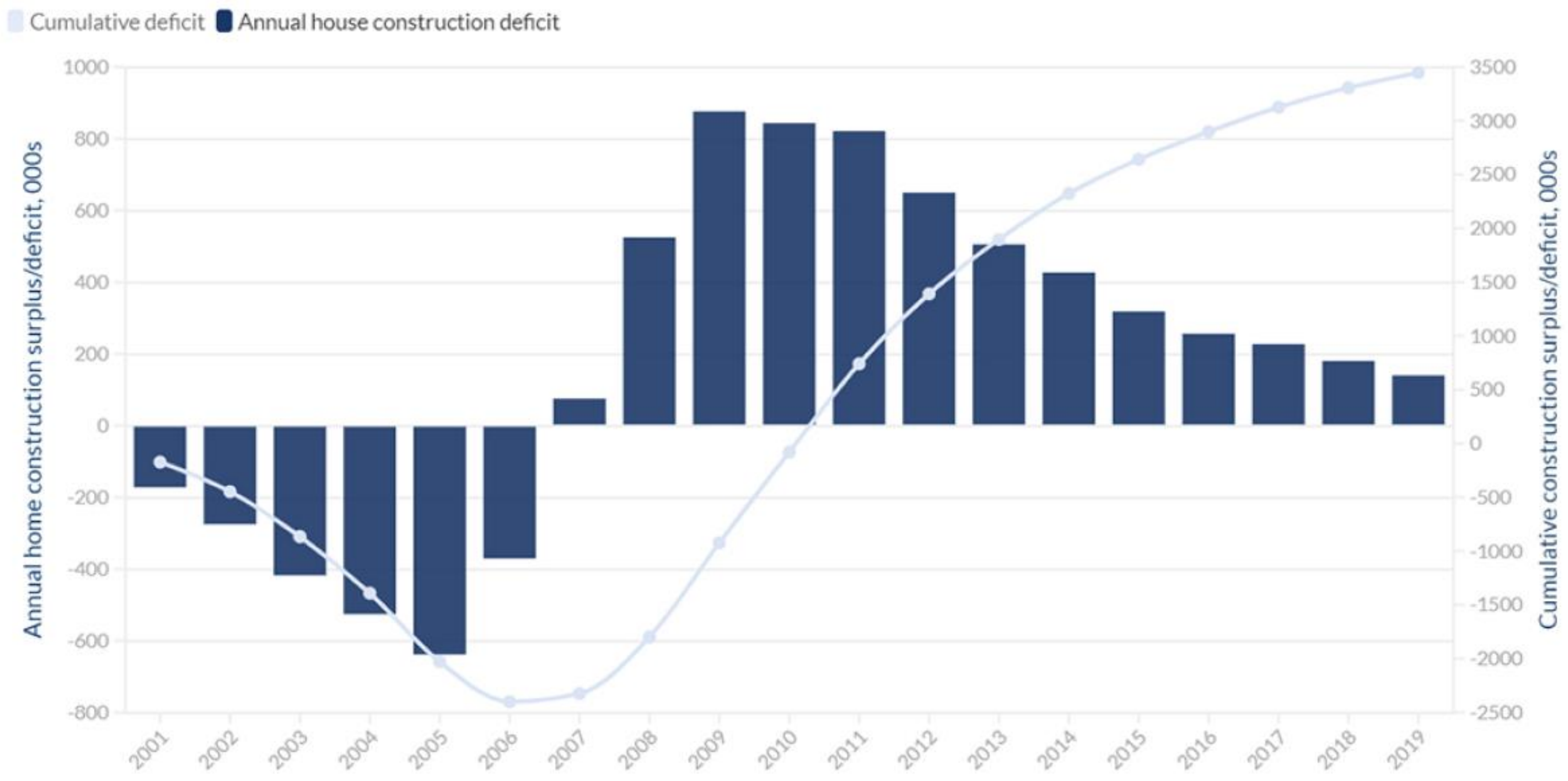
LESTE

Household Formations outpace Completions, and Deficit of Supply

Housing Formation and Completions



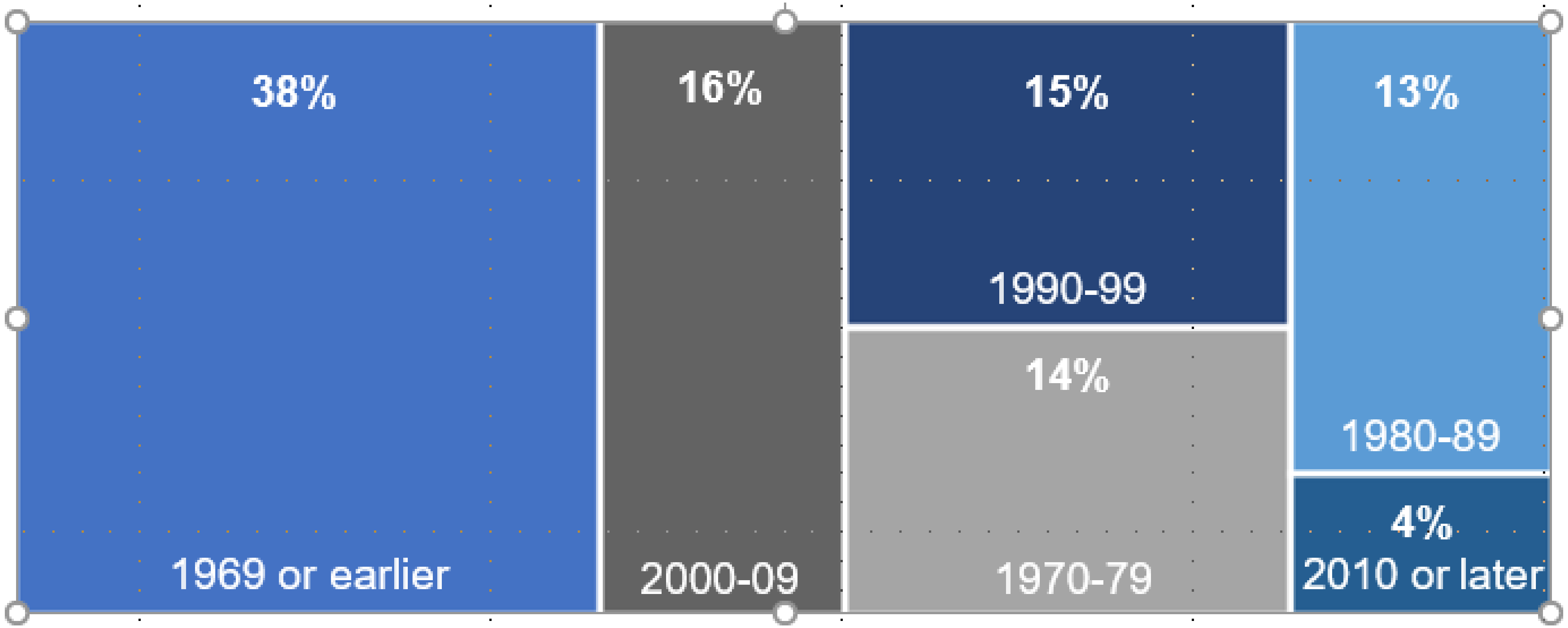
HOUSING DEFICIT ~$3MM



Source: Amherst tabulation of U.S. Census bureau data on U.S. Housing Units Starts as of December 2020. Note: Annual deficit is shown as the difference between homes constructed in the year vs the longer run average from 1960-2000.

Existing Inventory of Housing Stock Aged and Needs Renovation

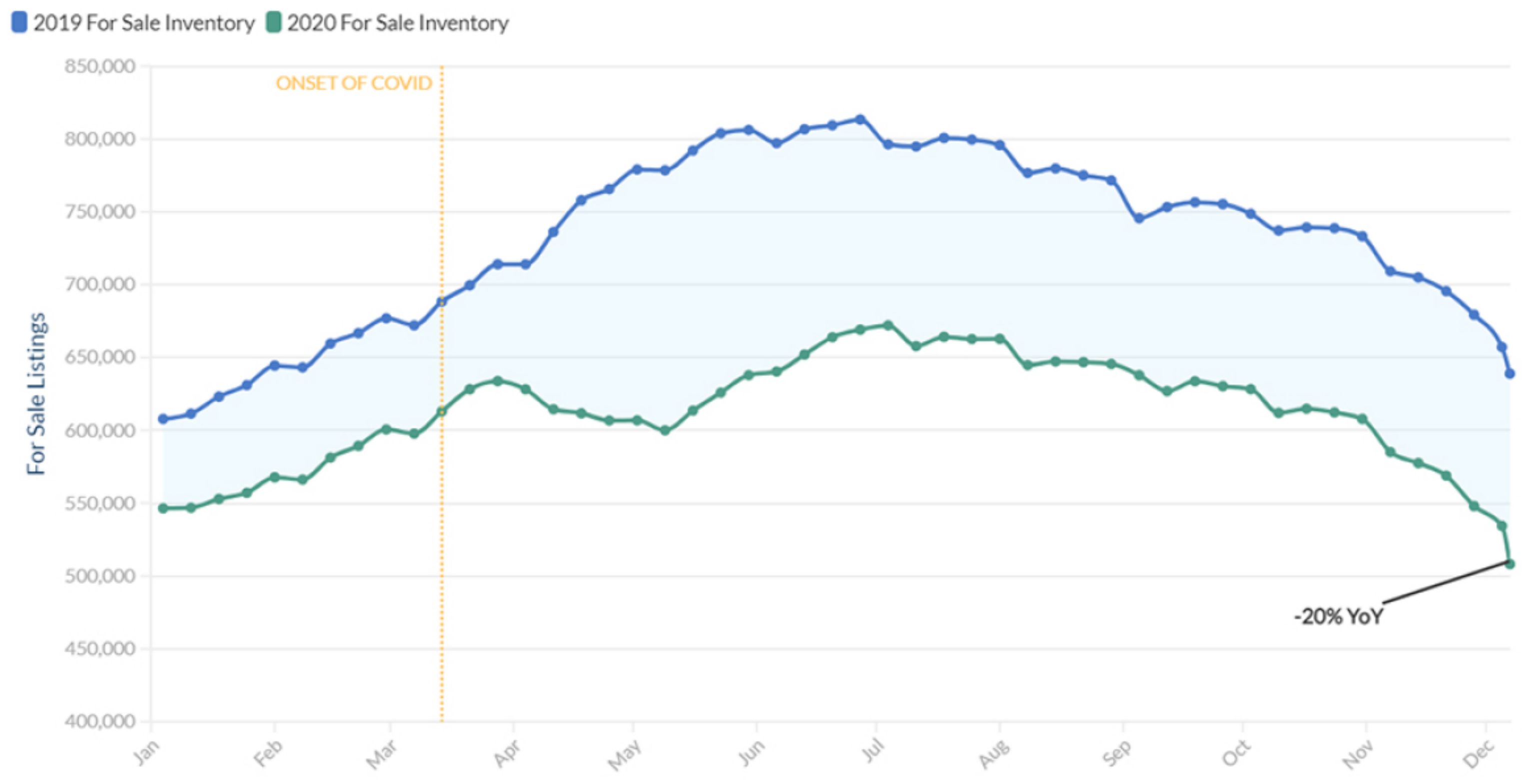
Age of US Housing Inventory



- **65% of the U.S. housing inventory is 30 years or older**
- **Homes are naturally obsolete and need to be modernized and returned to the end user market to meet demand**

For Sale Inventory and Rental Inventory Remain at all time lows

FOR SALE INVENTORY DOWN ~20% YOY



Source: Amherst Tabulation of Corelogic MLS database as of December 2020

RENTAL INVENTORY DOWN ~36% YOY

Source: Amherst estimate of public data as of December 2020

LESTE

Providing Short Term Liquidity to the SFR and Multifamily Investor Market

Asset Class	Description	Loan Term	Asset Level Return	Exit Strategy	Focus
Single Family	Bridge loans on non-owner-occupied residential properties needing moderate renovations	12 - 18 months	7 - 10%	Sale or refinance to rental property	SE markets with positive migration, focus on homes that are accessible to the mass market
Multifamily	Bridge loans on mid-rise rental apartment buildings that will complete value-add strategy	12 - 36 months	7 - 9%	Sale or refinance into Fannie / Freddie agency debt programs	Workforce housing located in cities experiencing positive migration, and close to employment centers
Single Family Construction	Urban-infill construction loans to experienced builders, not taking any permitting or infrastructure risk	12 - 24 months	8 - 10%	Sale or refinance to rental property	Urban lots, that are already within developed neighborhoods

KEY CONSIDERATIONS

- Valuation: Independent 3rd party Appraisal Management Companies, with internal re-underwrite
- Borrower:
  - Background & Credit Checks
  - Verified track record of completed projects within similar market and scope
  - Related party + fraud screening
- Legal Structure: Corporate loans with sponsor guarantees
- Geographic + Demographic: Top MSA’s with positive Home Price Appreciation Stats, and positive Days on Market Trends, screening for outliers

LESTE

Appendix

June 2021 data: In the 50 largest metros, the median rent was $1,575, up 8.1% year-over-year

Rent MoM Trend Since the Start of the Pandemic