

SOUTHLINE

Core Investment in San Antonio's The Pearl

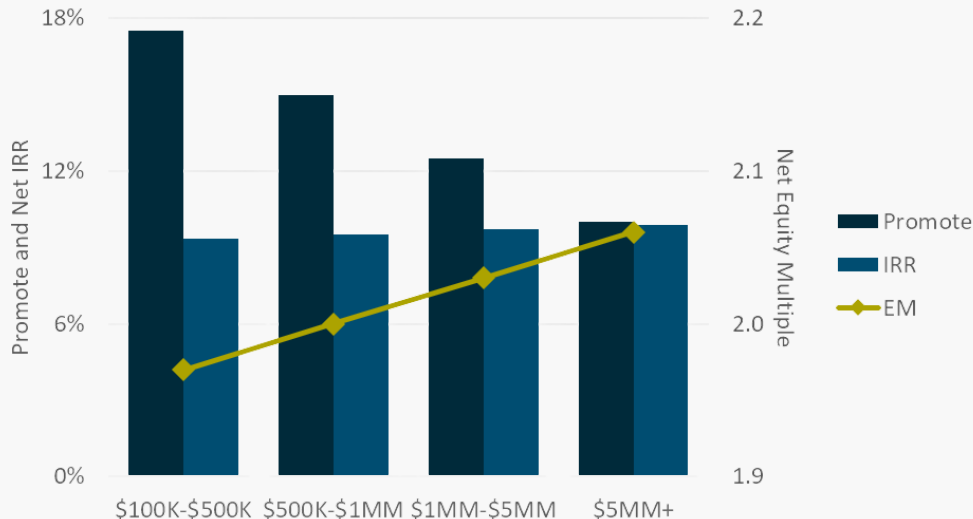


NEW STRUCTURE: LONG TERM STRATEGIC ALIGNMENT

Barvin prides itself on having world class governance and transparency. To increase transparency with our investors and keep the standards of our governance we want to take a moment to review the new term structure associated with our newest opportunity, Southline in San Antonio, Texas.

Our investment strategy focuses on long-term (7-10 year) holds. After ample reflection, we are modifying our investment terms for premier opportunities to align incentives with long-term ownership. Previously, we offered a 7 - 9% preferred return on investments targeting cash-on-cash returns of 5 - 8%. Our former structures would involve a preferred return above the cash-on-cash return which skews the sponsor's view in favor of shorter term holds to meet preferred accruals. This misalignment can lead to early dispositions of properties that have irreplaceable locations in growing regions. In order to best capture longer term value for both limited and general partners, we believe removing the preferred return and reducing our promote better aligns all partners.

The NEW structure features a promote that is triggered once all initial investor capital has been returned. After the return of all initial capital investment, a tiered promote structure is put into place based on the amount of the initial investment to incentivize the capital raise. Investors are encouraged to form groups to achieve the \$1MM level and higher to meet the lower promote. Our promote will vary from 10.0% - 17.5%, well below the current market rate of 30.0%. There is no dilution from the tiered structure among investors.



NEW STRUCTURE

Purchase price
\$82,750,00

Equity
\$44,382,955

Project Equity multiple
2.1x

Cash on Cash
6.7%

Promote structure

After initial capital returned

10% promote/9.9% IRR/2.1x EM
Investment amount: \$5MM +

12.5% promote/9.7% IRR/2x EM
Investment amount: \$1MM - \$5MM

15% promote/9.5% IRR/2x EM
Investment amount: \$500K - \$1MM

17.5% promote/9.4% IRR/2x EM
Investment amount: \$100K - \$500K

In our former structure with a 7% preferred return and 20% promote, the IRR would be 9.8% with a 2x net equity multiple.

Assuming the market rate of a 7% preferred return and 30% promote, the IRR would be 9.5% with a 2x net equity multiple.

In addition to aligning our structure for longer term holds, we are also aligning our financing. This investment will be assuming the seller's HUD loan at a fixed rate of 3.2% through Jan. 2060, with the option to refinance during our hold.



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