ALL WE ARE SAYING...
IS GIVE RENT A CHANCE

RENTAL HOUSING AS A Viable ALTERNATIVE FOR SOLVING HOUSING NEEDS & THE “CLUB DE RENTAS” PROJECT

Rodrigo Barrera - CEO
Home rental demand is growing at a very fast rate by a series of multiple factors:

- **Demographic Growth**: Millenials demographic bonus
- **Investment Culture**: Not necessarily interested in investing on a house
- **Job Income Slope**: Steeper and with higher expectations
- **New Household Formation**: Younger, Independent, Roomies, Divorces
- **Mortgage Loan Availability**: Restricted to Formal or higher income segments
- **Social Programs**: Enfocados a la Renta
- **Home Prices**: Above salary growth
- **House Production**: Housing development restrictions
- **Employment Mobility**: More Dynamic

The Moment for Rental Housing in Mexico
¿How Mexico City compares to other cities in terms of rent?

Share of Leased Homes in CDMX vs other world cities

<table>
<thead>
<tr>
<th>City</th>
<th>Rental Homes Percentage</th>
<th>Total Households</th>
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</thead>
<tbody>
<tr>
<td>CDMX: Inner Mexico City</td>
<td>20%</td>
<td>Aprox. 550,000 households</td>
</tr>
<tr>
<td>Bogotá</td>
<td>40%</td>
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<tr>
<td>NY</td>
<td>48%</td>
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<tr>
<td>London</td>
<td>50%</td>
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14% Vivienda en préstamo (390,000 hogares)

Still, Mexico City’s home rental penetration is below many other cities in the world.

Fuente: BID, Eurostat, HBS
“I can try before I buy my house…"

…and lower the risk of a bad purchase"
“My situation can change and I do not lose my home equity”
“I can RENT a better house while I can afford to BUY one that sticks”

SENSITIVITY ANALYSIS TO HOME APPRECIATION OVER TIME

Difference Outcome over Time: Rent - Buy (constant pesos at end date)

Renting is better when Home appreciation rates are not very High

If house never appraises in real terms it is better to rent for at least 20 yrs
REN T vs BUY Choice by Customer Type

Age
- 18-34
- 35-50
- 50+

Future Income Expectations
- Higher than current
- Same as current
- Lower than current

Stage (age/income)
- 18-30
- 31-50
- 50+

Stability
- Low
- Average
- High

Rent vs Buy Choice

- Pure Rent
- Rent with BuyOption
- Buy

Optimal Allocation
- 75%
- 25%

+ Quality of Living
+ Equity

Rethinking the Home ownership Paradigm

Club de Rentas®
**Optimal Stages: Buy or Rent**

- **Pure Rent**
- **Rent+ BuyOption**
- **Buy**
- **Pure Rent**

### Income Salary Real growth +3.3%
### Age of Household Stability 31
### Home Appraisal Real Rate +2%

#### QUALITY OF LIVING – HOUSE RELATED
- **SAVINGS/BUILT EQUITY**
- **BUY-SELL-BUY**
- **RENT-BUY-SELL-RENT**

#### Ages
- 18
- 31
- 36

#### Extent to which rent may assist in Housing goals
Only 1% rental housing supply in Mexico City is institutional

In México, 70% of Rental Housing supply corresponds to Landlords with 10 or less properties

Mexico City

USA

10% of Landlords pay taxes
Introducing Club de Rentas®, a House Rental Pool Trust that provides income constantly to individual Landlords

In Club de Rentas model, individual landlords delegate their Lease:

- To a professional management company that handles rent very similarly to lending ops
- That taps into the Tenant’s payroll to collect rent*  
  * Tenants who qualify for Arrendavit Program
- That gathers rent collection from multiple properties into a Trust to share revenues and expenses, mitigate risks, and always provide rental income to their Landlords
¿How much rental income can you earn in 10 years?

In Club de Rentas® you get:

$514,680

90% more

On your own

$571,116

In Club de Rentas®

$1,085,796

In Extremadura

Colonia:

m2: 59

Edad: 0

Valor: $2,009,000

Renta: $12,887

Hipoteca: SI NO

$901,442 before Taxes

Ingresa los datos de tu Propiedad en: www.clubderentas.com.mx para conocer cuánto podrías recibir
Finally, a few ideas to discuss about…

Rental Pools and REITs as change agents to develop a Housing Rental Mkt

- Rental is implicitly a low rate financing alternative
- Fills the gap between low investment rates and mortgage rates
- Government uses resources efficiently by allowing private sector to partake
- Tap allocated equity locked in thousands of homes

Closing The Loop: Landlords and Tenants may fund REITs

- Separate Homeownership and RE ownership
- Rental w Buy Option Schemes
- Rental with REIT Investing
- Rental with Leveraged REIT investing

Foster Rental Housing Institutionalization (Santa’s List)

- Land Reutilization
- Density & Potentiality Transferring
- Tax regulation and Incentives
- LT Financing for Rental Housing projects
- Fast-Track permitting and non-stop project development
- Occupancy, delinquency, eviction guarantees
The first home rental pool trust in Latin America

Thank you

Club de Rentas®

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