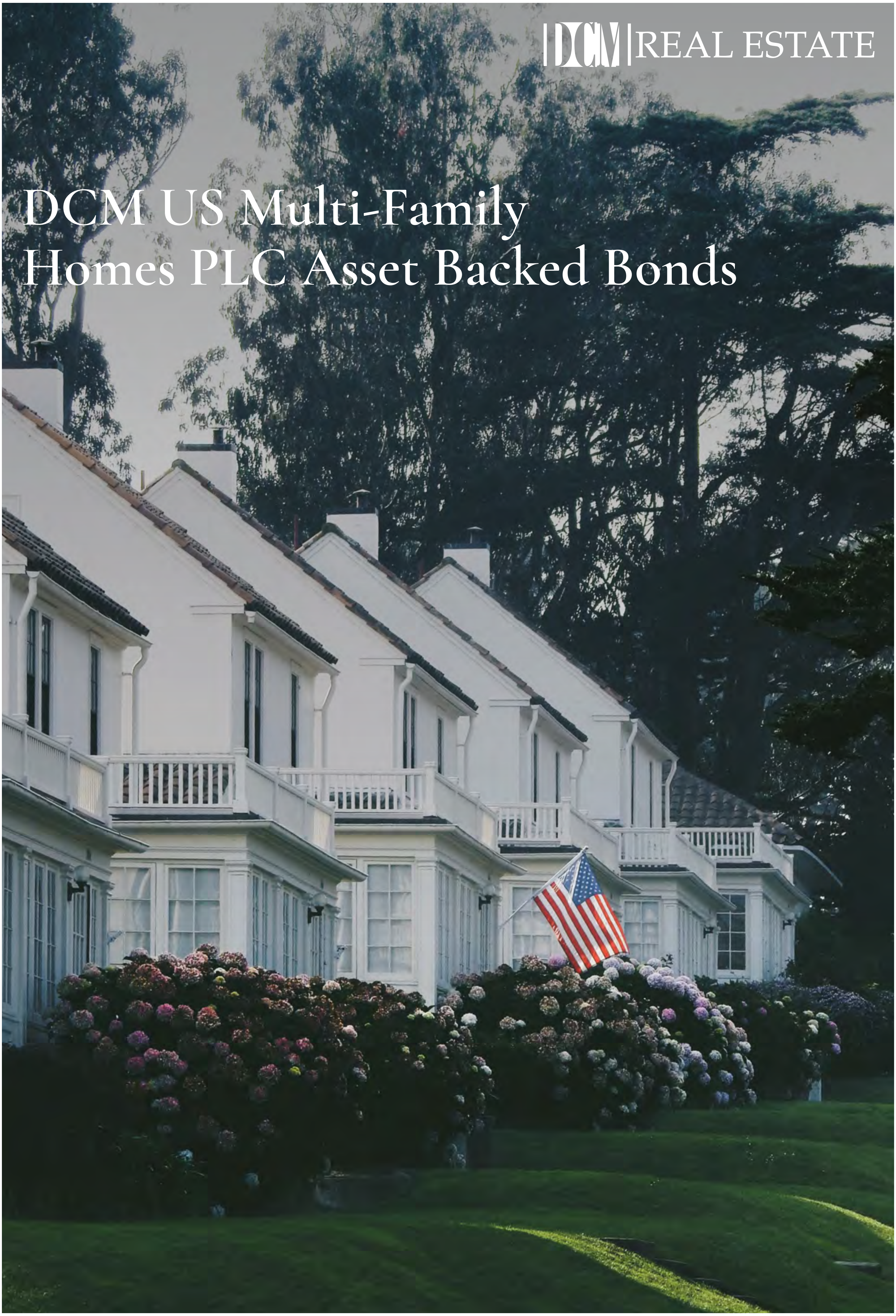


DCM US Multi-Family Homes PLC Asset Backed Bonds

This marketing brochure is for professional investor use only and should be read in conjunction with the current Investment Memorandum or Listing Particulars which are available from authorised distributors.

Contents

Summary

DCM US Multi-Family Homes PLC ("DCM"), the issuer of the bonds, is a UK company that will issue a senior secured asset-backed USD 9.25% and EURO 8.40% fixed-rate bond with a 5-year term.

The Purpose

The Bonds will provide a fixed-rate quarterly income payment to investors. Proceeds of the bond will enable Sureste Partners L.P. ("Sureste") to increase lending activities into the US multi-family homes (apartment) sector in order to match an ever-growing origination pipeline that has evolved through organic growth. Proceeds of the bond will be lent to a newly formed subsidiary, DCM Real Estate LLC (USD) and DCM Real Estate 2 Inc (EUR) (whose shares and assets are pledged to the trustee on behalf of the noteholders) who will then lend to the underlying sponsors under a secured note structure, guaranteed by the local sponsor, pursuant to the loan origination and servicing criteria documented by Sureste).

The Issuer

The bond was issued by a separate legal entity DCM, as opposed to Sureste themselves specifically because this was not intended to be a typical corporate bond. DCM is a vehicle specifically set up to issue debt and is bankruptcy remote, in order to divorce the risk of the sponsor from the risk of the bond issuer.

THE BOND
Series 2020 DCM-1

ISSUE SIZE
Up to USD $100m

COUPON
USD 9.25%
per annum paid quarterly

MATURITY
Due 2025

THE BOND
Series 2020 DCM-2

ISSUE SIZE
Up to EURO €100m

COUPON
EURO 8.40%
per annum paid quarterly

MATURITY
Due 2025

Example of Returns

Currency	USD -$	EURO €
Term @ % PA	5 year @ 9.25%	5 year @ 8.40%
Investment	$ 100,000.00	€ 100,000.00
Quarterly returns	$ 2,312.50	€ 2,100.00
Annual Returns	$ 9,250.00	€ 8,400.00
Total Returns (Including original investment)	$ 146,250.00 ($ 100,000) + ($ 46,250)	€ 142,000.00 (€ 100,000) + (€ 42,000)

Key Facts

SERIES 2020 DCM-1

Issue Size	Up to USD $100m
Issue Date	1 July, 2020
Status	Senior Secured Debt under English Law
Coupon	USD 9.25% per annum paid quarterly
Bond Maturity	1st July 2025
Listing	Frankfurt / GEMs Ireland
Issuer	DCM US Multi-Family Homes PLC
Borrower	DCM Real Estate LLC
Rating Agency	Credit Spectrum Corporation
Rating	A3 (Ind)
Security Trustee	Trident Agency Services (Guernsey) Limited
Trustee	Trident Agency Services (Guernsey) Limited
Global Distributor	Stagshead Distribution ME LTD
Clearing/Settlement	Crest, Euroclear, Clearstream
Transaction Legal Counsel	DWF LAW LLP
Issuer Counsel (US)	Holland and Knight LLP

SERIES 2020 DCM-2

Issue Size	Up to EURO €100m
Issue Date	tbc
Status	Senior Secured Debt under English Law
Coupon	8.40% per annum paid quarterly
Bond Maturity	tbc
Listing	Frankfurt / GEMs Ireland
Issuer	DCM US Multi-Family Homes PLC
Borrower	DCM Real Estate LLC
Rating Agency	Credit Spectrum Corporation
Rating	A3 (ind)
Security Trustee	Trident Agency Services (Guernsey) Limited
Trustee	Trident Agency Services (Guernsey) Limited
Global Distributor	Stagshead Distribution ME LTD
Clearing/Settlement	Crest, Euroclear, Clearstream
Transaction Legal Counsel	DWF LAW LLP
Issuer Counsel (US)	Holland and Knight LLP

DCM US Multi-Family Homes PLC Asset Backed Bonds

The Sunbelt Keeps on Shining

America's warm southern States offer more than just great weather. A low cost of living, attractive tax benefits, and ample employment make these States the ideal place to pursue the American dream. This migration creates a strong demand for housing that is limited in supply.

18 States

In the Southeast and Southwest and includes seven of the ten largest U.S. cities

5 Million Relocations

Over the past decade, national relocations to the Sun Belt, measured by domestic migration, totalled nearly 5 million, largely driven by outflows from the non-Sun Belt region, in particular, states in the Northeast and Midwest.[1]

326 Million People

The Sun Belt now holds about 50% of the national population (326 million), which is expected to rise to about 55% by 2030.[2]

75% Millennial Workforce

Millennials as a percentage of the population are now highest in San Francisco, Austin, San Diego, Los Angeles, and Charleston. With Millennials expected to be about 75% of the workforce by 2030, we expect Sun Belt markets will continue to capture more jobs as their younger populations continue to grow.[3]

20% Employment Growth

Over the past decade, total employment in the Sun Belt region grew by 12 million (+20%) versus 9 million (+12%) in the non-Sun Belt.[4]

5 Million People

Over the next decade, Sun Belt population growth is expected to accelerate by another 19 million (+13%), whereas non-Sun Belt states are forecasted to rise by only 3 million (+2%).[5]

Source: [1] Ibid. [2] Moody's Analytics. Q1 2019. [3] Forbes. The Millennial Arrival and The Evolution of the Modern Workplace. 2018. [4] Moody's Analytics, Clarion Partners Investment Research, Q4 2018. [5] Ibid.

US Multi-Family Asset Class

US Multi-Family (MFH) is a common form of renter-occupied housing in the US. The National Multi-Family Housing Council (NHMC) estimates the total value MFH rental properties at over $3.3 Trillion.[1]

Source: [1] CBRE – US Multi-Family Primer for offshore Investors

DCM US Multi-Family Homes PLC Asset Backed Bonds

The Market

MFH is a type of residential structure with more than one dwelling residence in the same building. Broadly, this can be broken down into 4 main brackets, those being:

- Garden / Suburban dwellings
- High rise urban infill
- Mixed-use
- Mid-rise (4-8 Stories)

Multifamily residential investment is a mature and established asset class in the US for both private and institutional investors. In 2017, the industry accounted for 72% ($160bn) of all global residential investment alone and of the 35 million residents in MFH accommodation, this contributed approximately $1 trillion to the U.S. economy in 2019.

Demographic trends are creating a long term imbalance in the supply of housing to the US population. Household growth has substantially outpaced new construction despite strong growth in Single-Family ("SF") and Multi-Family ("MF") completions.

The challenge is particularly acute in the US "Sunbelt" States who are experiencing the largest increases in population. Investors can benefit from these trends by providing quality, affordable housing to America's growing workforce.

Consistent Returns

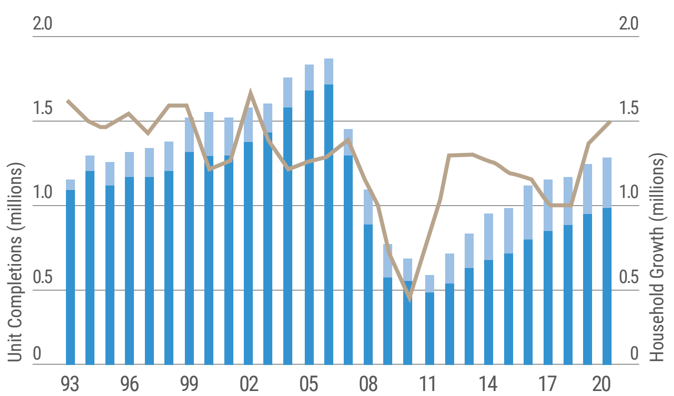
MFH offers attractive risk-adjusted returns with relatively low volatility. Over the last 25 years, MFH has offered the highest return with the lowest standard deviation of any major real estate asset class.[1]

Average Annual Return and Standard Deviation by Property Type

SECTOR	AVERAGE TOTAL RETURN %	STANDARD DEVIATION %
Multifamily	9.75	7.75
Hotel	9.61	8.36
Industrial	9.57	11.03
Retail	9.44	7.38
Office	8.38	9.64

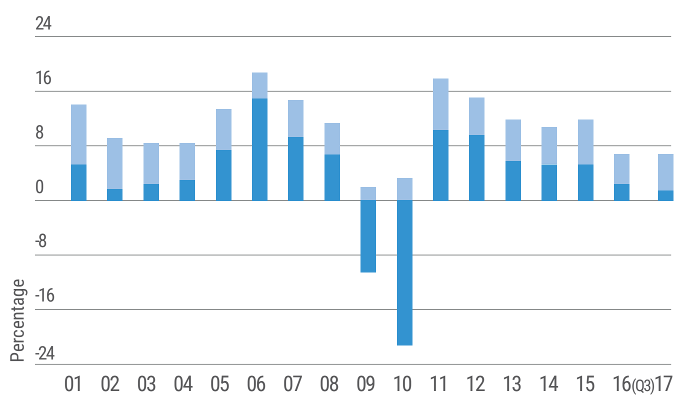
Source: CBRE Research, NCREIF, Q3 2017. Based on trailing four-quarter total returns from Q3 1992 through Q3 2017.

Household Growth Outpaces Construction



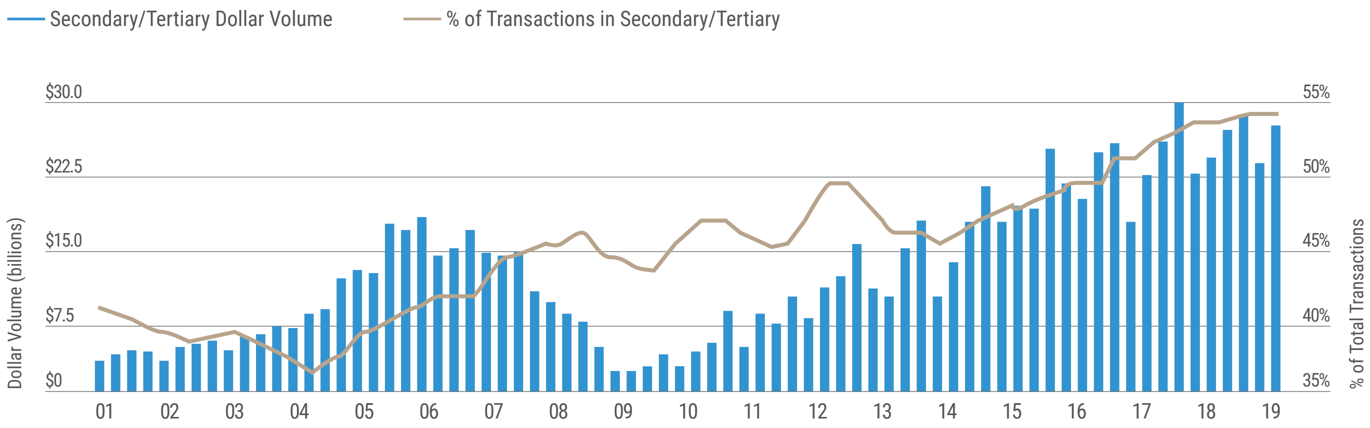
Source: Marcus Millichap 2020 Multi-Family Investment Forecast

Multifamily Institutional Investment Returns



Source: CBRE Research, NCREIF, Q3 2017. All returns are reported on an unlevered basis. Q3 2017 represents the four quarters ending Q3 2017.

Secondary and Terrtiary Investment Activity



Source: Marcus Millichap 2020 Multi-Family Investment Forecast

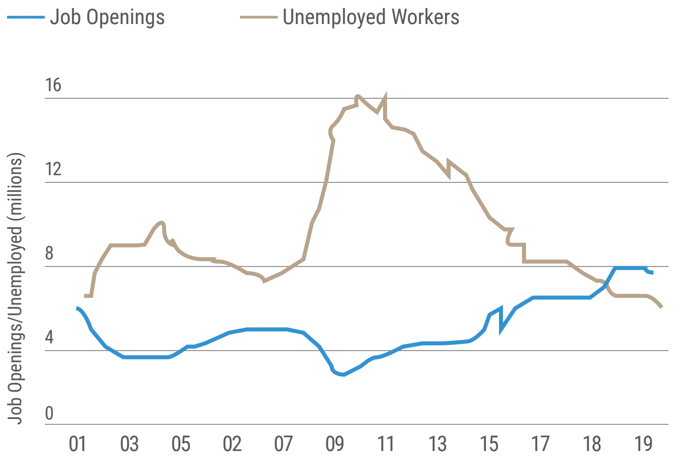
Favorable Macro Trends

Strong US employment and job creation underpin demand for rental apartments. The US Sunbelt markets are powering the growth of the MF sector. Supply-demand metrics are particularly favorable to investors targeting Workforce housing.

Homes for American Workers

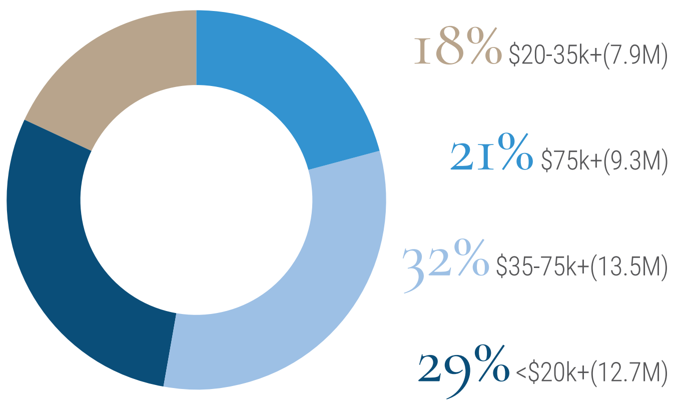
MFH sector provides housing for most of the American workforce. Over 13.5 million middle-income households are competing for limited housing supply particularly in the fast-growing South. Lower-income households also compete in the MFH space further constraining supply.

Job Openings v's Job Seekers



Source: Marcus Millichap 2020 Multi-Family Investment Forecast

US Income Demographics



Source: US Census

DCM US Multi-Family Homes PLC Asset Backed Bonds

Household Growth Outpaces Construction

Phoenix

2020 Net Migration: 77,600
As a % of population: 1.5%

1

Dallas/Fort Worth

2020 Net Migration: 69,600
As a % of population: 0.9%

2

Southeast Florida

2020 Net Migration: 68,700
As a % of population: 1.1%

3

Atlanta

2020 Net Migration: 55,400
As a % of population: 0.9%

4

Houston

2020 Net Migration: 54,800
As a % of population: 0.8%

5

Las Vegas

2020 Net Migration: 48,700
As a % of population: 2.1%

6

Orlando

2020 Net Migration: 48,400
As a % of population: 1.8%

7

Tampa-St. Petersburg

2020 Net Migration: 40,800
As a % of population: 1.3%

8

Austin

2020 Net Migration: 36,300
As a % of population: 1.6%

9

Seattle-Tacoma

2020 Net Migration: 33,400
As a % of population: 0.8%

10

Source: Marcus Millichap 2020 Multi-Family Investment Forecast

The Market & COVID-19

The Market Opinion – By General Partner, Sureste Partners. August 2020

While these are challenging times globally, we believe now is also a time of opportunity for the best real estate companies focused on USA multifamily ("MFH"). MFH is resilient and resistant to COVID-19 and other market factors. In short, over 60% of working Americans cannot afford to buy a home and they need a nice, safe, and beautiful apartment to live in. If rental market rents flatten or even decline a few percentage points in the short term it will not materially impact our operations. In fact, during COVID-19 we have increased rents and collections in our portfolio. We believe that we stand to benefit significantly from any weakness in the market and have acquired over 1,000 additional units in the past 3 months.

It is the Value-Add process and strong operational team that dramatically changes the economics of a property through increased net operating income and higher valuations

Quality, affordable housing is a fundamental need for every American family. We and the sponsors we work with acquire neglected and operationally challenged properties at valuations that reflect these facts. We invest and renovate them to meet the demand for quality, affordable housing. There is no new supply of affordable housing since all new supply goes to Class A properties and commensurate rents. The "Value-Add" business model certainly benefits from a strong economy and intrinsic rent growth and low-interest rates, but it is not the foundation of our performance. It is the "Value-Add" process and strong operational team that dramatically changes the economics of a property through increased net operating income and higher valuations.

COVID-19 Impact

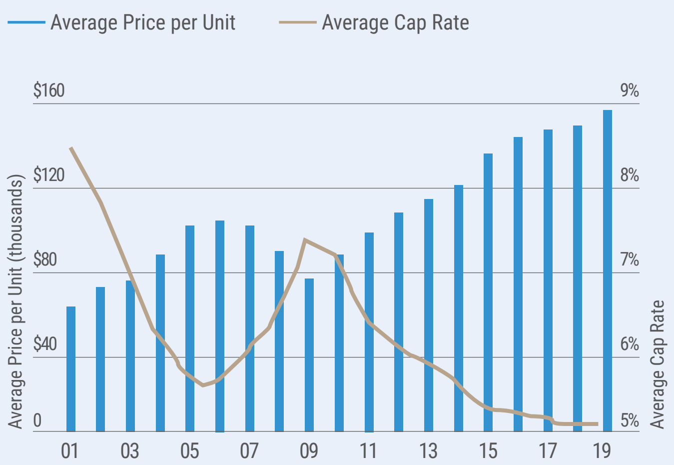
We have been closely monitoring the impact of COVID-19 on our market and our assets over the last two quarters. Collections across our portfolio remain at or above pre-COVID-19 levels and importantly we are experiencing strong leasing demand. The fact is that there is a chronic and massive shortage of quality, affordable housing for American working families in the markets we operate in that far exceeds the supply that we are bringing to the market. However, we are clear that COVID-19 is impacting employment in the US and that clearly can present short term collections challenges. Tactically we have implemented multiple new protocols and measures to ensure we maintain collections. We always focus on leasing to tenants with stable and sufficient incomes to comfortably afford rents.

The most significant impact COVID-19 has had on our business was to cause delays of 30 – 60 days on construction and renovation. Mandatory shutdowns and quarantine in the Spring paused construction and COVID-19 caused some supply chain challenges in materials including new appliances. While frustration, delays are a transient issue, not uncommon in real estate, and we are experienced in managing through these types of challenges.

Supply-Demand and Demographic Trends are Still the Driving Force for the Value-Add Model

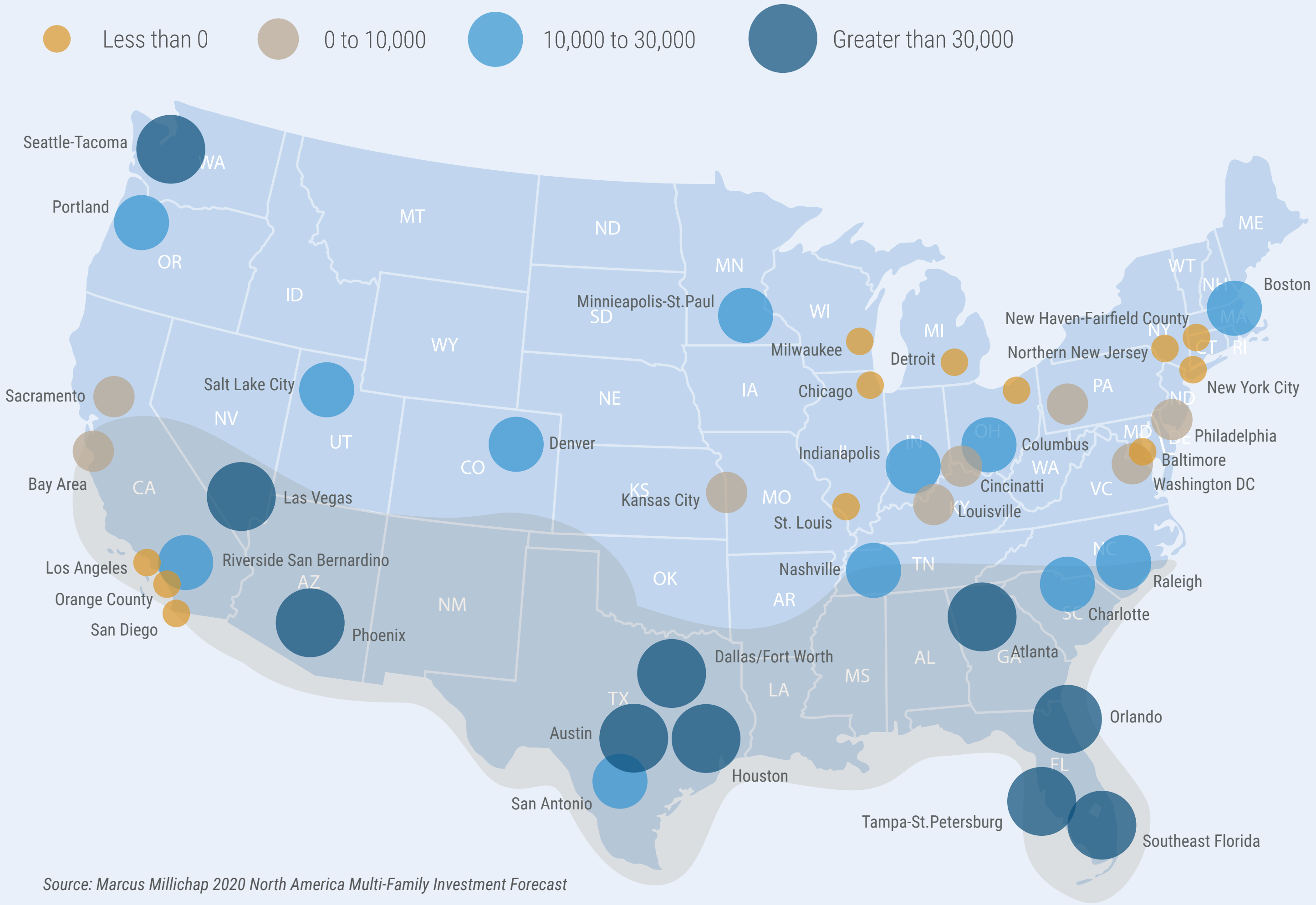
While COVID-19 is a tragic situation, as is often the case, great adversity brings a great opportunity to those who are prepared and act decisively. We have continued to see rent growth driven by our "Value-Add" business model and strong demand in our sector of the market.

80% of 10-year Growth Occured in 5 Years



Source: Marcus Millichap 2020 Multi-Family Investment Forecast

Migration Patterns Favour South and Southwest – 2020 Net Migration Outlook



Source: Marcus Millichap 2020 North America Multi-Family Investment Forecast

The markets we invest in remain desirable places to live with strong employment centers spread across multiple sectors. The population shift from the higher cost of living the North East States to the South East as can be seen in the map (Especially Georgia). This is a multi-year trend and in our opinion is likely to be accelerated if anything by COVID-19. Currently, our greatest concentration of assets is in Georgia, one of the first states to lift temporary closures of businesses. Of note, Amazon and Home Depot are opening major regional hubs in East Atlanta where we own several communities and are actively acquiring additional assets. Facebook and Google and the major media studios have all opened large centers and offices in Atlanta. Atlanta gains appx. 30,000 new residents a month and most need apartments to lease.

New construction is not economically viable or competitive with our business model in the workforce housing sector as the rents cannot justify the cost of construction. Renovating aged properties (10 – 40 years) via "Value-Add" is the only economic model to provide the housing these people need. As well respected and active players in this market we are well-positioned with a large pipeline of assets we can evaluate and select from.

Renovating aged properties (10 – 40 years) via a Value-Add is the only economic model to provide the housing these people need

As it did in 2009, we believe the COVID-19 recession will lead to outstanding buying opportunities at much more attractive CAP rates. The 5 years following 2009 were some of the best years that our industry has ever experienced. Multi-family is the most well-equipped of the real estate sectors to weather the storm, as the demand for housing supersedes the demand for nonessential goods and services and even commercial real estate. For those of us with disciplined operations and strong balance sheets, it is a time of great opportunity.

A-Rated Bonds

CreditSpectrum Corp ("CSC"), formerly known as R&R Consulting ("R&R"), is a leading financial advisory firm with exceptional core competencies in rating and valuing credit sensitive financial instruments for a global clientele using proprietary tools.

Clients

Clients include small to medium-sized and universal banks; broker-dealers; multi-lateral lenders with a focus on the micro-and small-medium enterprise sector; U.S. and overseas bank-regulatory institutions; NRSROs and credit bureaus; financial guarantors; specialty lenders; public-private partnerships; law firms; and universities. For nearly 20 years, CSC has advised on securitization transactions and risk systems development in all five continents including frontier, emerging and developed markets"

Image: Sylvain Raynes and Ann Rutledge

Background

Ann Rutledge and Sylvain Raynes are widely trusted and respected global debt capital market analysts. Collaborators since 1995, they first worked together in the Moody's Investors Service Structured Finance Group. In 2000, they founded R&R Consulting, now Credit Spectrum Corp. As head of non-Japan Asia for Moody's, Ann modernized their structured methods to weather the Asian Crisis. Raynes and Rutledge have been variously tapped to lead new structured ratings departments at DBRS, Kroll, Capital Intelligence, and Egan-Jones Ratings, but they have stuck to their mission of modernizing and creating a unified platform of credit analysis that protects investors' money without constraining asset growth.

CreditSpectrumCorp

To: DCM US MULTI-FAMILY HOMES PLC
Condor House The Street
Bredhurst, Gillingham
Kent, England ME7 3JY

From: Credit Spectrum Corp., 38-30 31st Street, FL 3, Long Island City, NY 11101
Date: June 30, 2020

Re: Series 2020-DCM1 USD 9.25%, Fixed Rate Secured Notes due 2025, and
Series 2020-DCM2 EUR 8.40%, Fixed Rate Secured Notes due 2025 (the "joint Facility")

To Whom it May Concern:

Please be advised that Credit Spectrum Corp. [CSC] has assigned a long-term credit rating of **A3** to the above joint Facility. CSC's rating is based on our analysis of your documentation and data from previous related transactions, as well as expected future transactions financed *via* the joint Facility, in connection with our methodology for this asset class.

Using the above methodology, the joint Facility rating will be subject to periodic review pursuant to each group of five transactions financed through it. Following review, CSC may confirm, downgrade or upgrade the joint Facility's rating. The Sponsor is responsible for providing timely performance data as requested, enabling CSC to maintain the accuracy of its joint Facility rating. Failure to do so may result in a unilateral rating action by CSC.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at 1 212-867-5693 or sylvain@creditspectrum.com.

Sincerely,

Ann Rutledge, CEO
Credit Spectrum Corp.

Disclosure

Ratings are not recommendations to buy, sell, or hold any security, and do not comment implicitly on the adequacy of market price, the suitability of any security for a particular investor or the tax-exempt nature or taxability of payments made in respect of any security. By issuing a rating, CSC does not accept liability under U.S. or U.K. law in connection with the related offering. CSC's structured finance ratings address the likelihood of the timely payment of interest and return of all principal on or before the joint Facility's legal final maturity date. CSC ratings do not address either the frequency or severity of prepayments or the piecewise, early return of principal and its potential impact on yield to maturity.

About DCM Real Estate

DCM Real Estate, Inc. ("DCM") is a US company that borrows the money from the Issuer DCM Multifamily Plc.. to acquire qualifying Multi-Family assets in the USA.

These loans are secured by a 2nd position interest in the acquired property. Borrowers from DCM are experienced Sponsors who provide the required risk/equity capital and operational expertise to acquire and operate the target properties. DCM borrows directly from the bond as its sole source of capital and underwrites and structures loans to deliver plus 500bps spread over its cost of capital from the bond.

Senior debt for all DCM Real Estate funded properties is provided by US-based institutional lenders who fully underwrite the property. The Principals of DCM also operate Sureste Partners LP who underwrite deals. Sureste also acts as lead Sponsor of the ownership group who invests the required equity and risk capital. As an investor and lead Sponsor Sureste actively oversee construction and operations on all of its investments to ensure that business goals are met. As a highly respected market participant, Sureste leverages an extensive network of Multi-family owners and operators to generate deal flow. All property loans are secured by the second lien position and also a full guarantee from the Sponsors who must meet net worth, liquidity, and experience requirements.

Experienced Sponsors

DCM Principals and their network of Sponsors have broad experience acquiring and managing Multi-Family assets. Sponsors are required to invest their own capital as deal equity and their interests are aligned with DCM. Sponsors and owners must pay any required interest and return principal prior to receiving any distributions themselves. Collectively the pre-screened Sponsors have acquired and operated over $750 million in USA Multifamily properties in the past ten years, without ever having a foreclosure or loss in any property.

Focus on Value-Add Opportunities

The focus is on housing for America's large (and growing) WorkForce demographic, where the "Value-Add" business model is a broadly proven formula for success and there is still a large flow of suitable properties. "Value-Add" opportunities are characterized by the fact that the target properties are performing well below market potential due to neglect and poor management.

Capital investment to renovate the property and installation of good property management when executed well realize the full market potential of a property

Target properties are typically older (10-30+ Years) with some deferred capital expenditures and upgrades and as a result, have rents and occupancy rates well below market potential. Capital investment to renovate the property and installation of good property management when executed well realize the full market potential of a property – typically within 24 months of acquisition. Basically, a Sponsor buys an older property at a price of 30-50% of replacement cost and after upgrades, it competes with newer properties at a significant advantage in price.

The Bonds (Via DCM loans) provide the funding to allow Sponsors to make the required renovations and repairs and then lease up and stabilize the property at its full market potential. While each deal has a unique profile, it is not uncommon to see properties go from an Operating A loss to large operating profits within 12 – 18 months of acquisition.

RENTAL UNITS ACQUIRED	PROPERTIES OWNED	ACQUISITIONS VALUE
11,738	44	$750m+

About Sureste Partners

Sureste Partners ("SP") specializes in financing and operating 100 – 500 unit Multi-Family properties.

Primarily SP seeks to acquire aged and neglected properties with a poor economic performance that they can rehabilitate to significantly increase rents, occupancy, and stabilize as strong, cash flow positive assets.

Focus on Location

SP specializes in the South Eastern US region primarily in the high growth markets of Atlanta and other major cities in the region. The Company utilizes its local relationships and experience as an operator as a significant competitive advantage, both in terms of accessing deal flow and disciplined and hands-on management of construction and assets.

The Company evaluates more than 100 opportunities a year that are appropriate potential investments

Evaluation and Lending Experience

SP was formed to specifically address the large value add opportunity in the South East USA and directly owns and operates a growing portfolio of 15 properties in South East USA, which range from 75 – 517 units each. The Company evaluates more than 100 opportunities a year that are appropriate potential investments. SP and its Principals have over 100 years of combined real estate and finance experience. Together with their Sponsor partners, SP has originated and underwritten more than $1bn in commercial loans at a weighted LTV of 70% with no losses or foreclosures. In addition to an extensive deal network, SP has built strong relationships with major financial institutions and governmental agencies to provide 1st mortgages on all their properties with recent permanent financing obtained as low as 2.96% for fixed-rate ten year Fannie Mae loan.

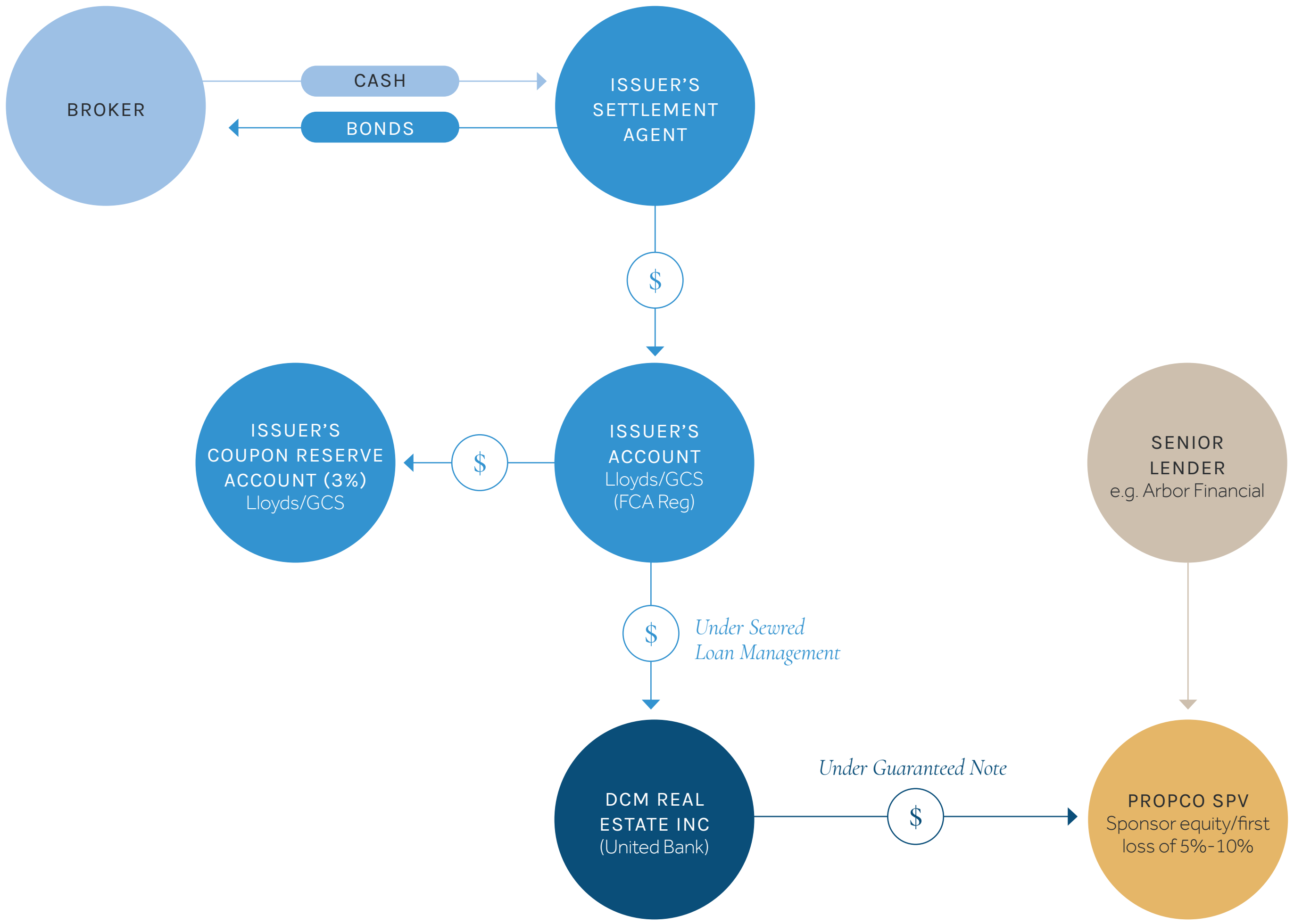
Sureste and its Partners Combined:

RENTAL UNITS ACQUIRED	PORTFOLIO LTV AVERAGE	LOANS AND ACQUISITIONS
15,000+	70%	$1bn+

The Investment Process

The notes/bonds are dematerialized into the central clearing system (CREST) and can be settled in CREST, Euroclear, or Clearstream. They can be purchased through a regulated broker and trades are usually entered on an OTC basis and are settled DVP (Delivery vs Payment). Once the cash settles in the Issuer's settlement agent account (remove GPP and Jarvis), it is immediately transferred to the Issuer's bank account held with Lloyd's and is administered by GCS.

The account is fully segregated and operated under CASS rules. Global Custodial Serves Ltd is authorized and regulated by the FCA and hold Part IV permissions under the FSMA 2000. Registration number 595875. From there, it is drawn down under the Secured Loan Agreement (correct) by the borrower, DCM Real Estate Inc (DCM Real Estate 2 Inc for EUR) for deployment into the underlying projects.



Developer Finance and Capital Security

The bonds are issued under an established institutional wholesale bond program and are eligible assets under the Eligible Assets Directive as well as transferable securities under UCITS rules. The bonds are listed on a major recognized stock exchange, with an independent third-party security trustee, to whom assets are pledged. The issuer of the bonds, DCM Multi-Family Homes PLC, is a bankruptcy-remote issuer and will have senior security over the shares of the Borrower, DCM Real Estate Inc, which holds the notes secured against property companies housing sector of US Multi-Family.

DCM US Multi-Family Homes PLC Asset Backed Bonds

Value-Add Business Model

The Value-Add business model rehabilitates aging properties to maximize value. It is a time-tested formula that when executed by experienced, disciplined operators have excellent risk/reward characteristics.

Restoring aged and neglected inventory to meet demand in a market where the supply of quality housing is substantially below demand means there is a limited market risk – execution is the key to success.

Experienced and disciplined operators focus on acquiring assets at attractive prices and understand how to quickly upgrade a property to a community that attracts quality tenants.

For example, kitchen upgrades are in very high demand. They are quick, economical and have a large impact on lease value and rentability.

Classic Quality Kitchen

- Maybe functional but dated and feels dirty.
- Dim lighting.
- Refinished Formica counters and painted cabinets.
- Dated appliances and hardware.

Upgraded Quality Kitchen

- Modern, bright with a stylish finish.
- Granite counters, new shaker style cabinets.
- Black or stainless appliances.
- Brushed nickel hardware.

DCM US Multi-Family Homes PLC Asset Backed Bonds

2 Year "Value-Add" Core Objective - Create a community that attracts and retains great tenants

-6-0 Months
DEAL SELECTION

0-18 Months
RENOVATION & CONSTRUCTION

18-24 Months
RE-FINANCE DEBT
REPAY DCM NOTES

0-18 Months 2
OPERATIONAL & FINANCIAL STABILIZATION

Primary Factors for Each Stage

-6-0 Months	Strong location and market fundamentals
	100 - 500 units
	Older property in poor condition
	Rents below market potential (-15 to -30%)
	High vacancy (20%+)
	Low-quality tenants (10%+ delinquency)
	Large cash flow growth potential (+50%)
0-18 Months	Immediate focus on major rehab needs
	Prioritize unit upgrades by speed to market
	Exterior upgrades to improve community appearance
	Safety & security upgrades e.g. Gated entrance
	Add quality of life amenities. (Playgrounds, Fitness center)
0-18 Months 2	Install systems and professional management staff
	Remove problem & non-paying tenants
	Raise rents to market
	Maintain 90 - 95%+ Occupancy
	Reduce delinquency to approx.5%
	Stabilize the tenant base. Renew 70% leases annually within 95% full market rent.
18-24 Months	Demonstrate 3 consecutive stabilized months
	Pay off high-interest debt & return risk capital
	Reduce Finance cost by up to 600 bps
	10-year terms
	3-5 year interest only
	80% LTV

FAQs

1. What is the US Multi-Family Asset Class?

Multi-family housing refers to mid to low-income housing and is a type of residential structure with more than one dwelling residence in the same building. Broadly, this can be broken down into 4 main brackets, those being:

• Garden / Suburban dwellings (1-3 Stories)
• High rise urban infill
• Mixed-use
• Mid-rise (4-8 Stories)

Multifamily residential investment is a mature and established asset class in the US for both private and institutional investors. In 2017, the industry accounted for 72% ($160 billion) of all global residential investment alone and of the 35 million residents in MFH accommodation, this contributed approximately $1 trillion to the U.S. economy in 2019.

2. How Does DCM Operate?

DCM is focused on providing loans to experienced Sponsors for the acquisition of "Value-Add" Multi-Family properties typically with 100 – 500 dwelling units. The "Value-Add" business model is attractive due to the potential for large short term gains it can deliver in terms of increased cash flow and valuation of the acquired properties. Target properties are located in high growth markets and typically aging and suffering years of neglect which results in high vacancy and below-market rents. As a result, the property can be acquired significantly below market value potential. Experienced Sponsors implement planned renovations and bring the property to full occupancy at market rents typically within 1-2 years of acquisition.

3. DCM Bond Structure

DCM US Multi-Family Homes Plc is a vehicle specifically set up to issue debt and is bankruptcy remote, in order to divorce the risk of the sponsor from the risk of the bond issuer by isolating financial risk, minimizing bankruptcy risk, ringfencing assets, therefore, eliminating noteholder financial exposure to the Borrower, which is very common for this type of securitization.

The bond was issued by a separate legal entity, as opposed to Sureste Partners ("SP") themselves specifically because this was not intended to be a typical corporate bond. A complete and full DD was completed on SP and its partners. Aside from Stagshead Distribution, [Credit Spectrum Corp Rating], DWF LP (Lawyers who act on behalf of the Issuer) **www.dwf.law** and the Trident Trust Services **www.tridenttrust.com** have all completed a KYC/AML. As a result of this and their ability to repay the debt and assets pledged to the Trustee (over and above the value of the funds raised) the issuer has been accorded with an 'A3' rating.

4. Security

The bonds are issued under a newly established institutional wholesale bond program and are eligible assets under the Eligible Assets Directive as well as transferable securities under UCITS rules.

There is a 3% cash reserve at the issuer level, based on the nominal amount raised. Further, there is a further 5% first loss/equity component at the PropCo SPV level, usually provided by the local sponsor. The financial model details the resultant DSCRs, based on this and the underlying cashflow from the DCM Inc Note + property income which are expected to exceed 1.4 at all times.

The bonds are listed on two major recognized stock exchanges, with an independent third-party security trustee, to whom assets are pledged. The issuer of the bonds, DCM US Multi-Family PLC, is a bankruptcy-remote issuer and has senior security over a segregated pool of loans originated and managed by the servicer. The security is governed by and enforceable under English Law and assets are pledged to the recognized trustee, Trident Trust Services **www.tridenttrust.com**, under a secure trust structure. The Issuer Deed of Charge is governed by English Law and contains customary representations and warranties in favor of the Security Trustee. The Issuer cannot grant any security or assignment in respect of any of its assets without the prior written consent of the Security Trustee.

The bond proceeds are loaned by the Issuer, DCM US Multi-Family Homes PLC to DCM Real Estate Inc (the "Borrower", as defined in the LPs) who, in turn, secures it on the property with a full guarantee as well from Sureste or the local sponsor (a record of no losses or loan delinquencies) And it is further de-risked when construction and upgrades increase value on the property.

5. Rating

Credit Spectrum Corp. [CSC] has assigned a long-term credit rating of A3 to the above joint Facility. CSC's rating is based on their analysis of your documentation and data from previous related transactions, as well as expected future transactions financed via the joint Facility, in connection with their methodology for this asset class.

Using the above methodology, the joint Facility rating will be subject to periodic review pursuant to each group of five transactions financed through it. The Sponsor is responsible for providing timely performance data as requested, enabling CSC to maintain the accuracy of its joint Facility rating. Failure to do so may result in a unilateral rating action by CSC.

6. Liquidity

Pricing of the notes is constant. The securities are listed on two stock exchanges; GEMs Ireland and Frankfurt (Freiverkehr) with Bankhaus Scheich Wertpapierspezialist acting as market maker. The product allows for the notes to be transferred to a 3rd party (i.e. freely transferable) and aside from any internal liquidity provision, a professional market maker is appointed to procure secondary market sales, on a matched bargain basis, where necessary.

7. How Can DCM Afford This High Cost of Capital?

First, Sureste has a blended cost of capital (not all high like this) for capital raising. For example, they use banks, private equity, and the bond market. Another reason why they're offering a high yield, "A3" rated, senior secured bond, is to market themselves as a safe and reliable company. The first $100 million and; €100 million was issued under an approved $750 million MTN. This bond has a term of 5 years; Second, The "value add" business model is a time tested traditional real estate strategy that can afford it. The Company focuses on a disciplined process to acquire under-performing assets in growing rental markets. These can be purchased significantly below market potential values. These properties are then renovated to provide quality, desirable housing and leased up at full market rates creating a strong cash flowing property within 12 – 24 months of acquisition.

Third, higher-cost capital is strategically used as a short term solution. With strong cash flowing asset multiple options are available to Sureste. It is expected that they will exit all investors within 2 years then and refinance at a lower cost of capital and issue anther bond at $200 million – $40 million. The next bond will be sold via institutions. We would expect the coupon to be between 3% – 5% maximum.

As a result of the DD and their ability to repay the debt and assets pledged to the Trustee (over and above the value of the funds raised) the issuer has been accorded with an 'A3' rating.

8: How Are Assets Selected?

Sureste evaluates over 200 potential acquisitions per year of which about 10% meet their criteria. They bring deep knowledge and experience to every underwriting project. Target properties are first evaluated in terms of their market potential. Properties must be in strong local markets with a growing demand for rental units. Target properties will be run down and have occupancy and rental rates significantly below multiple market comparables. After identifying a shortlist of potential acquisitions a multi-month physical, financial, and operational due diligence process is conducted. This is done to determine property condition, true verified economic status, and the capital and create a business plan that will be required to stabilize the property at full market value in 1 to 2 years. Armed with this knowledge, Sureste can confidently structure a deal.

9: How Are Sponsors Incentives Aligned With Investors?

Sponsors have to provide the equity and risk capital portion of each deal typically 10% - 20% of the acquisition cost and will absorb first losses should they occur. In addition, all loans are secured by the property. DCM loans (circa 20% of the transaction) are in the second position behind the Institution providing the primary mortgage (circa 70% – 80% of the transaction). Sponsors must fulfill all debt obligations and loan covenants prior to receiving any distributions or investment returns. Sureste typically acts

DCM US Multi-Family Homes PLC Asset Backed Bonds

as lead Sponsor and assumes operational responsibility for the property to ensure business plans are executed.

10: What Are Typical Properties like?

The typical property that Sureste acquires is 30+ years old with 100 – 500 dwelling units and considered "Garden Style" (1-3 Stories). Most properties have a mix of 1 Bed, 2 Bed, and 3 Bed apartments or townhome-style units and provide housing to the workforce demographic sector ($35 thousand – $75 thousand Income). Property condition can vary widely but typically require a "Value-Add" capital investment program to bring to full occupancy and charge higher rents.

11: How Can You Be Sure the "Value-Add" Process Will Work?

The "Value-Add" business model is a time tested real estate strategy that is a cornerstone of the industry. The markets we are active in have demographic trends driving a growing demand for quality, affordable "WorkForce" housing. There is a significant supply shortage but very limited new supply is being built as new construction costs require rents that are simply not affordable. The "Value-Add" process upgrades aged properties at a fraction of the cost of a new build but delivers like-new quality at a price workers can afford.

DCM | REAL ESTATE

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