

# Home Partners of America

Area of expertise: Private markets

Theme: Hard assets as inflation protection/sources of current income



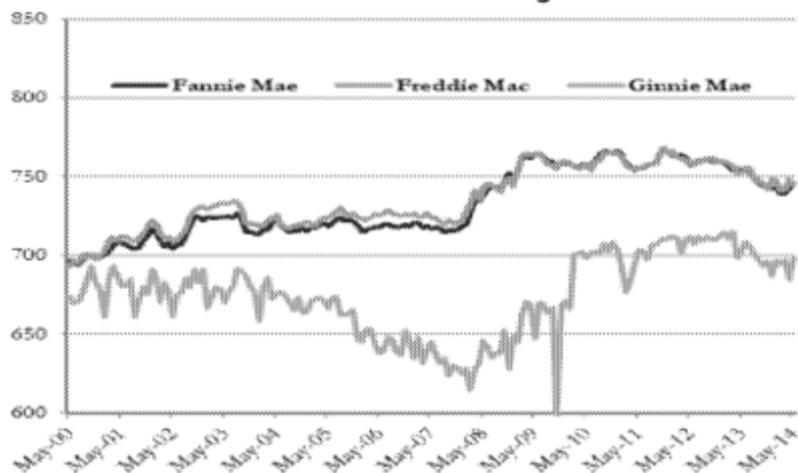
## Overview

- Home Partners of America (“HPA,” formerly Hyperion homes) is a single-family housing investment platform launched in November 2012 with the goal of providing responsible households that cannot access mortgage credit a new path to ownership
- The program is built on a resident led model: approved clients are allowed to find a home from all available housing stock in agreed communities; HPA purchases the home, leases it and provides a purchase right to the client
- DB and other institutional investors like BlackRock and KKR have committed to invest an aggregate of more than \$480mm in HPA
- Target unlevered cash on cash returns above 6%, leveraged gross IRRs between 14-23%, and five year total returns in excess of 2x capital

## Market opportunity

- HPA believes that the current lending environment has created an attractive opportunity to invest in single-family homes
- Compared to the market pre-housing crisis, significant numbers of middle class American households cannot obtain mortgage credit
- Access to middle market mortgage credit is almost exclusively driven by government programs which may not be sustainable. Government sponsored enterprises are currently responsible for 93% of all mortgage credit
- Strict lending standard across all credit sources now require FICO scores that are well above the national average, creating a need for alternative methods of financing
- **Risks: potential loss of full investment, lack of operating history, limited liquidity**

## GSA and FHA Credit Scores at Underwriting<sup>1</sup>



(1) Citigroup

## Indicative terms

Term	Permanent, with investors holding a specific percentage of shares having ability to seek certain liquidity events beginning after two years
Investment period	18 months
Management fee	None – the company is internally managed and will bear its G&A load
Minimum commitment	\$5mm, though the Company reserves the right to accept subscriptions of lesser amounts
Distributions	Required to distribute to its stockholders each year at least 90% of taxable income

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