



# BARVIN

## 2022 OUTLOOK

Following a year of meaningful cash distributions and considerable value expansion, we see continued momentum in multi-family residential propelled by strong rent growth outpacing inflation in a rising interest rate environment.

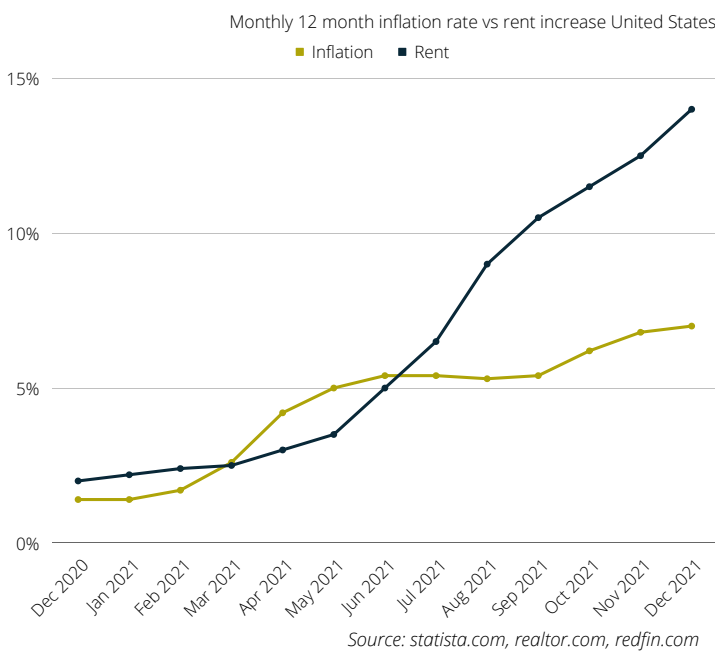
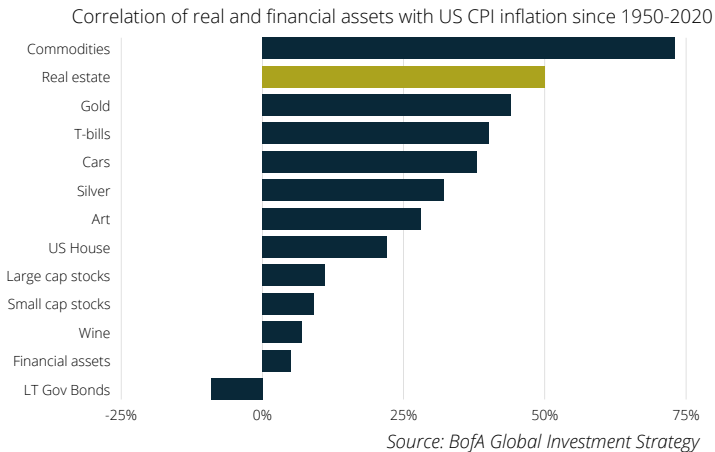
**In 2021, the values of our retained portfolio appreciated an average of 22%.** Values have continued to increase in early 2022 as increased capital inflows further suppress cap rates. We are cautiously optimistic for 2022 given the capital flow support for valuations, wage inflation spurring rent growth, and elevated construction costs delaying new multifamily inventory additions. In this type of market, it is imperative that we **remain highly selective** on location and project costs. In addition, we believe flexible financing is best suited to manage interest rate risk while maximizing our returns to investors.

In 2018, Barvin transitioned to a **Class A acquisition strategy**. Last year we added four Class A acquisitions to our portfolio while monetizing three of our Class C value-add properties. This transition proved prescient as cap rates have compressed to be in parity across asset classes and strategies despite a significantly different risk profile. In 2022 we plan to **acquire well located institutional quality assets** in key sub-markets including Atlanta, Austin, Dallas, Denver, Houston, Phoenix and San Antonio.

Barvin is committed to value creation for our investors by building out our management team to be able to achieve best-in-class operational efficiencies. One of the strengths Barvin maintains is an executive team with **more than 150 years of combined experience**, an impressive reputation, and a devoted investor base. Through referrals our investor base grew more than 50% in 2021.

In 2022, we expect to continue to grow our investor base so if you know of anyone who could benefit from investing with Barvin, please let us know. **Referrals are most welcomed and appreciated.**

## Inflation is Real. So are our Assets



2020 marked a low point for inflation and interest rates. With a rapidly expanding money supply along with a devalued US dollar, we believe the 2020's will usher in a decade of inflation.

Barvin's direct project investment structure allows access to a selective real asset allocation with reduced volatility compared to the public markets. This type of allocation has historically been **favorable during times of high inflation** as seen in the bar chart to the left.

Two influential factors impacting inflation are supply chain issues and labor shortages. Dependent on the outcome of geopolitical events, **we believe supply chain issues will be transitory in nature while the shortage of qualified labor is a longer-term structural dilemma.** As companies increase compensation to compete for talent, they pass this higher cost onto their customers which results in inflation. In our experience, higher earners are better positioned to absorb increasing housing costs in their disposable income. Our business model is designed to benefit from the thesis that rental rates will outpace wage growth that will subsequently outpace overall inflation.

Our acquisition strategy will target institutional quality properties at an inflection point where the past revenue performance is not indicative of the current market rental rates. Some may not have completed lease up or have yet to turn the rent roll. As depicted in the line chart to the left, **rent growth has outpaced inflation, and we believe this trend will persist in 2022.**

On the financing side, our strategy is to remain nimble to maximize cash distributions to investors while minimizing interest rate risk. We accomplished this in 2021 through utilizing floating interest rate debt with interest rate caps to limit our exposure. In 2022, the cost of interest rate caps has moved exponentially higher. Regardless of the interest rate situation, we will remain focused on optimizing returns for our investors, which may mean using both fixed-rate and floating-rate structures.

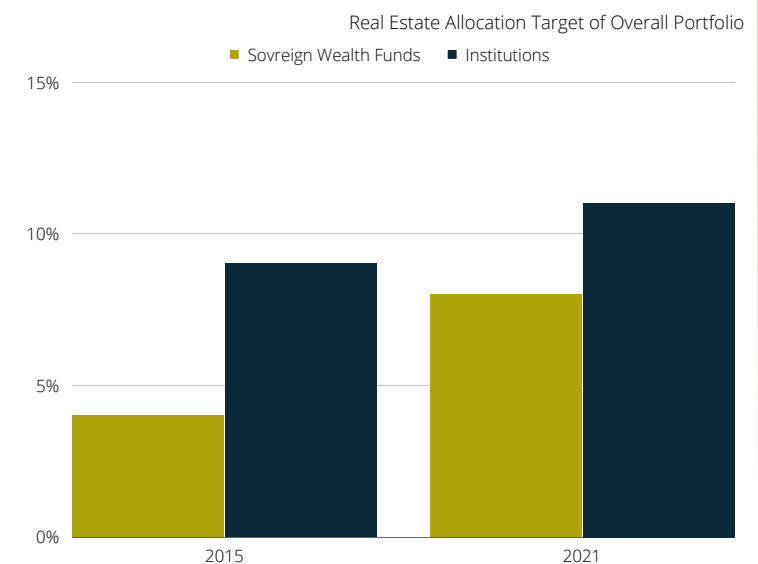
## Capital Flows and Value

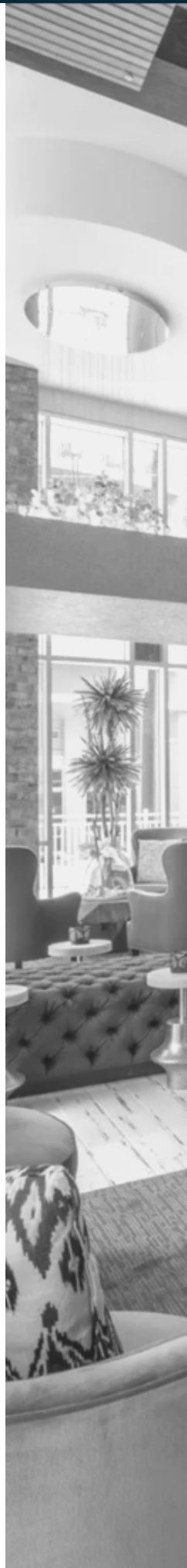
There remains ample dry powder in real estate as multifamily valuations continue their ascent in 2022. For example, we witnessed Class A cap rates in Houston move from 3.6% in 4Q21 to 3.3 - 3.4% in early 1Q22. In part this is a function of the increased **capital flows into multi-family real estate** investments from institutions and sovereign wealth funds (SWF) as they expand their real asset allocations to hedge inflationary risk in their portfolios.

In addition to increased capital flows from these sources, we observe new inexperienced entrants in the market bidding up prices above our financial underwriting minimums. Barvin's investment model is reactive when select opportunities meet our investment, economic, demographic, and fundamental hurdles.

A driving force behind the favorable supply/demand fundamentals in the multifamily market has been rising construction costs. Hard costs have appreciated nearly 20-30% YoY which has delayed development projects and **reduced the outlook for inventory additions in the future.** Combined with rental rate growth and capital flows from unprecedented liquidity, we believe valuations will continue to rise in 2022.

The **operational focus in 2022 is to expand our vertically integrated structure to include in-house property management** throughout all Texas markets. We believe it is critical to have direct contact with our customers to enhance investor value.





## 2021 Acquisitions Summary

### Vance at Bishop Arts - Dallas | TX

Barvin acquired the 302-unit mixed-use property now known as Vance at Bishop Union in July 2021. The property is located in the vibrant and eclectic Bishop Arts District. Average occupancy for the property as of 4Q21 was over 95%, outperforming our underwriting expectations.

### Stella & Braes - Houston | TX

Barvin acquired a 3-acre site adjacent to our upcoming 10-acre multi-phase mixed-use development project, Stella & Braes. We plan to break ground on Stella & Braes in 3Q22 and intend to develop the 3-acre adjacent land site into retail or multifamily after the completion of Stella & Braes. Stella & Braes will serve the unmet demands of the area's affluent demographic based on the data that within a 1-mile radius, the average household income is over \$170,000 with the average home value at over \$700,000. Additionally, the population within a 5-mile radius has grown by 16% in the past decade.

### Elan Crockett Row - Fort Worth | TX

Barvin closed on the purchase of Elan Crockett Row in December 2021. The luxury multifamily property located at the intersection of Crockett Street and Norwood Street consists of 380 units with 7,200 SF of fully leased retail including Salsa Limon and F45 Training. The property is uniquely located across the street from The Modern Art Museum within the enviable Cultural Arts District of Fort Worth.

### Aura on Lamar - Austin | TX

Aura on Lamar is a 279-unit mixed-use property located in the North Central submarket of Austin. Aura on Lamar features impeccable design and construction, premium finishes, and an unrivaled amenity package that elevates it to the top of the dynamic North Central Austin submarket. It is positioned near multiple major thoroughfares including Lamar Blvd, Interstate 35, and Mopac (Loop1), which allows for quick access to employment hubs and surrounding neighborhoods.

### Elan Heights - Houston | TX

In December 2021 Barvin purchased Elan Heights which is located in the The Heights, one of the most sought-after and colorful neighborhoods in Houston. The uniquely positioned property is located in proximity to both greenspace and the Downtown Houston major highway interchange.

## 2021 Dispositions Summary

### Redwood Garden - Houston | TX

We completed the sale of Redwood Garden in October of 2021, which resulted in a \$7.3 million distribution to our investors. The Class C property achieved over a 25% IRR and 2.4x net investor equity multiple over a four-year hold, outperforming our original underwriting forecast.

### Ellis - Houston | TX

The Ellis was sold in 2021 and like Redwood Garden outperformed our return expectations, achieving a \$26 million sales price as compared to the \$13.3 million purchase price in 2017. This resulted in over a 25% IRR and 2.5x net investor equity multiple.

Redwood Gardens and Ellis were part of a 3-property portfolio. Through the sale of these two properties, Barvin returned over 120% of the original equity investment while retaining the largest property, Soap Factory in the portfolio. Soap Factory is strategically located in the western part of downtown San Antonio, one block from the new Frost Bank Tower and across from the The Children's Hospital of San Antonio.

### The Alora - Houston | TX

Barvin successfully closed Alora (5500 El Camino Del Rey) in December 2021, bringing a highly successful investment process to a close. Alora returned a 38.7% IRR and an incredible 8.4x net investor equity multiple over the nine-year hold. To protect investor wealth, Barvin offered a 1031 tax-free exchange into Elan Heights to interested investors which was successfully executed in late December.

## Expected 2022 Transactions

In 2022, Barvin plans to monetize a Class B Houston property that will generate a meaningful gain for investors.

## New Team Members - Execution Focus



### Randall Ell – Chief Operating Officer

Randall Ell has over 36 years of experience in the multi-family real estate business. Most recently, he was the COO for Steadfast Companies, which owned approximately 38,000 units on 139 properties. Prior to Steadfast, he was the COO for Corvias Military Living, which provides and manages housing for over 25,000 single-family homes across the U.S. He was a principal and founding partner of Allegiant Residential a privately held firm based in Birmingham, AL. Randall Ell was President of Summit Properties (NYSE: SMT) a REIT active in the management and development of luxury multifamily communities, owning and managing over 90 properties / 24,000 units. Mr. Ell served for 10 years on the Advisory Committee for the School of Property Management at Virginia Tech University and is a graduate of UCLA with a Bachelor of Arts Degree in Economics.

### Mark Foraker – SVP | Operations

Mark Foraker has 28 years of multi-family property management experience. Prior to joining Barvin as the SVP of Operations, he spent 3 years with Steadfast operating 40 assets / 15,000 units in Texas, Oklahoma, Kansas, and Missouri where he successfully positioned the portfolio for a merger with IRT, a publicly traded company. Mark has also held senior leadership positions at Corvias (Business Director for Fort Bragg) in military property management and at Dinerstein (President of Property Management). Over the course of his career, Mark has gained extensive experience in virtually all sectors of property management. Mr. Foraker graduated in 1993 from UCLA with a BA in History.



### Daniel Kughen – SVP | Construction & Facilities

Daniel Kughen is SVP of Construction and Facilities at Barvin. He has been in the multi-family and property management space for over 28 years with a strong background as SVP of Facilities and Construction at Steadfast, one of the largest REITs in the US. Prior to Steadfast, Daniel was VP of Construction QA/QC at Dinerstein, leading developer, focusing on new, multi-family construction. Skilled in Real Estate Due Diligence, Contracting, Construction, Cap X, Renovations and Contract Negotiation, Risk management, QA/QC, waterproofing, and roofing systems. Daniel graduated from The University of Houston with a degree in Construction Management.

### Ryan Smith – Director | Asset Management

Ryan Smith is the Director of Asset Management at Barvin. He started his career in multifamily during college where he worked as an analyst for Trinitas Ventures. Since graduating, he has worked for several multifamily owner-operators including Kittle Property Group (f.k.a Herman & Kittle), The Dinerstein Companies, and Steadfast REIT. Prior to Barvin, Ryan was a Senior Business Analyst at Steadfast REIT where he was responsible for on-site due diligence, creating and managing the capex budgets for the REIT's 22,000+ units, and various analytical and financial analyses. Mr. Smith graduated from Purdue University in 2013 with a double major in Management and Accounting and a minor in Finance and Analytical Consulting.



### Mike Ward – Director | Facilities

Mike Ward has been in the multi-family real estate industry for 26 years and has worked for Lincoln Property Company, Riverstone Residential, and Greystar. While at Riverstone and Greystar he was a Regional Maintenance Manager, and with his most recent company Steadfast Living, he was the VP of Facilities. In those roles Mike worked alongside operations to help oversee the maintenance operations as well as to execute CapEx and special projects. At Steadfast, Mike served as a liaison to Operations to help streamline the facilities department to run more efficiently including evaluating maintenance personnel for training opportunities and conducting site audits. Mike also assisted in developing the COVID response plan during the pandemic in 2020 and oversaw the mitigation and rebuild of almost 900 units at 31 properties that were affected by the freeze event in February 2021.

Barvin is a vertically integrated real estate investment company with over \$1 billion in multifamily transactions across five major metros, primarily focused in Texas. Headquartered in Houston, Barvin has multi-family real estate investments in Atlanta, Austin, Dallas, Fort Worth, Houston, and San Antonio.

Barvin has acquired and developed over 6,500 units over the last 12 years and is managed by an executive team with over 150 years of experience. We combine a conservative investment approach with a focus on providing higher quality service for our residents that results in exceptional returns for our investor partners.

Since 2009 Barvin has been providing investors with an alternative to the alternative investment.

Honesty, transparency, and complete investor alignment make Barvin stand out from other multi-family sponsors.

Barvin remains ***committed to the growth of wealth for our investment partners.***

Your partner,



Love thy Neighbor  
ABOVE & BEYOND  
BUILD GREAT TEAMS  
COMPASSIONATE  
HONEST & TRANSPARENT

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