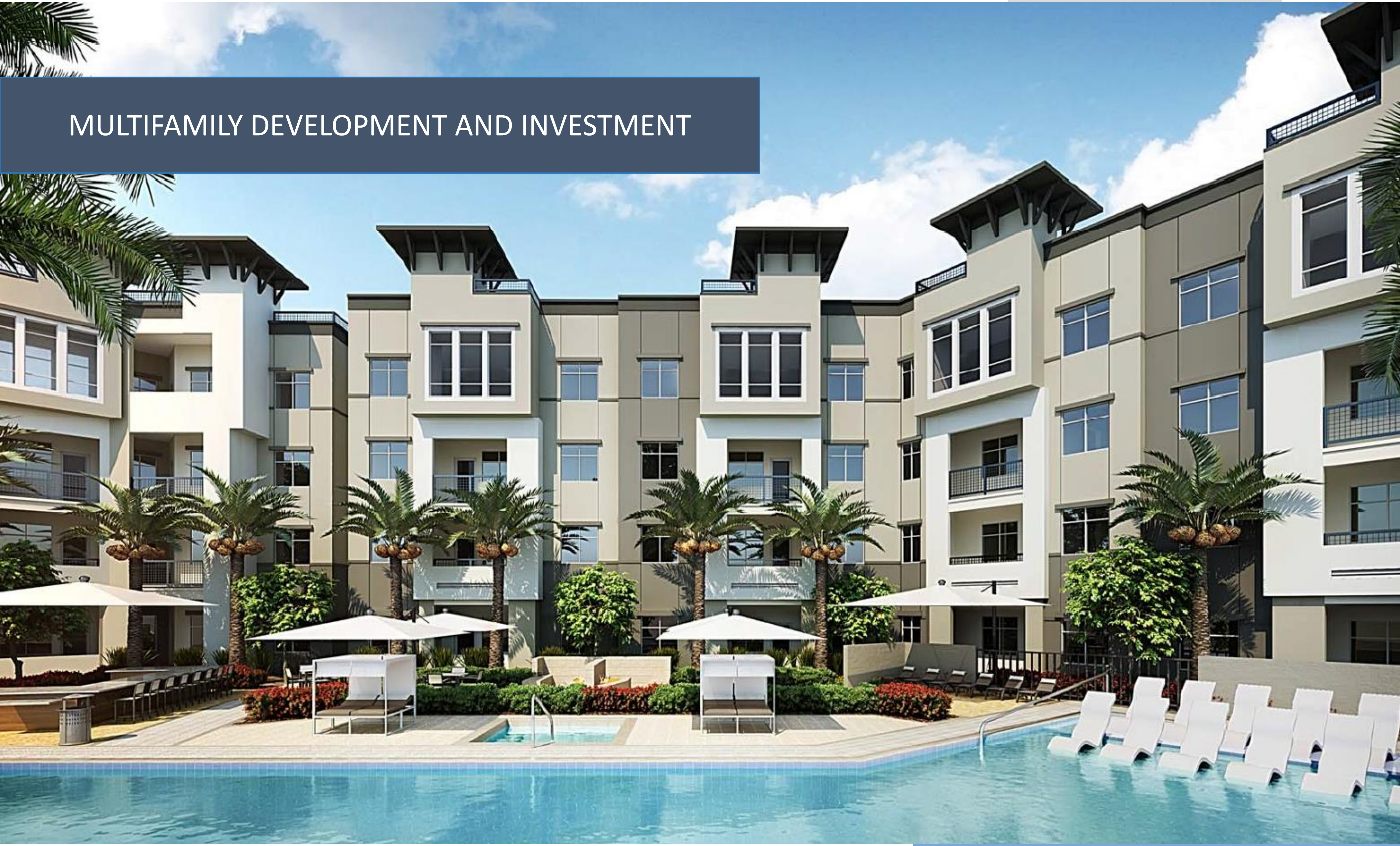
KAPLAN COMPANIES

Passionately Building Value

MULTIFAMILY DEVELOPMENT AND INVESTMENT



September 10, 2020

AAII Houston

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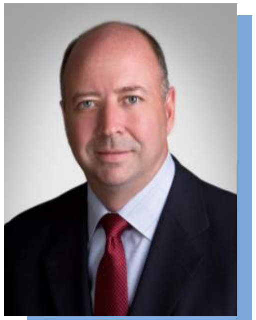
BIOGRAPHY



JIM HYNES
PARTNER – CAPITAL MARKETS, MANAGING DIRECTOR

Jim Hynes joined Kaplan in 2017 following a 30-year career in private and public real estate finance and equity investments. Mr. Hynes' primary responsibility with Kaplan is to direct capital formation for Kaplan's multifamily investment activities and lead the company's investor relations. In this role, Mr. Hynes will be responsible for arranging General Partner private placement equity and joint-venture equity. Prior to joining Kaplan, Mr. Hynes served in senior roles with various private and public real estate investment firms including Rockspring Capital in Houston, TX; Sawyer Realty Holdings in Boston, MA and The Berkshire Group in Boston, MA. In these roles, Mr. Hynes has been responsible for transacting several billion in multifamily transactions as well as arranging, both debt and equity for commercial real estate projects across the U.S. For the past 5 years, Mr. Hynes has focused primarily on raising institutional, family office, wealth manager and high-net-worth equity capital. Mr. Hynes earned his B.B.A., with a major in Accounting from Merrimack College in North Andover, MA and his Masters of Business from Suffolk University in Boston, MA.

INVESTMENT STRATEGY

Kaplan currently utilizes brand name institutional equity partners in a project-by-project Joint Venture model where the institution typically provides 90% and Kaplan 10% of the required equity.

DEVELOPMENT

Invest in the development of properties in communities that promote live/work/play lifestyles in suburban, urban and high-density areas.

- 18%+ deal IRR
- 1.7x
- 3 - 4 year holds
- 10% Kaplan dollars
- Up to 65% debt

ENTITLEMENT

Invest in strategic sites typically "covered land plays" generating some cash flow and move quickly to secure multifamily entitlements and then exit.

- 20%+ deal IRR
- 1.7x
- Up to 3 year holds
- 10% Kaplan dollars
- Up to 50% debt

ACQUISITION

Invest in select properties with stable levels of current income with capital appreciation. Proactively manage the capital structure and property operations to enhance income and appreciation returns.

- 13%+ deal IRR
- 2.0x
- 5 -7 year holds
- 10% Kaplan dollars
- Up to 75% debt

RECENT KAPLAN REALIZED RETURNS

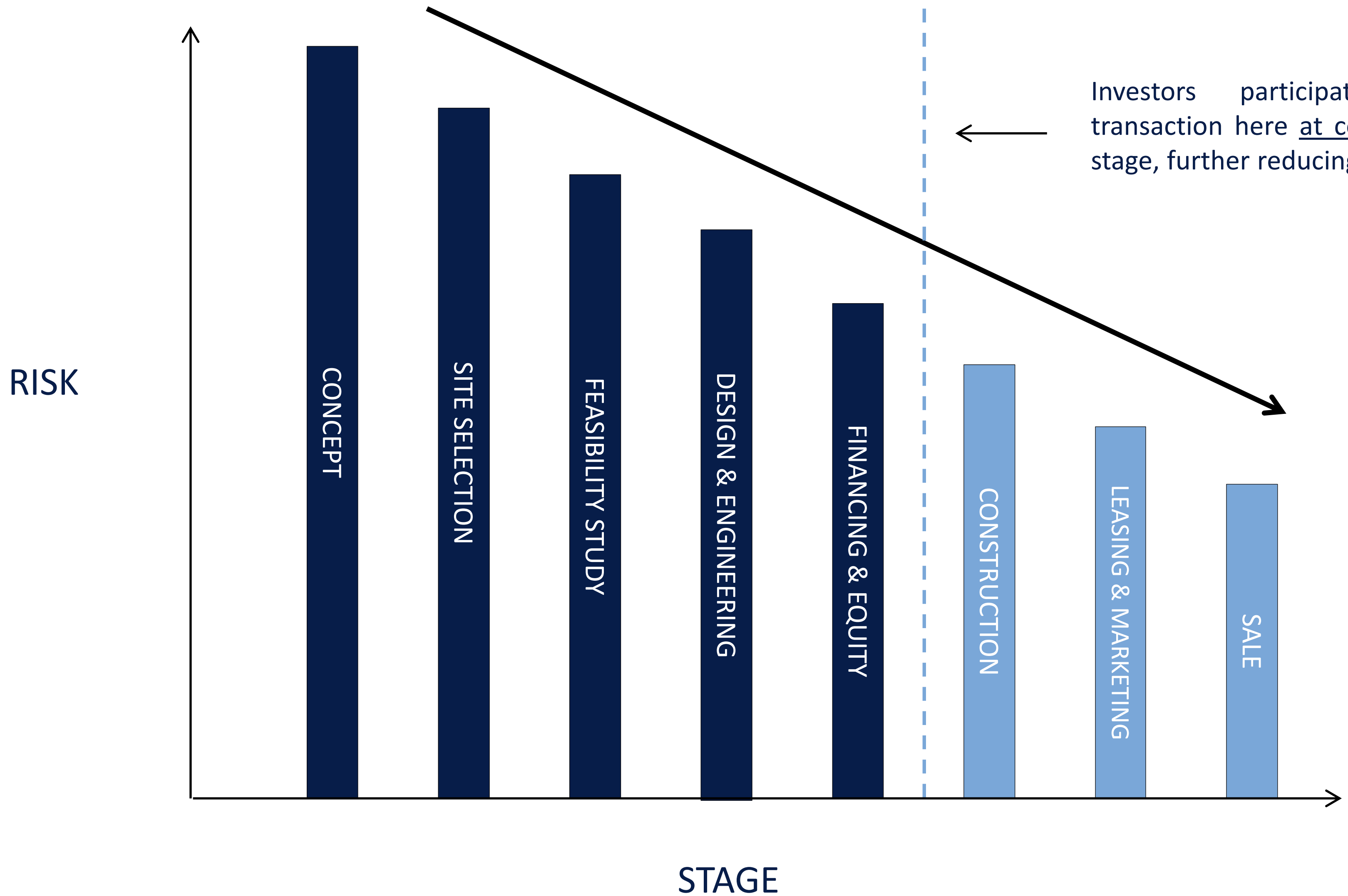
Weighted Average 25.7% IRR, 1.8x Over 2.8 Years

REALIZED

No.	Project	Location	Type	Acquired / Started	Units	Purchase Price/Basis	Sale Price	LTV	LP Net IRR	LP Multiple	Sale Year	Hold Years	Institutional Partner
1	The Royalton	Houston, TX	Acquisition	2011	40	10,084,920	13,042,054	0%	32.9%	1.8x	2012	0.9	Fortress
2	Spyglass	Ft. Worth, TX	Acquisition	2011	256	21,590,000	26,624,000	72%	33.4%	1.8x	2013	2.2	Ulysses FO
3	The Mosaic	Dallas, TX	Acquisition	2010	440	61,381,745	79,000,000	59%	16.0%	1.8x	2014	4.1	Walton St.
4	District at Scottsdale II	Scottsdale, AZ	Land	2016	Land	14,466,272	21,300,000	0%	12.4%	1.3x	2018	2.0	ARES
	Subtotals / Weighted Avg. (1)				**736**	**107,522,937**	**139,966,054**	**48%**	**20.6%**	**1.7x**		**3.1**	
5	District at SoCo	Austin, TX	Development	2011	215	30,908,125	39,250,000	70%	25.0%	1.7x	2013	2.3	ANICO
6	District at Greenbriar (2)	Houston, TX	Development	2012	319	50,183,500	56,000,000	71%	18.0%	1.5x	2014	2.2	ANICO
7	District at Westborough	Houston, TX	Development	2013	340	37,204,104	49,500,000	60%	22.1%	1.4x	2014	1.7	ANICO
8	District at Washington	Houston, TX	Development	2012	396	61,221,737	85,000,000	63%	25.1%	1.8x	2015	2.7	Simpson Housing
9	Park at City Center	Salt Lake City, UT	Development	2015	330	62,219,119	85,000,000	65%	40.1%	2.0x	2017	2.4	ANICO
10	District at Biltmore	Phoenix, AZ	Development	2015	227	54,492,296	69,000,000	65%	17.0%	1.8x	2019	3.7	Simpson Housing
11	District at Scottsdale	Scottsdale, AZ	Development	2016	332	81,777,000	124,000,000	63%	34.1%	2.1	2019	3.0	ARES
	Subtotals / Weighted Avg. (1)				**2,159**	**378,005,881**	**507,750,000**	**65%**	**27.1%**	**1.8x**		**2.7**	
	Totals / Weighted Avg. (1)				**2,895**	**485,528,818**	**647,716,054**	**61%**	**25.7%**	**1.8x**		**2.8**	

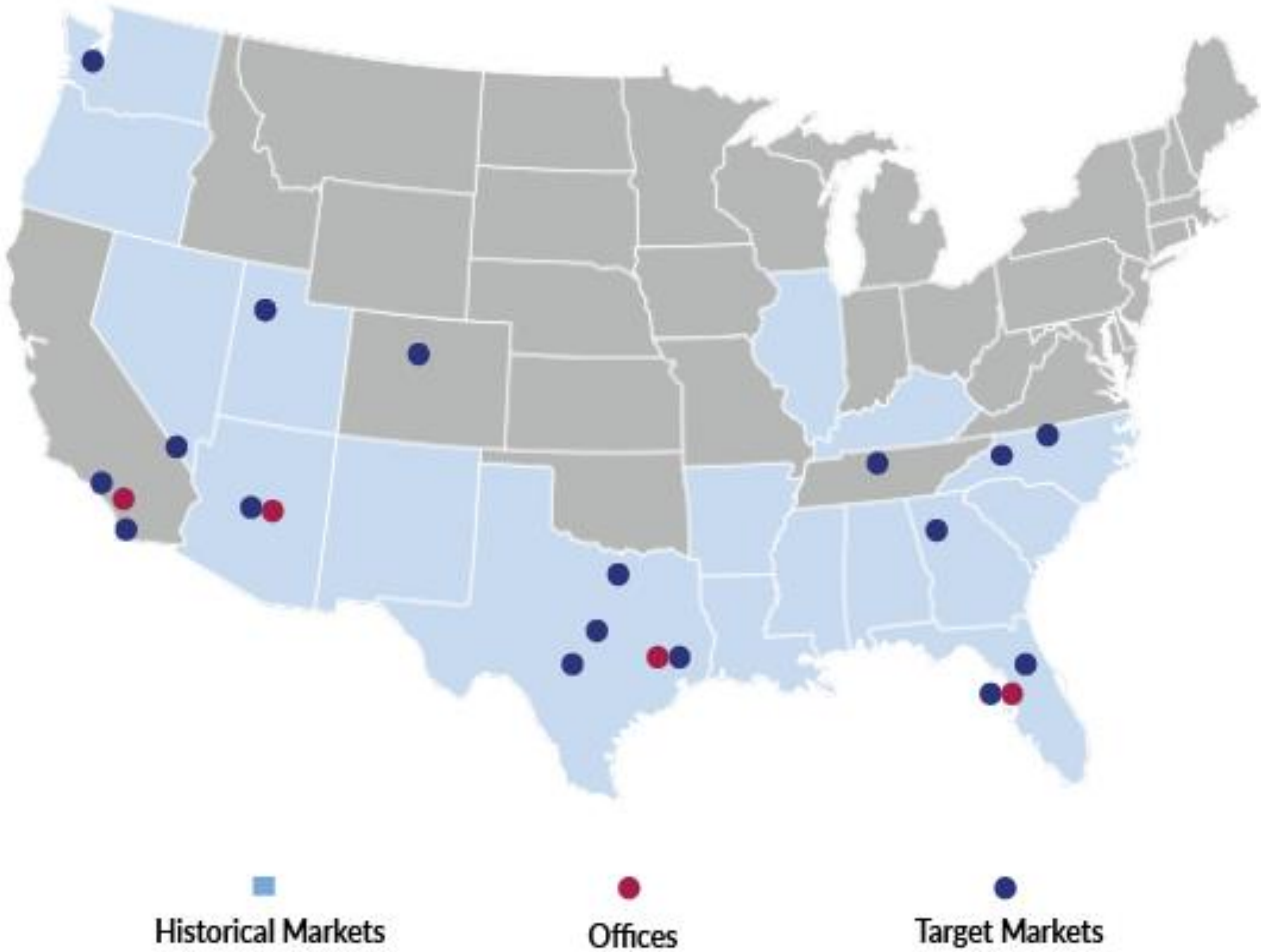
(1) Based on purchase prices.

INVESTORS PARTICIPATE IN LOWER RISK STAGES OF DEVELOPMENT



Investors participate in the transaction here at cost, at a later stage, further reducing risk.

KAPLAN TARGET MARKETS



THE KAPLAN EDGE

WE DEVELOP – We have discovered that there is greater return potential in building new product and selling to longer-term institutional buyers. (Kaplan has developed approximately 9,000 multifamily units).

WE ENTITLE – We proactively take the necessary steps to prepare land sites for development by working through the entitlement process including full engineering, architectural building plans and local zoning and planning approvals. This typically adds tremendous value to the land sites.

WE ACQUIRE – Investment opportunities exist in identifying value-add and under managed assets that are actualized by our core property management experience. (Kaplan has managed over 35,000 units, including development).

PROPERTY MANAGEMENT – Having managed over 35,000 apartments, Kaplan has a distinct advantage over other developers. We understand the realities of what it takes to operate as an owner and what the market actually wants.

KAPLAN TYPICALLY ABSORBS ALL THE PRE-DEVELOPMENT RISK – Investors participate in the transaction when ready for development at cost.

INSTITUTIONAL PARTNERS – Kaplan has developed extremely deep relationships with select institutional partners and typically structure projects with 90% of their equity and 10% Kaplan Partners.

10% SHARE OF GP PROMOTE – The principals of Kaplan give back 10% of the earned promote to the Kaplan LPs, further enhancing their partner returns.

THE DISTRICT AT SCOTTSDALE (PHASE I)
SCOTTSDALE, AZ

PROPERTY
Development of a 332-unit Class A+ multifamily community.

TOPLINE
This new 4-story, elevator, wrap building with 525 garage spaces commenced construction in 2017. The site was acquired with a 2-story office building with a surrounding area that Kaplan recognized had a higher and better use. Property is adjacent to the high-end Scottsdale Quarter shopping area – the highest retail sales psf in the state of Arizona. The property will include the highest finishes with all 80 top floor being penthouse units and 40 of those having private, unobstructed-view rooftop decks.

OUTCOME
Sold in 2019, investors received a net 34.1% IRR and 2.1x over a 3.0 year hold period.

THE DISTRICT AT CHANDLER
PHOENIX, AZ

PROPERTY
Development of a 340-unit Class A+ multifamily community located in Chandler, AZ, just southeast of Phoenix.

TOPLINE
These beautiful 3/4-story, elevator, mid-rise buildings with an additional 12 townhome units will begin construction in 2018. Resort-style pool and rich amenities will attract the high-tech "millennial" renter that work and play in this suburb. The District at Chandler will be a a great addition to this submarket.

OUTCOME
Planned to be sold in 2020, investors are projected to receive a net 37.0% IRR and 1.9x over a 2.5 year hold period.

INSTITUTIONAL PARTNERS

SINGLE FAMILY RENTALS

- Build-for-Rent
- Single Community
- Horizontal Apartments
- COVID Virus has accelerated this strategy
- Residents include Millennials to Empty Nesters

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Passionately Building Value

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KEY TAKEAWAYS – NEWMARK KNIGHT FRANK

SALES VOLUME

Sales volume totaled $13.9 billion in 2Q20, representing a 70.4% year-over-year decline compared with 2Q19. While transactions slowed considerably as a result of the COVID-19 pandemic, multifamily has been the top recipient of capital year-to-date. Sales volume averaged $4.6 billion per month in 2Q20, the lowest monthly average since 2Q11.

RENT COLLECTIONS

Multifamily has been the top performing property type for rent collections since the onset of COVID-19 and the only property type to exceed 90% rent collections each month since April. Rent collections fared best in 2Q20 in lower-cost, higher growth non-major markets such as Austin, Denver, Sacramento, Salt Lake City and San Diego.

TOTAL RETURNS

Annual total returns for multifamily decreased to 2.98% in 2Q20 as appreciation was negative for the first time since 2009. The income component of total returns remains durable at 4.23%, just 6 basis points below 2019 levels. Performance in the Southeast has outpaced the broader US multifamily total returns index on a short and long-term basis.

RENT GROWTH

Over the past 12 months, annual effective rent growth fell to 2.1%, caused by a 150 basis point drop in 2Q20 compared with 1Q20. On a quarterly basis, rent growth dropped to -1.0% due to COVID-19. Rental growth over the past 12 months remains strongest in Sunbelt markets lead by Phoenix at 6.7%.

SUPPLY AND DEMAND

Over the past 12 months, 303,650 units were delivered nationally compared to 177,007 units absorbed. The largest markets in Texas (Austin, Dallas, Houston and San Antonio) account for 17.9% of deliveries nationally over the past year.

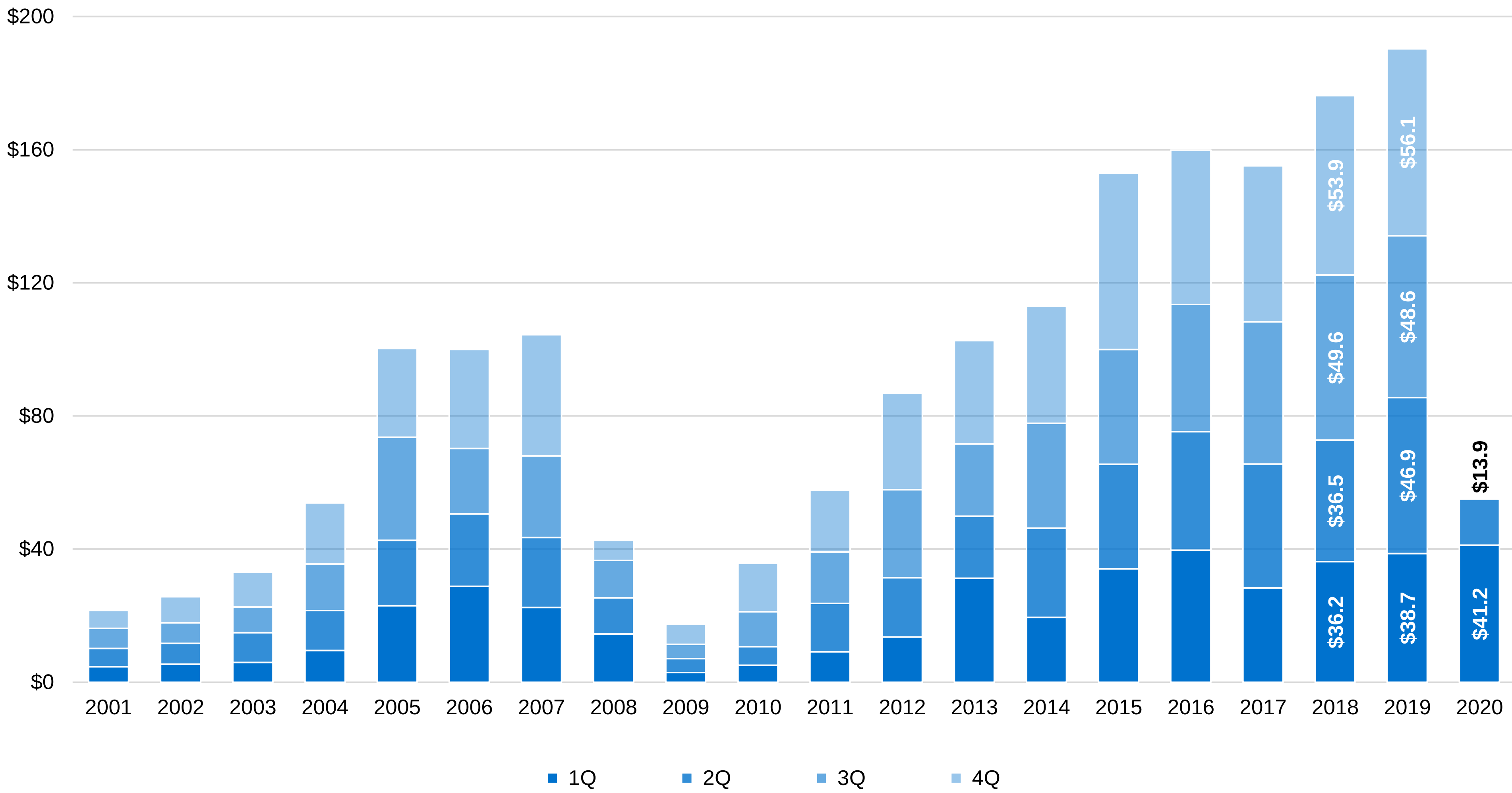
DEBT MARKETS

Total mortgage debt outstanding for the multifamily sector rose to $1.6 billion for the quarter, an increase of 1.8% quarter-over-quarter. Total originations by Fannie Mae and Freddie Mac rose to $39.8 billion in 2Q20 as the market stabilized in part due to Federal Reserve policy.

HISTORICAL SALES VOLUME

UNITED STATES; DOLLARS IN BILLIONS

Sales volume totaled $13.9 billion in 2Q20, representing a 70.4% year-over-year decline compared with 2Q19. While transactions slowed considerably as a result of the COVID-19 pandemic, multifamily has been the top recipient of capital year-to-date and remains a preferred destination for global capital.



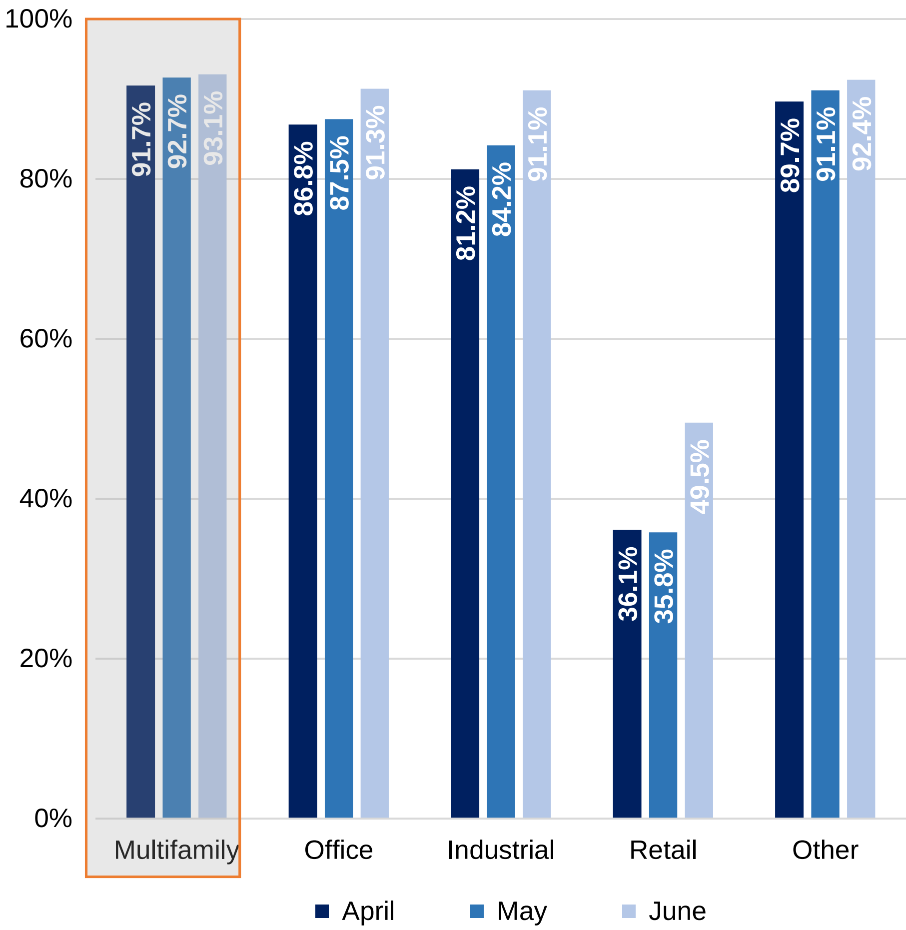
Source: NKF Research, Real Capital Analytics

RENT COLLECTIONS

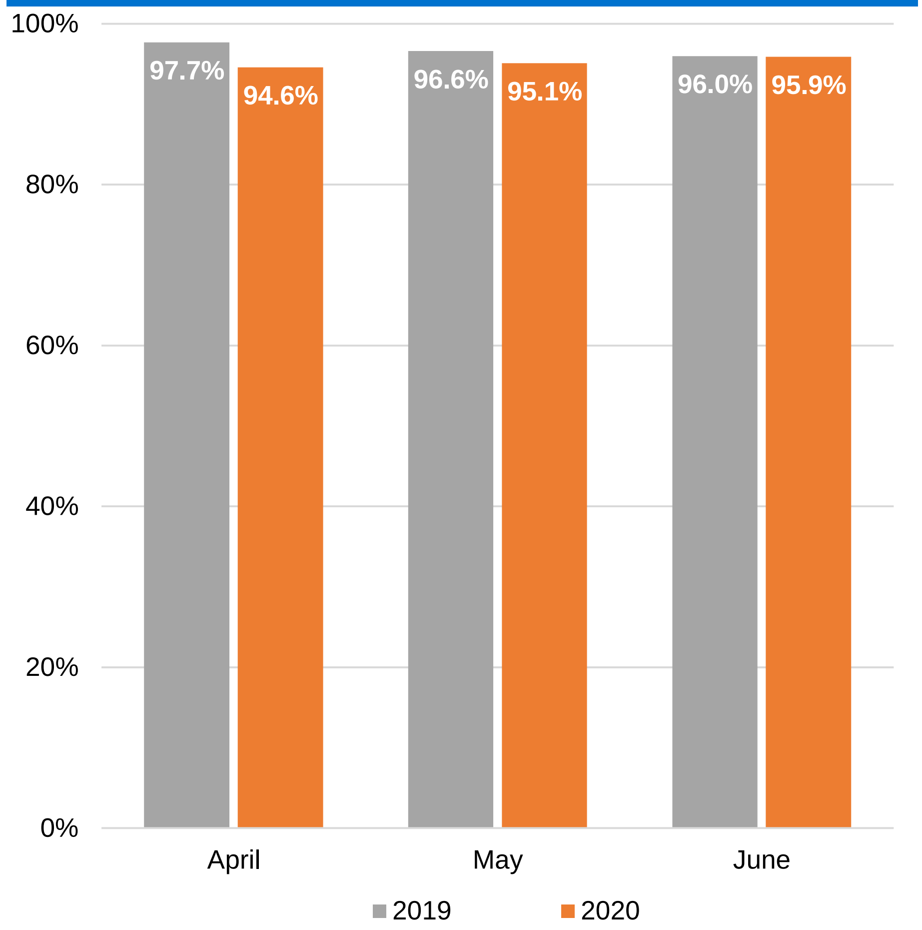
BY PROPERTY TYPE AND BY MONTH

Multifamily has been the top performing property type for rent collections since the onset of COVID-19 and the only property type to exceed 90% rent collections each month since April, per NCREIF. Rent collections are even higher for professionally managed properties tracked by NMHC, averaging 95.2% from April to June 2020.

NCREIF BY PROPERTY TYPE (VALUE-WEIGHT INDEX)



NMHC RENT PAYMENT TRACKER (FULL MONTH RESULTS)

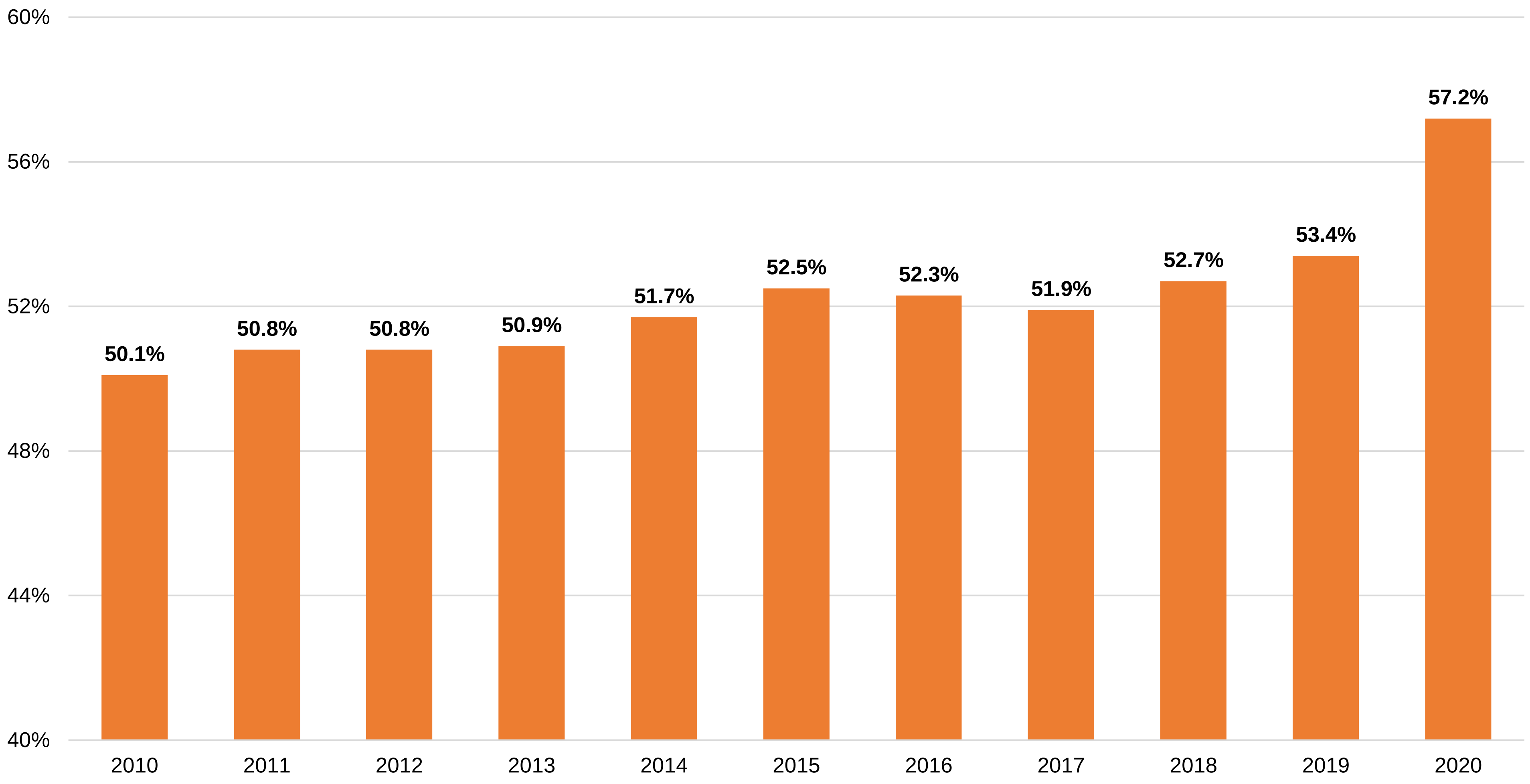


Source: NKF Research, NCREIF, National Multifamily Housing Council

RESIDENT RETENTION

UNITED STATES; MULTIFAMILY RENEWALS

Multifamily resident retention rates surged to 57.2% from 53.4% in 2019 with renters renewing leases at the highest rates in recent history due to less mobility and economic challenges caused by COVID-19.

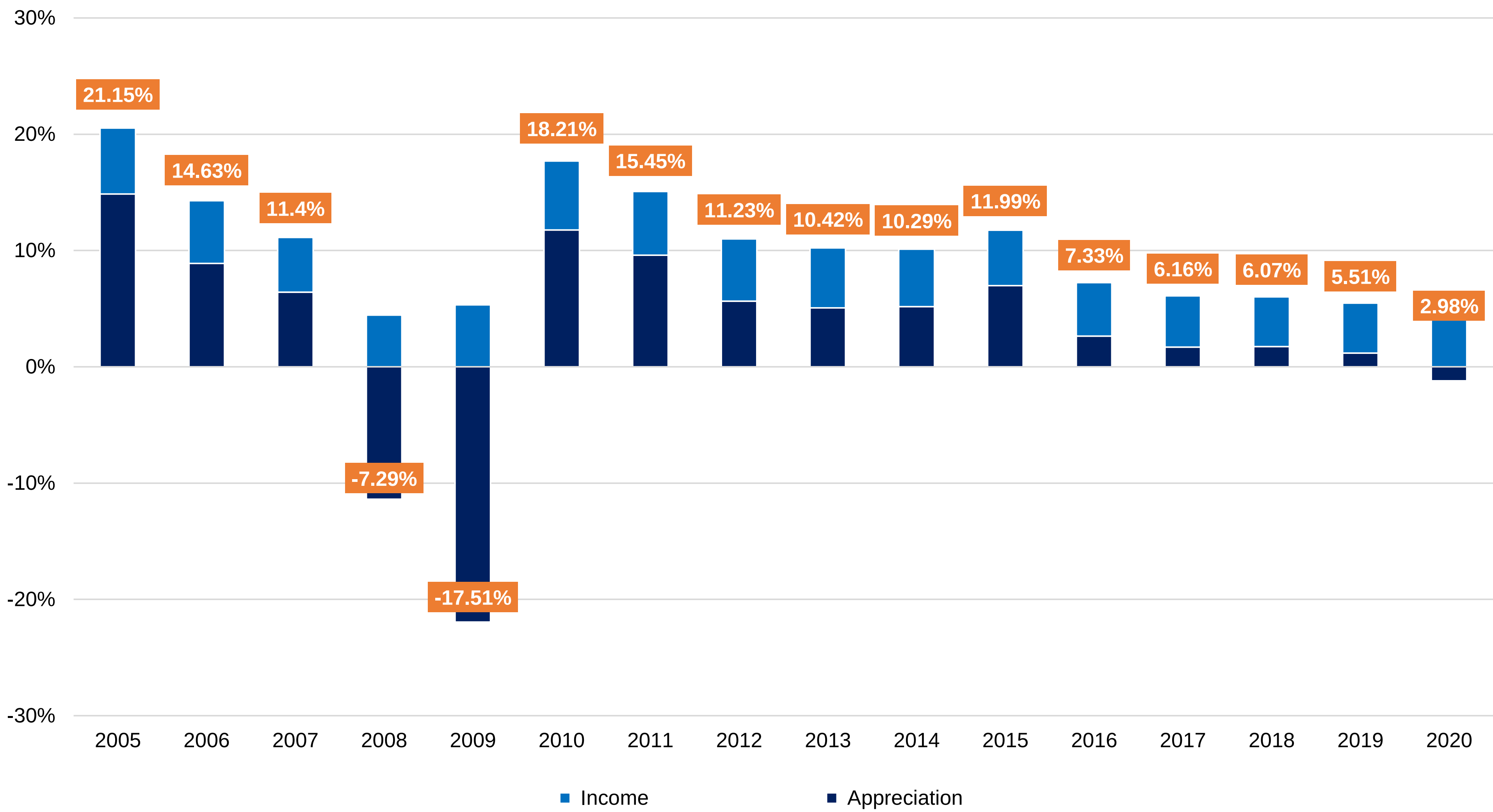


Source: NKF Research, RealPage

MULTIFAMILY TOTAL RETURNS

CALENDAR YEAR RETURNS

Annual total returns for multifamily decreased to 3.0% in 2Q20 as appreciation was negative for the first time since 2009. The income component of total returns remains durable at 4.2%, just 6 basis points below 2019 levels, as rent collection remains high.



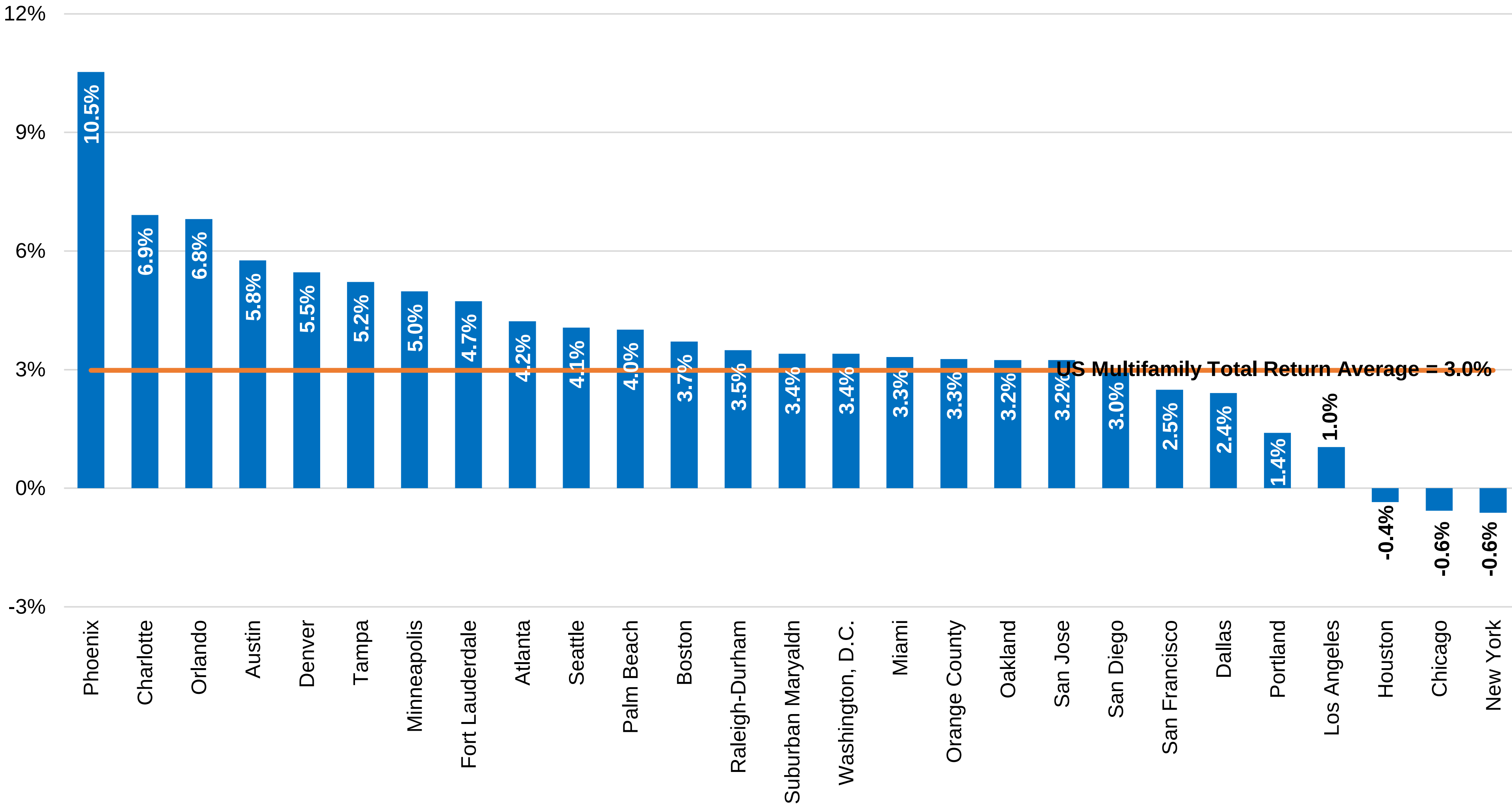
* 2020 returns are annualized.

Source: NKF Research, NCREIF

TOTAL RETURNS BY MARKET

ANNUALIZED TOTALS

High growth Sunbelt markets such as Phoenix (10.5%), Charlotte (6.9%) and Orlando (6.8%) continue to yield the greatest total returns nationally.

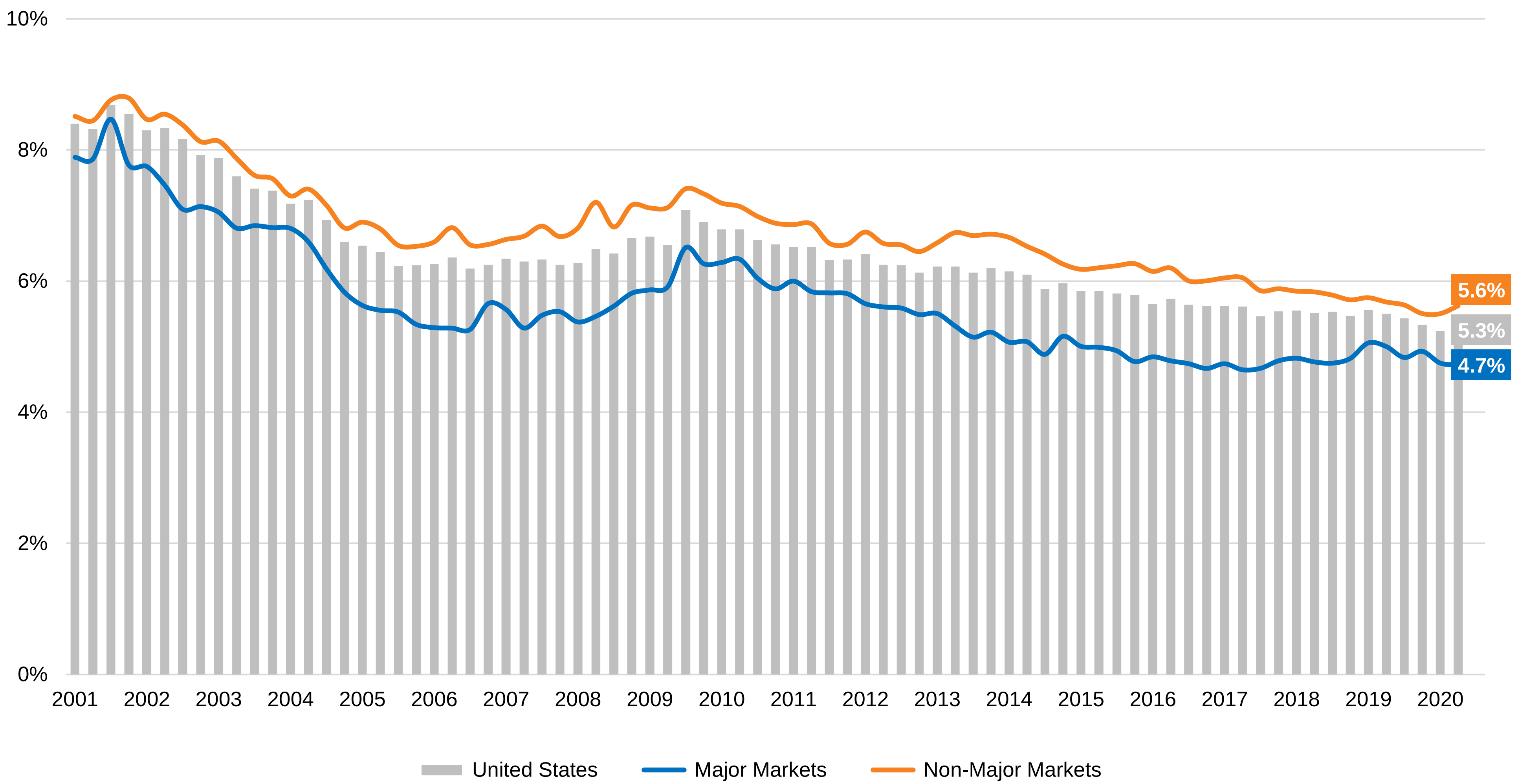


Source: NKF Research, NCREIF

CAP RATES

UNITED STATES; QUARTERLY AVERAGE

Overall multifamily cap rates rose 6 basis points to 5.3% quarter-over-quarter, led by a 12 basis point increase in non-major markets. Non-major market cap rates are currently 90 basis points above major market cap rates, the largest spread in 7 quarters. However, price discovery remains limited due to a lack of transaction volume.



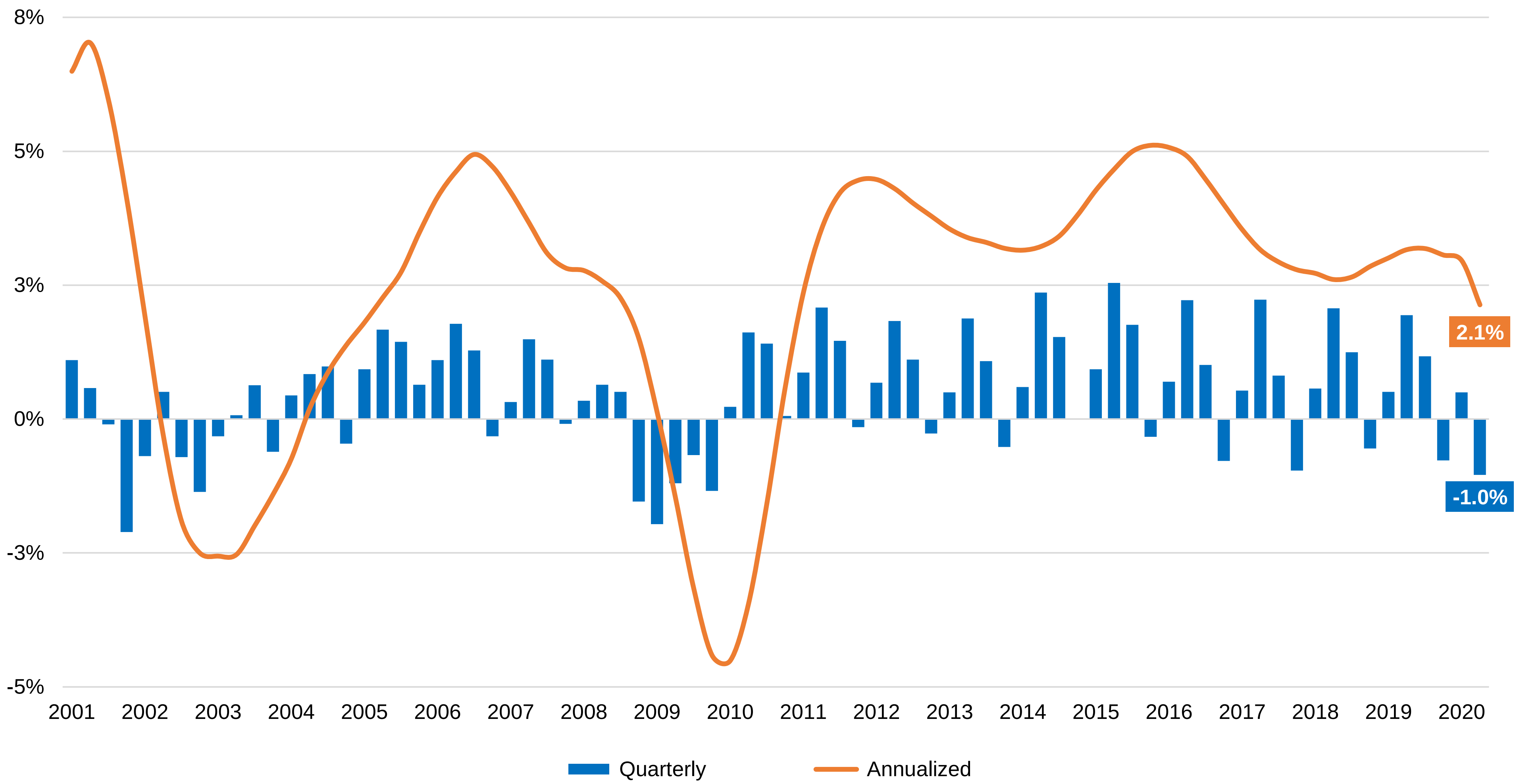
* Major markets: Boston, Chicago, Los Angeles metro, New York metro, San Francisco metro, Washington, D.C. metro. Non-major markets: all other markets.

Source: NKF Research, Real Capital Analytics

EFFECTIVE RENT GROWTH

UNITED STATES

Over the past 12 months, annual effective rent growth fell to 2.1%, caused primarily by a 150 basis point drop in 2Q20 compared with 1Q20. On a quarterly basis, rent growth dropped to -1.0% due to COVID-19.

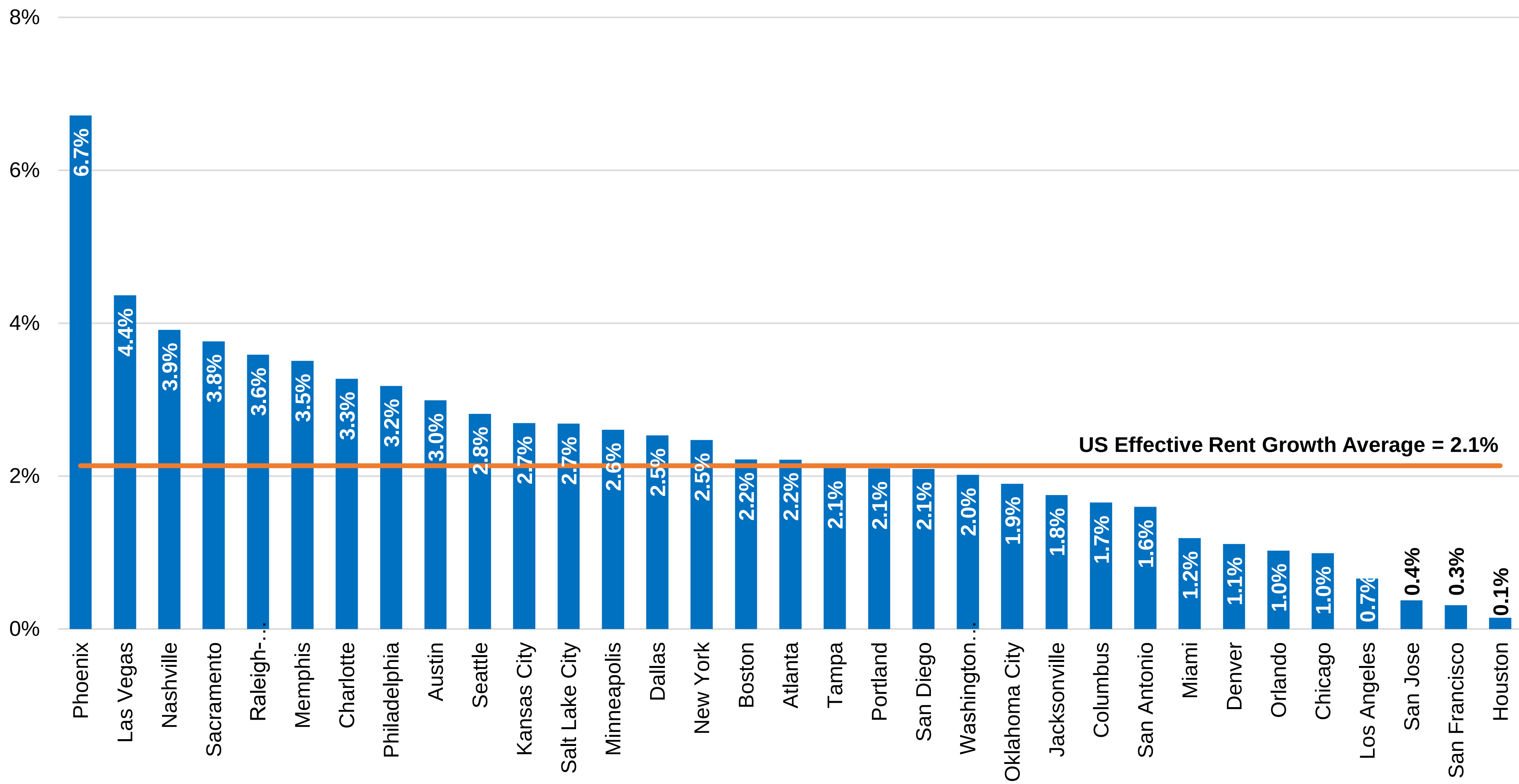


Source: NKF Research, RealPage

EFFECTIVE RENT GROWTH BY MARKET

SELECT MARKETS; ANNUALIZED

While annual effective rent growth has stagnated for the time being, rental growth over the past 12 months remains strongest in Sunbelt markets lead by Phoenix at 6.7%.

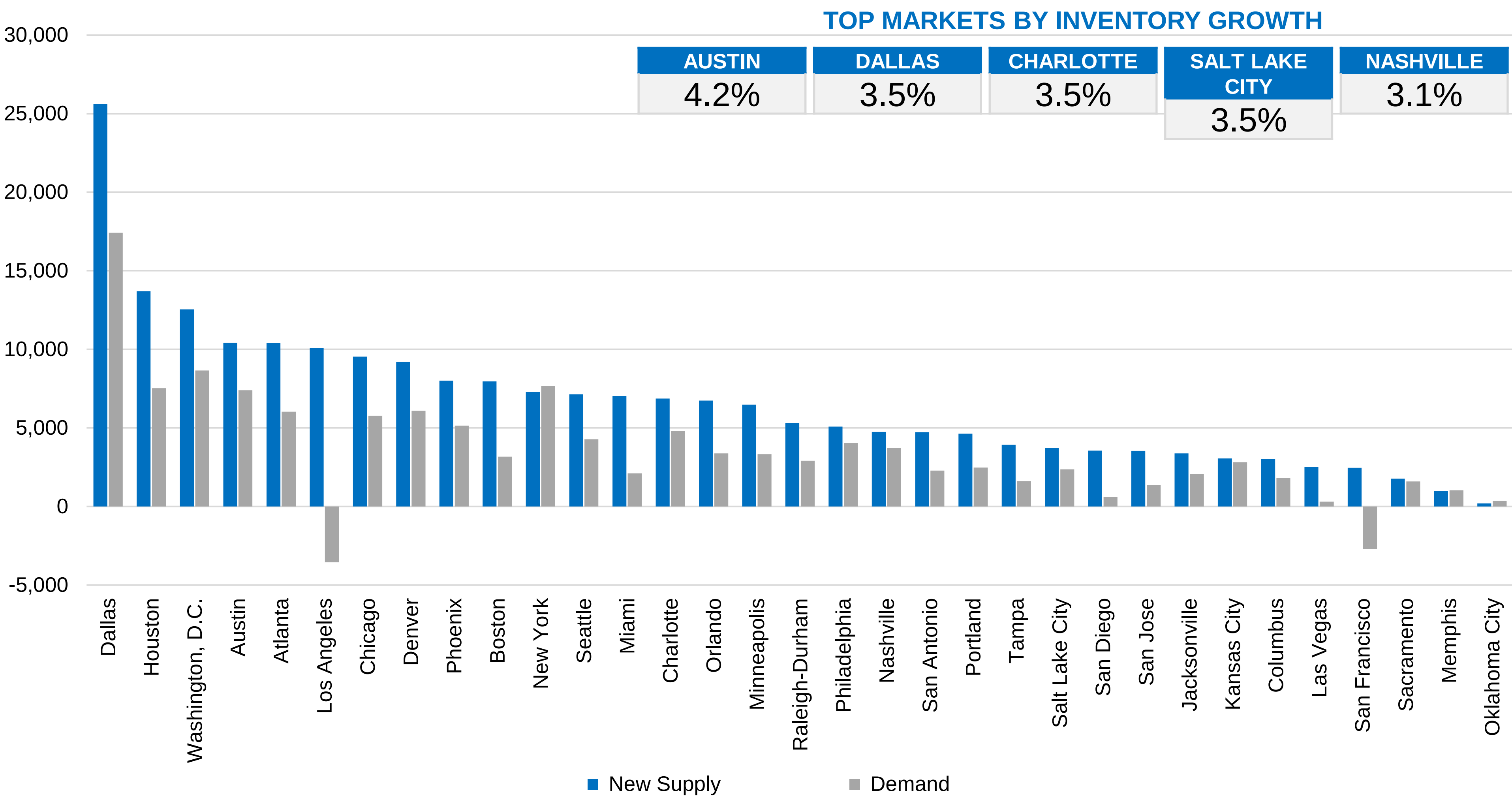


Source: NKF Research, RealPage

SUPPLY AND DEMAND BY MARKET

SELECT MARKETS; 12-MONTH TOTALS

While the strongest markets for inventory growth are primarily throughout the Sunbelt, the largest markets in Texas (Austin, Dallas, Houston and San Antonio) account for 17.9% of deliveries nationally over the past year.

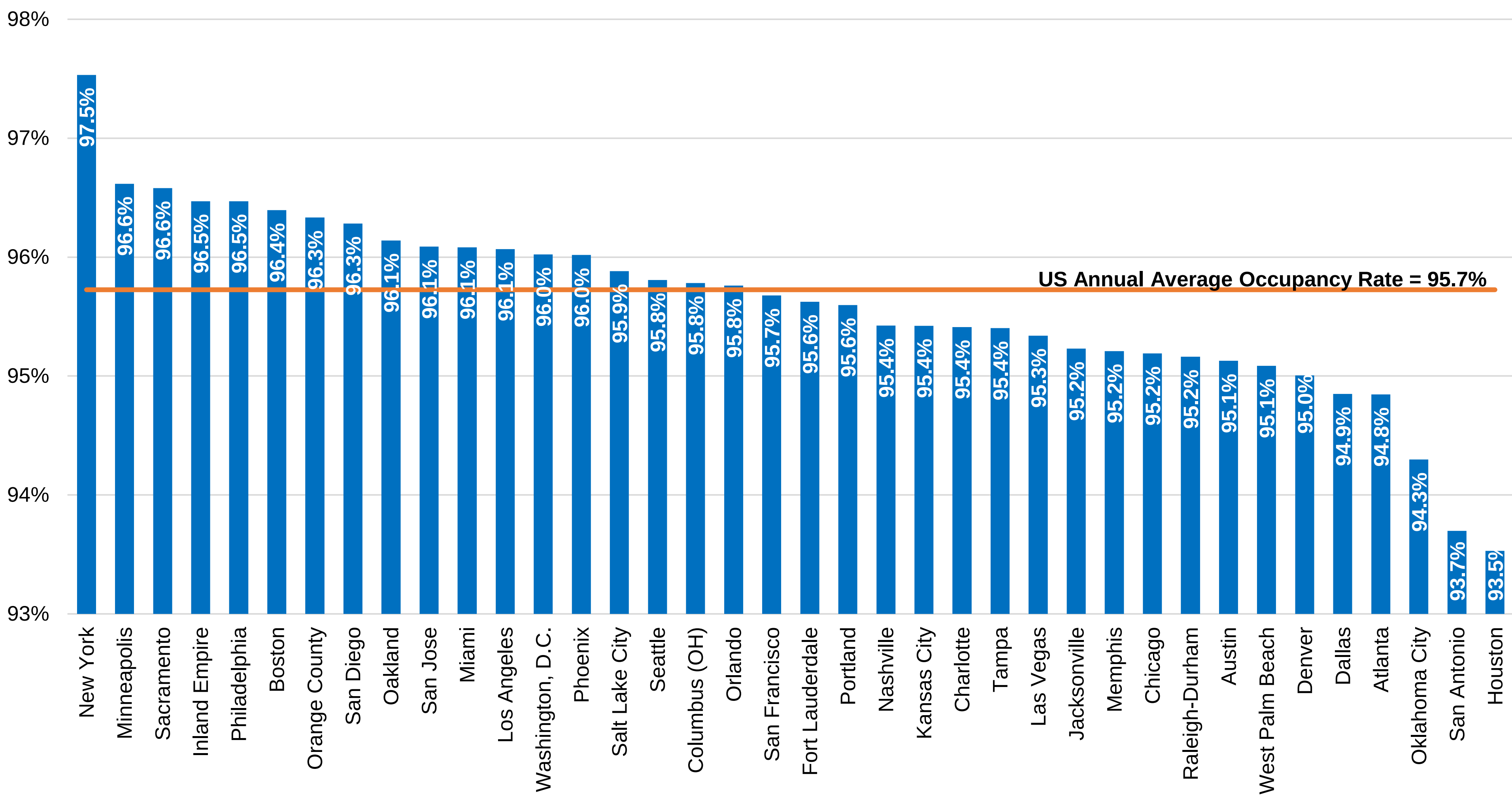


Source: NKF Research, RealPage

OCCUPANCY RATE BY MARKET

SELECT MARKETS; 12-MONTH TOTALS

Occupancy levels remain strong across the country with a national average rate of 95.7%. Even in markets hit hard by COVID-19 such as New York occupancy remains above the national average.



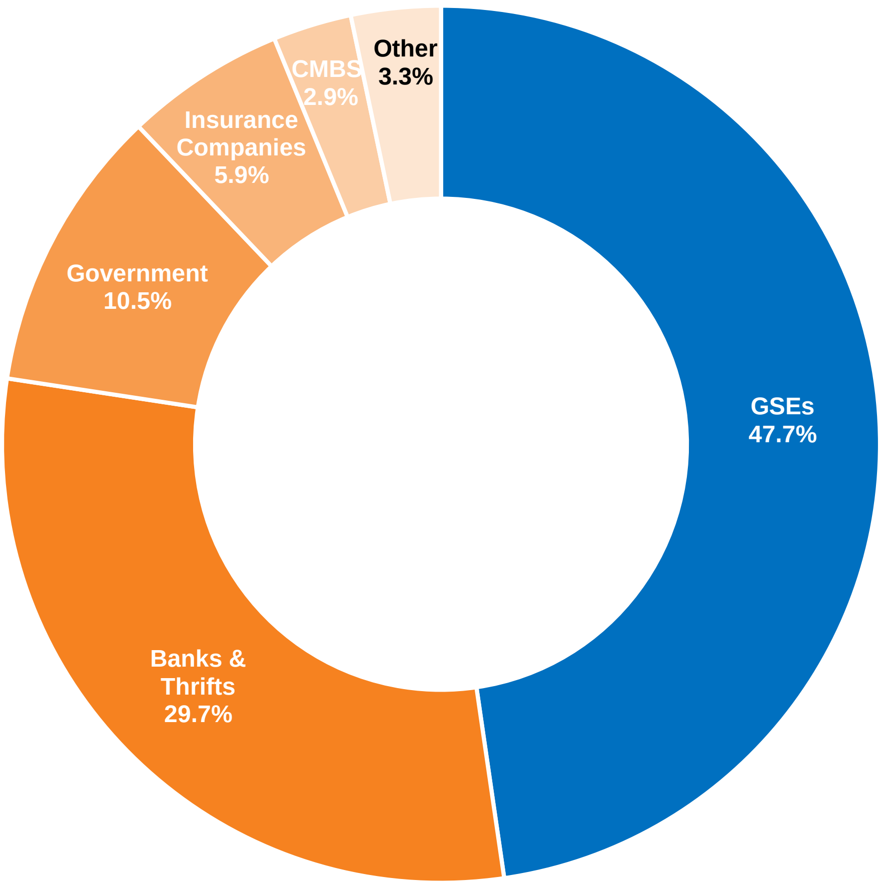
Source: NKF Research, RealPage

MORTGAGE DEBT OUTSTANDING

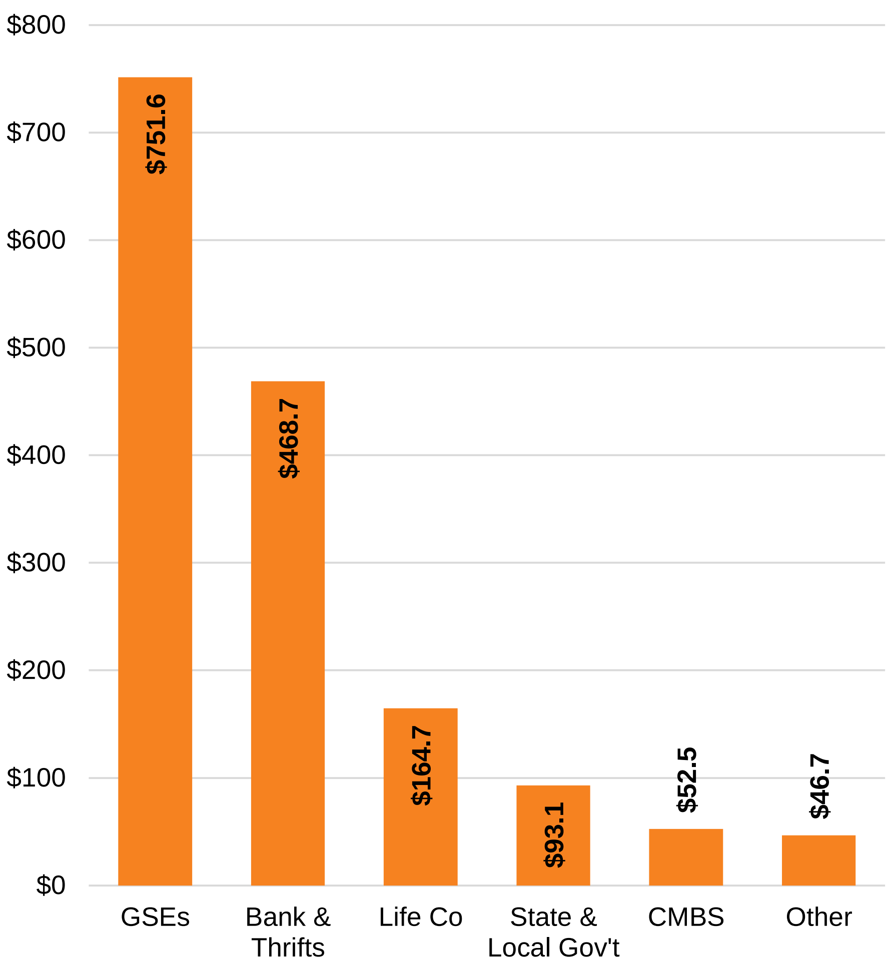
UNITED STATES

Total mortgage debt outstanding for the multifamily sector rose to $1.6 billion for the quarter, an increase of 1.8% quarter-over-quarter.

DEBT OUTSTANDING BY GROUP AS A PERCENTAGE



DEBT OUTSTANDING BY GROUP IN BILLIONS



Source: NKF Research, Mortgage Bankers Association

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Newmark Knight Frank has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents.

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