

Housing Spot-Market Pricing Model for SlumRock Partners, LLP

Interim Report
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Purpose and Outline.

- Purpose: Deliver pre-final review of Housing Spot-Market Pricing Model for SlumRock, LLP.
- Outline:
 - Review of motivation and value proposition.
 - SlumRock's concept of operations.
 - Model-performance technical summary.
 - Recommendations.

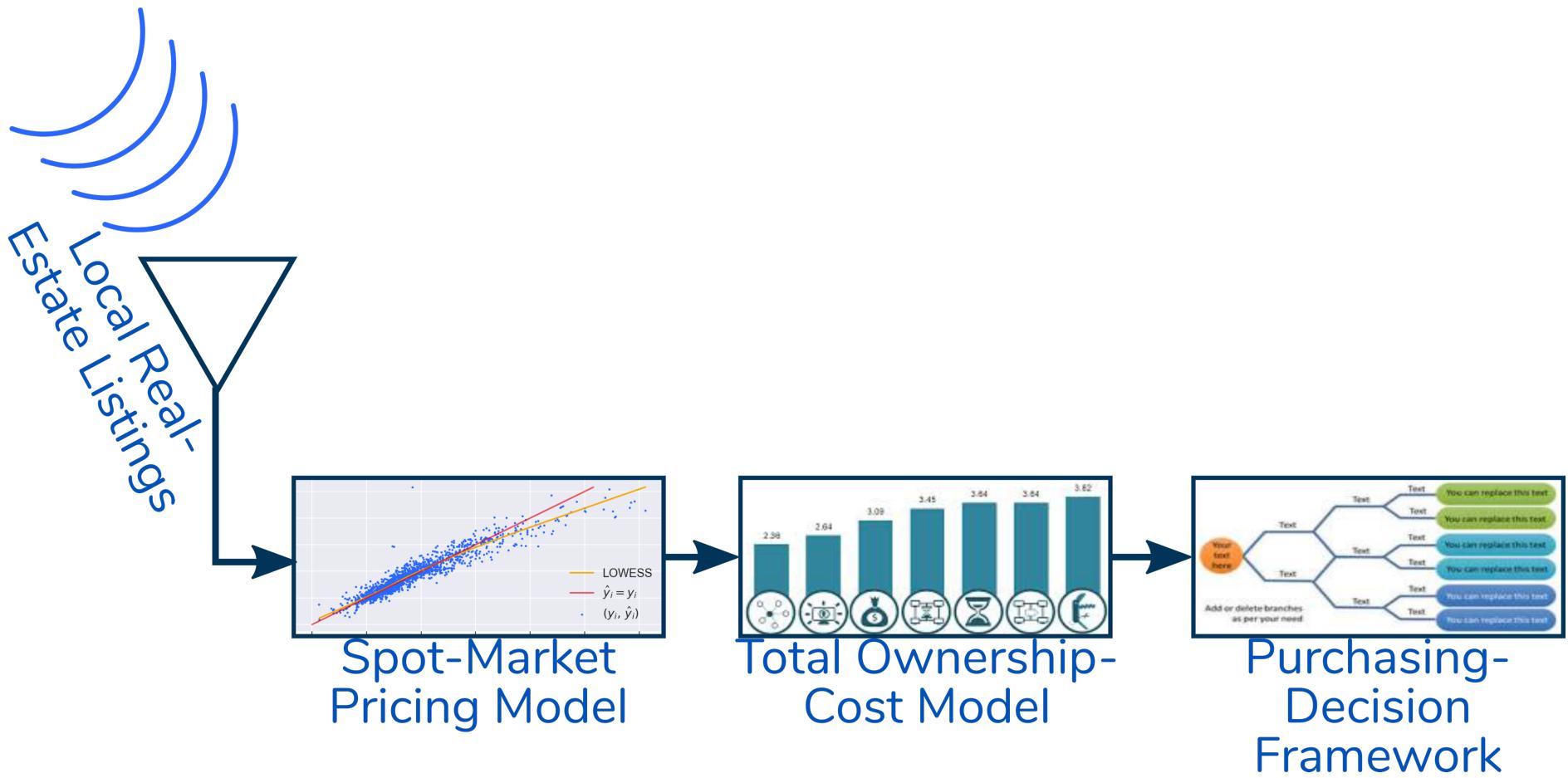
SlumRock provides its general partners with exposure to the residential real-estate rental market.

- The late-2000's provided high-net-worth investors with the opportunity to realize returns on residential real estate via unconventional means.^{1, 2}
 - Abundance of below-market-price properties (foreclosures).
 - Temporary loss of profitability for more-conventional asset classes.
 - Collapse of usual customer base.
 - Persistent weak demand among Millennials.
- SlumRock believes Aims, IA is an attractive next opportunity.
 - University town with educated, above-average-earning workforce.
 - As-yet-untapped by other players in the market.

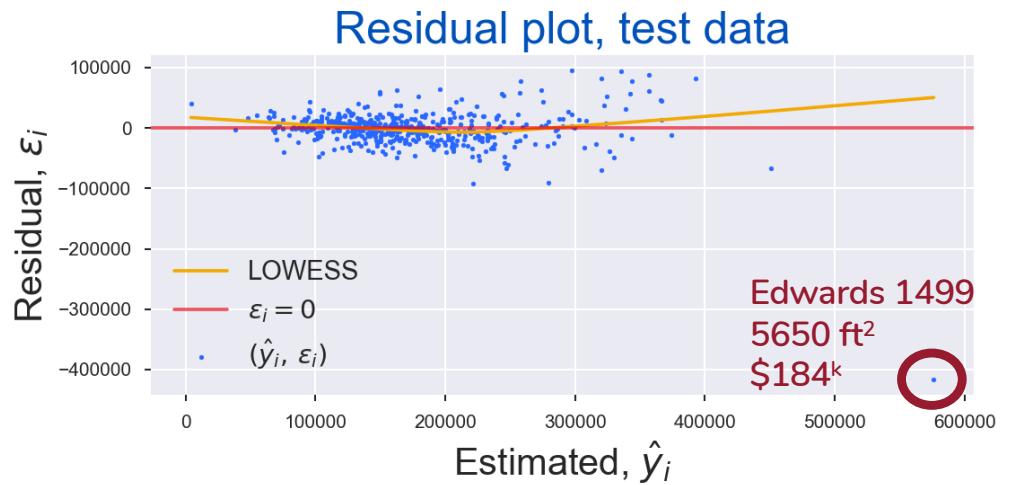
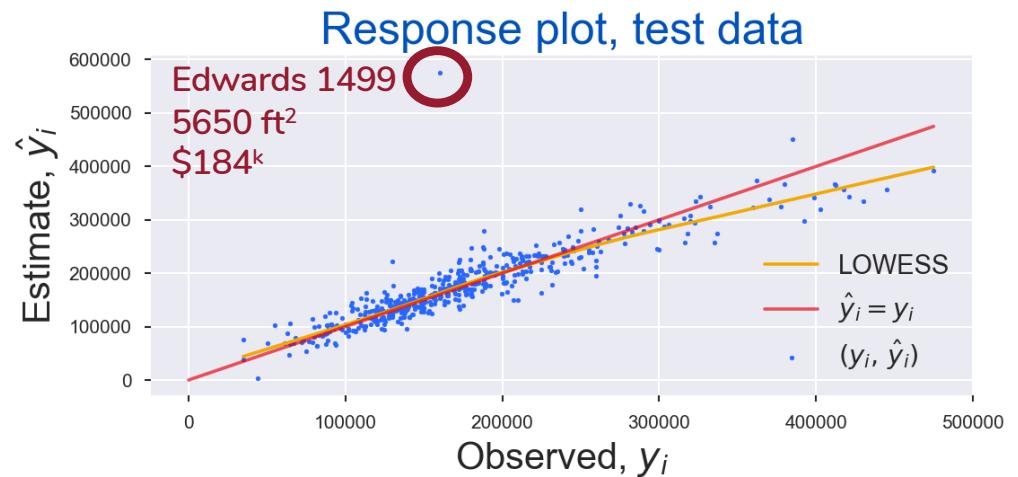
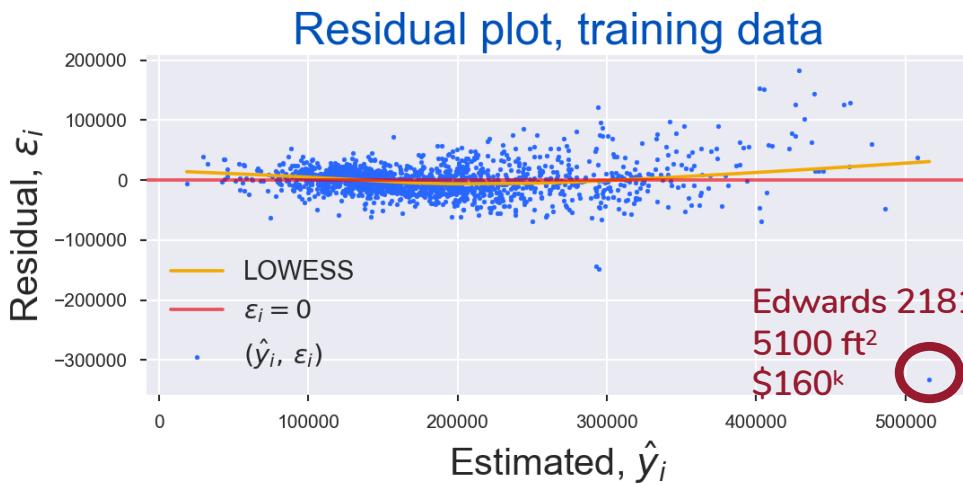
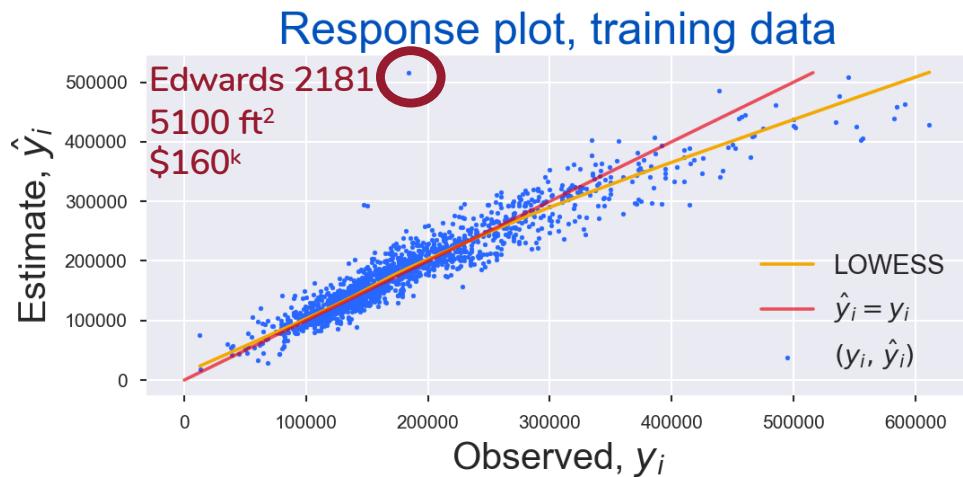
¹ R. Dezember, L. Kuzisto, "Meet your new landlord: Wall Street", Wall Street Journal, July 21, 2017, <https://www.wsj.com/articles/meet-your-new-landlord-wall-street-1500647417>

² A. Semuels, "When Wall Street is your landlord", The Atlantic, February 13, 2019,
<https://www.theatlantic.com/technology/archive/2019/02/single-family-landlords-wall-street/582394/>.

SlumRock's spot-market pricing model is a key link in an agile fund-management framework.

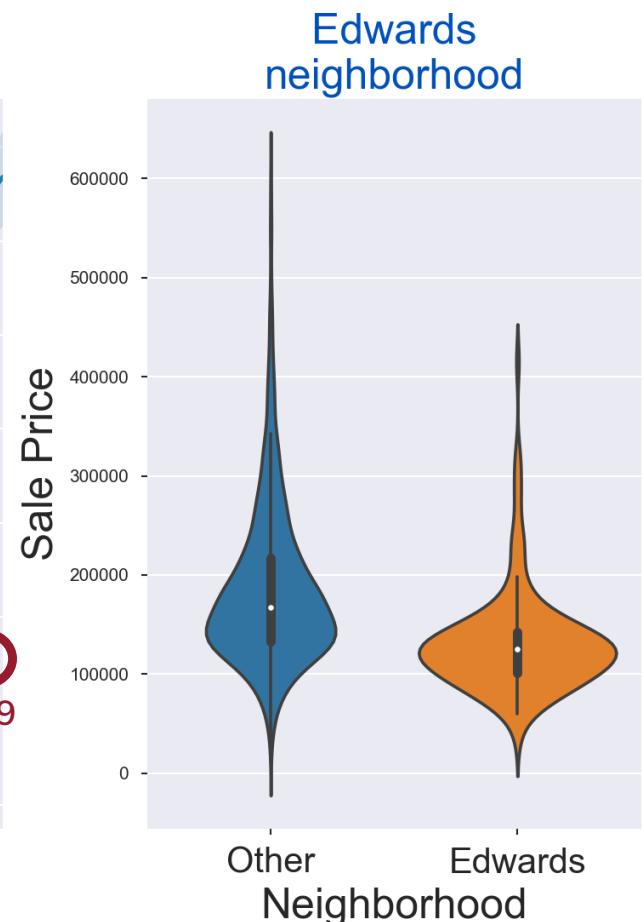
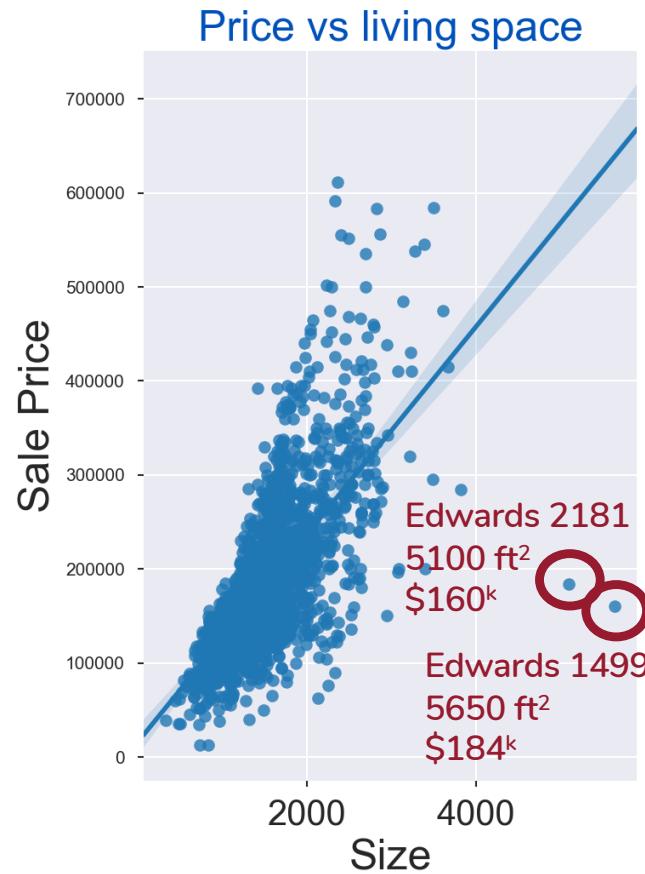
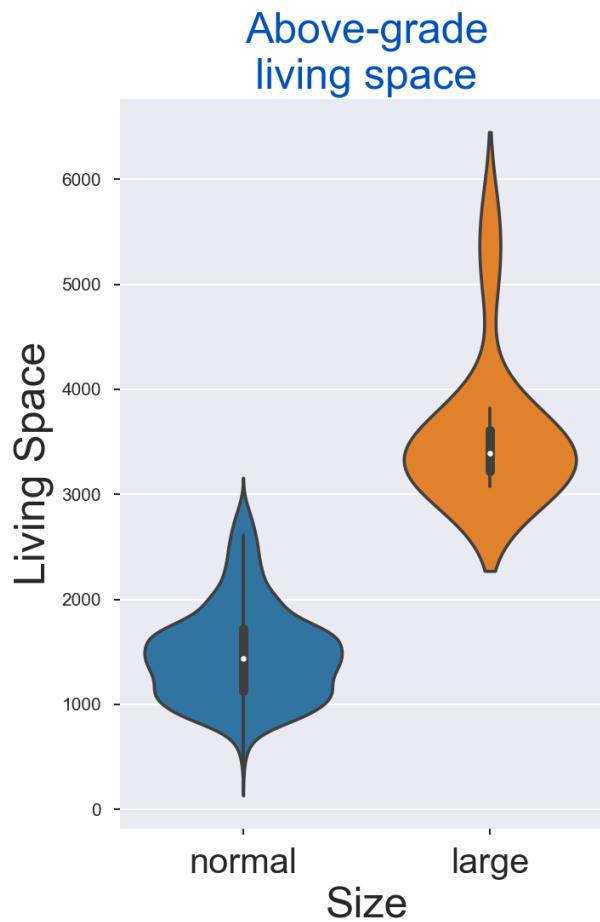


SlumRock's spot-market pricing model explains most of the house-price variation except for a small number of outlier cases.



"Uncertainty is a key source of competitive advantage."

Large-footprint properties in the outlying, lower-cost Edwards neighborhood provide the most-egregious outliers.



Recommendations.

- The performance SlumRock's spot-marking pricing model is good enough to begin pilot buying activities.
- SlumRock should explore more-sophisticated approaches to overcome the limitations of the present approach.