

BARVIN

ACQUISITION & OPERATIONAL STRATEGY

Acquisition Strategy and Execution

I. Summary

Barvin is evolving its Acquisition and Operational strategy to take advantage of prevailing market conditions. The strategy is rooted in the proven multifamily investment opportunities executed previously by the new leadership team and combines innovative proprietary analytical and operational tools to significantly expand acquisition opportunities in Core and Core Plus assets that offer investors consistent distributions and dependable long-term investment outcomes.

IRR: 13% - 20%

UIRR: 7.5% - 8%

Cap: 5.25%+

COC: 5% - 8%

II. Base Principles

1. **Location:** The company will continue to be active in core Texas markets – especially in the clear paths of growth in the major MS – but primary focus will shift to owner/operator friendly secondary and tertiary markets with favorable economic outlooks as identified by our proprietary AI powered Barvin Acquisitions Model.
2. **Affordability:** The leadership of Barvin finds great value in identifying and acquiring deals with Year 1 target rents less than 25% of median household incomes in a 1,3, and 5-mile radius from the property. With the significant rental rate run-up since the COVID pandemic, identifying and acquiring deals with ideal affordability will maximize upside while limiting downside risk.
3. **Product:** Target properties will continue to be 1990+ unless they are exceptionally well-located. The assets will be underwritten to ensure they are fully capitalized throughout the duration of the hold period to provide for the best possible environment to grow property income while maintaining the asset in a condition positioned to maximize sale proceeds.
4. **Duration and Financing:** With a primary focus of consistent and dependable cash flow, the company will focus on holding assets from 5-10 years and will seek assets with in-place fixed low-rate loans or place new financing with Fixed Rate, long-term IO debt with flexible prepayment to take advantage of advantageous sales cycles and/or the anticipated declining interest rate environment.
5. **Equity:** Deal equity will primarily be comprised of a 10% GP share funded by an available Co-GP Fund and 90% through a combination of high-net-worth individuals and/or institutional equity. The company is also open to creative structured partnership opportunities with investors interested in establishing long-term mutually beneficial relationships.

II. Advantages

Barvin is shifting its focus to capitalize on less competitive deal structures and untapped market potential. The primary areas of opportunity include:

Limited Competition for Deals

- Barvin's ability to build strong local networks will provide an advantage in acquiring off-market or under-marketed assets.
- Competing for institutional-grade deals in core markets often requires aggressive pricing; Barvin aims to avoid such high-risk scenarios.

Repositioning

- Light-to-mid value-add deals in core markets are becoming scarcer.
- Secondary and tertiary market assets provide less competitive opportunities for value enhancement through tangible property improvement.

Operational Differentiation

- Many secondary markets lack sophisticated property management operators.
- Barvin's structured operational framework (discussed further in section V) will introduce sophisticated operating procedures/tools to differentiate the asset in the market.

Portfolio Diversification

- The current portfolio consists of high-quality, transactional assets.
- Incorporating high COC, long-hold assets into the Barvin portfolio provides balance and adds alternative investment options for partners.

Economic Tailwinds

- Internal and external forecasts predict rental and occupancy growth in secondary and tertiary markets outpacing core Texas markets over the next five years.

III. Challenges and Mitigation Strategies

While Barvin's strategy presents strong opportunities, certain challenges must be addressed:

RISKS

GEOGRAPHIC CONSIDERATIONS

Climate risk, taxes, and labor laws

MITIGANTS

The Barvin proprietary AI enabled market selection tool identifies ideal markets that fit the Barvin risk profile and local knowledge further informs UW and DD processes

OPERATIONAL SCALABILITY

Managing geographically dispersed assets presents oversight challenges

The NEW property-centric Barvin Ops Platform leverages world-class operational tools and process to eliminate the restrictive standard industry hierarchical structures

LIQUIDITY

Smaller markets will naturally have fewer transactions that limit opportunities for market entry/exit

Long-hold strategy with flexible debt options limits the risk forced unfavorable exit and base underwriting assumes flat to decompressed exit cap rates

INVESTOR BASE

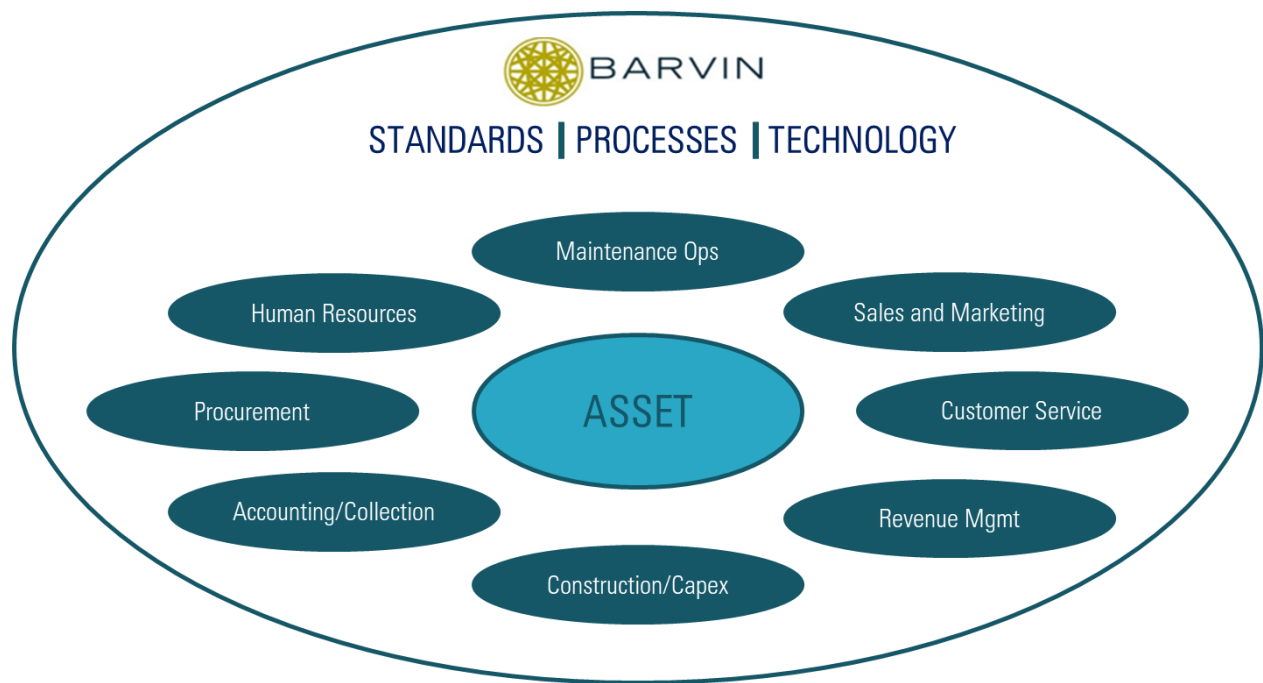
Delayed gratification of long-hold assets – especially in markets with low liquidity – may concern some investors

Targeting a combination of institutional and high net worth investors that place heavy emphasis on mid-teens IRRs and consistent, stable cash flow

V. Operational Restructuring: The Barvin Operating Platform

A critical aspect of the new strategy is the restructuring of Barvin's operational framework. **The Barvin Operating Platform** eliminates traditional hierarchies in favor of a property-centric model that promotes consistent execution and enhanced efficiency by combining the existing Barvin Standards/Process/Technology with a centralized support network.

Onsite personnel will have the tools and resources of a highly sophisticated property operator while requiring no direct management – enhancing the sense of ownership of the team while allowing them to focus on key high-touch performance areas such as leasing and resident relations.



While many organizations in the industry are making great strides in the area of centralized Operations, most are not in a position to effectively utilize the processes and technology as a result of their already well-established hierarchal management structures designed to operate consolidated assets in core markets. The Barvin Platform – utilized as the standard on all assets – enables diversified scale that competitors lack the flexibility to execute effectively.

VI. Conclusion

Barvin's revised acquisitions and operational strategy is designed to unlock new growth avenues while mitigating risks inherent in secondary and tertiary markets. By leveraging a flexible acquisition strategy, optimizing operations, and focusing on long-term value creation, the company is well-positioned for sustainable success.