Young Guns Presentation

2020 NMHC Annual Meeting
January 21-23, 2020
### About Oak:
- Strategic, institutional investment and management company
- Opportunistic firm with a value-add focus
- Disciplined, data driven platform with a deeply conservative philosophy

### Investment Preferences:
- 1970’s – 2000’s vintage
- 150 – 500 units
- $25M minimum deal size; no maximum
- Targeted 12% - 15% IRR
- Tracking 16 markets, active in 12
- Hold period: 5-10 years

### Transaction History:
- $1.1 billion in volume
- 42 transactions
- 10,000 units
- Generated weighted average 31.21% IRR on round-trip transactions
**PROPERTY OVERVIEW**

- **Address**: 5145 Rawhide Street
- **Number of Units**: 216
- **Year Built**: 2008
- **Net Rentable SF**: 192,600
- **Avg. Unit SF**: 892
- **Avg. Market Rent / Unit**: $1,038
- **Avg. Market Rent / SF**: $1.16
- **Net Acreage**: ± 7.95
- **Property Type**: 3-Story Garden Style
- **MSA**: Las Vegas
- **Submarket**: Henderson-adjacent

**COMMUNITY PHOTOS**

- Clubhouse
- Clubhouse - interior
- Pool area
- Unit - interior
Investment Thesis

Untouched Unit Interiors & Amenity Space
Limited Need for Deferred Spending

**Investment Highlights:**

- Off-market opportunity
- Sourced from original developer
- Absentee ownership
- 100% blank canvas value-add
- Acquire at below market basis
- Low capital needs
- Strong market fundamentals
- Attractive and flexible financing
- 4 year deal hold

**Business Plan:**

- Optimize operational deficiencies
- Value-add interior reno program
- Maintain value-add designation upon exit
Location

**Allegiant Stadium**
- 15 minutes from Hacienda Heights
- NFL Raiders stadium
- UNLV Rebels stadium
- $620M annual economic impact

**McCarron Intl. Airport**
- 10 minutes from Hacienda Heights
- 49.7M passengers in 2018
- 3.5% annual growth since 2014

**Las Vegas Strip**
- 15 minutes from Hacienda Heights
- 100,000+ jobs
- Convention center expansion
- Hard Rock Hotel renovation
- Resorts World Hotel & Casino

**Union Village**
- 6 minutes from Hacienda Heights
- “Integrated Health Care Village”
- Anchored by Henderson Hospital
- 10,000+ new jobs
- 15,000 - 30,000 daily visitors

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Value-Add Strategy: Interior Renovations

**100% Original Interiors Renovation Concept**

- **Renovation Premium:** $130
- **Cost Per Unit:** $4,875
- **ROI:** 32%

**Features:**
- Two-tone paint
- Vinyl throughout
- USB & tech
- Stainless appliances
- Resurface counters
- Backsplash
- Lighting fixtures and ceiling fans
- Paint boxes
- Replace door fronts

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ORP Hacienda Heights Acquisition | Strictly Confidential | Not Intended for Redistribution
Value-Add Strategy: Rebrand

Current Signage

Rebrand Concept
Value-Add Strategy: Amenities

Racquetball Court

Game Room
Value-Add Strategy: Exterior

- Volleyball Court
- Outdoor Lounge
Minimal capital: value generated

- Creation of $350,000 in NOI annually
- Translates to approximately $6 million in value
## Investment Analysis

### Transaction Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>$33,700,000</td>
</tr>
<tr>
<td>Per Unit</td>
<td>$156,019</td>
</tr>
<tr>
<td>Value-Add Project Cost</td>
<td>$618,750</td>
</tr>
<tr>
<td>Per Unit</td>
<td>$2,865</td>
</tr>
<tr>
<td>Exterior Capital</td>
<td>$500,000</td>
</tr>
<tr>
<td>Total Capitalization</td>
<td>$34,792,705</td>
</tr>
<tr>
<td>Avg. Market Rent Growth</td>
<td>3.75%</td>
</tr>
<tr>
<td>Avg. Vacancy</td>
<td>6.75%</td>
</tr>
<tr>
<td>Total Income Growth</td>
<td>30%</td>
</tr>
<tr>
<td>T3/T12 Cap Rate</td>
<td>5.10%</td>
</tr>
</tbody>
</table>

### Loan Detail

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage Amount</td>
<td>$23,987,000</td>
</tr>
<tr>
<td>Loan-to-Value</td>
<td>71%</td>
</tr>
<tr>
<td>Term Length</td>
<td>10 years</td>
</tr>
<tr>
<td>Interest Only</td>
<td>4 years</td>
</tr>
<tr>
<td>Spread over LIBOR</td>
<td>180bps over 1.79%</td>
</tr>
<tr>
<td>4 year Rate Cap</td>
<td>2.5% Strike</td>
</tr>
<tr>
<td>Exit</td>
<td>1% exit fee</td>
</tr>
</tbody>
</table>

### Oak Return Profile

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exit Price</td>
<td>$41,447,818</td>
</tr>
<tr>
<td>Per Unit</td>
<td>$191,888</td>
</tr>
<tr>
<td>Exit Cap Rate</td>
<td>6.0%</td>
</tr>
<tr>
<td>IRR</td>
<td>17.43%</td>
</tr>
<tr>
<td>Equity Multiple</td>
<td>1.79x</td>
</tr>
<tr>
<td>Cash Yield Yr1</td>
<td>5.93%</td>
</tr>
<tr>
<td>Cash Yield Yr2</td>
<td>8.49%</td>
</tr>
<tr>
<td>Cash Yield Yr3</td>
<td>9.82%</td>
</tr>
<tr>
<td>Cash Yield Yr4</td>
<td>11.00%</td>
</tr>
<tr>
<td>Average Cash Yield</td>
<td>8.81%</td>
</tr>
</tbody>
</table>
# Market Rent Comps

<table>
<thead>
<tr>
<th>Property</th>
<th>Year Built</th>
<th># of Units</th>
<th>Occupancy</th>
<th>Weighted Avg SF</th>
<th>Weighted Avg Rent</th>
<th>Avg Rent / SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glo Las Vegas (fka The Venue) – Renovated</td>
<td>2009</td>
<td>168</td>
<td>94%</td>
<td>972</td>
<td>$1,478</td>
<td>$1.52</td>
</tr>
<tr>
<td>Palladium – Renovated</td>
<td>2007</td>
<td>390</td>
<td>98%</td>
<td>973</td>
<td>$1,351</td>
<td>$1.39</td>
</tr>
<tr>
<td>Montego Bay – Renovated</td>
<td>1989</td>
<td>420</td>
<td>96%</td>
<td>1022</td>
<td>$1,318</td>
<td>$1.29</td>
</tr>
<tr>
<td>Vue 5325 – Renovated</td>
<td>1990</td>
<td>240</td>
<td>96%</td>
<td>849</td>
<td>$1,202</td>
<td>$1.42</td>
</tr>
<tr>
<td>The Avenue (Oak Property) – Renovated</td>
<td>1995</td>
<td>252</td>
<td>95%</td>
<td>983</td>
<td>$1,178</td>
<td>$1.20</td>
</tr>
<tr>
<td>The Quinn – Renovated</td>
<td>1991</td>
<td>237</td>
<td>97%</td>
<td>893</td>
<td>$1,177</td>
<td>$1.32</td>
</tr>
<tr>
<td>Hacienda Heights – Renovated</td>
<td>2008</td>
<td>216</td>
<td>95%</td>
<td>892</td>
<td>$1,128</td>
<td>$1.26</td>
</tr>
<tr>
<td>Hacienda Heights</td>
<td>2008</td>
<td>216</td>
<td>95%</td>
<td>892</td>
<td>$1,003</td>
<td>$1.12</td>
</tr>
</tbody>
</table>

Maintains a $285 post-renovation gap to direct market comps.
## Market Sales Comps

<table>
<thead>
<tr>
<th>Property</th>
<th># of Units</th>
<th>Year Built</th>
<th>Sale Price</th>
<th>Price / Unit</th>
<th>Price / SF</th>
<th>Date of Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairways on Green Valley</td>
<td>320</td>
<td>1989</td>
<td>$61,500,000</td>
<td>$192,188</td>
<td>$215</td>
<td>Jun-19</td>
</tr>
<tr>
<td>Glo Las Vegas (fka The Venue)</td>
<td>168</td>
<td>2009</td>
<td>$32,000,000</td>
<td>$190,476</td>
<td>$196</td>
<td>Nov-19</td>
</tr>
<tr>
<td>Villas at Green Valley</td>
<td>609</td>
<td>1984/86</td>
<td>$97,250,000</td>
<td>$159,688</td>
<td>$204</td>
<td>May-19</td>
</tr>
<tr>
<td>Hacienda Heights</td>
<td>216</td>
<td>2008</td>
<td>$33,700,000</td>
<td>$156,019</td>
<td>$175</td>
<td>Oct-19</td>
</tr>
<tr>
<td>The Quinn</td>
<td>237</td>
<td>1991</td>
<td>$35,700,000</td>
<td>$150,633</td>
<td>$168</td>
<td>Jul-19</td>
</tr>
</tbody>
</table>

Acquired at below market basis, $30,000+ gap to direct comparable sales
Las Vegas Overview

#2 Rent Growth
- Annual rent growth of 7.5% Y-o-Y, Q3 2019
- 7 consecutive years of positive rent growth – 50%+ total growth
- Real Page Analytics predicts 5.2% rent growth for 2020

#4 Emerging Tech Market
- Tech labor pool has grown 35% in 5 years
- Diversifying job market
- Relative shortage of construction workers
- Multiple massive projects in pipeline
  - Union Village – $1.2B
  - Resorts World Hotel & Casino – $4B
  - Allegiant Stadium – $1.8B

Consistent Job Growth
- Growing at 2x the national growth rate
- Improving demographics

Population Growth
- Growing at 2x the national growth rate
- Improving demographics

### Population Growth History

<table>
<thead>
<tr>
<th>Year</th>
<th>Clark County</th>
<th>Growth</th>
<th>State of Nevada</th>
<th>Growth</th>
<th>United States</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Projection</td>
<td>2,582,000</td>
<td>13%</td>
<td>3,217,941</td>
<td>9%</td>
<td>347,340,000</td>
<td>7%</td>
</tr>
<tr>
<td>2018 Census</td>
<td>2,231,647</td>
<td>14%</td>
<td>3,034,392</td>
<td>12%</td>
<td>323,400,000</td>
<td>5%</td>
</tr>
<tr>
<td>2010 Census</td>
<td>1,991,269</td>
<td>42%</td>
<td>2,700,679</td>
<td>3%</td>
<td>308,758,109</td>
<td>9%</td>
</tr>
<tr>
<td>2000 Census</td>
<td>1,375,738</td>
<td>1,998,257</td>
<td>282,200,000</td>
<td>1.10%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Annual Growth: 2.17% in Clark County, 1.88% in State of Nevada, 1.10% in United States
Relative Affordability

Top Migration Flow Into Las Vegas Annually

<table>
<thead>
<tr>
<th>Migrants Move From</th>
<th>Number of Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles, CA</td>
<td>10,943</td>
</tr>
<tr>
<td>Riverside, CA</td>
<td>5,164</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>2,806</td>
</tr>
<tr>
<td>Phoenix, AZ</td>
<td>2,625</td>
</tr>
<tr>
<td>Anaheim, CA</td>
<td>2,575</td>
</tr>
<tr>
<td>Chicago, IL</td>
<td>1,971</td>
</tr>
<tr>
<td>Honolulu, HI</td>
<td>1,953</td>
</tr>
<tr>
<td>New York, NY</td>
<td>1,564</td>
</tr>
<tr>
<td>Oakland, CA</td>
<td>1,375</td>
</tr>
<tr>
<td>Denver, CO</td>
<td>1,339</td>
</tr>
<tr>
<td>Other</td>
<td>90,344</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>122,659</strong></td>
</tr>
</tbody>
</table>

Extended rental runway

Median Monthly Income
Median 1BR Rent

Median Monthly Income and Median 1BR Rent for SF, LA, U.S. Avg, and Las Vegas.

44% SF
48% LA
28% U.S. Avg
21% Las Vegas

Median Monthly Income
Median 1BR Rent

ORP Hacienda Heights Acquisition | Strictly Confidential | Not Intended for Redistribution
Investment Risks

Risk #1  Market Concerns
- Remedy:
  - Continued economic diversification amid decreasing unemployment
  - Emergence of institutional ownership across the market
  - Tempered starter family home construction, renters for longer

Risk #2  Execution of Business Plan
- Remedy:
  - Implement low capital intensive renovation program
  - Capital dollars targeting revenue generating opportunities
  - Maintain value-add designation upon sale

Risk #3  Supply Concerns
- Remedy:
  - Low supply submarket, presently no deals in the pipeline
  - Upcoming supply wave consists of primarily luxury housing
  - Maintain disposition value at a discount to replacement cost ($210,000 per unit)
Final Takeaways

- Off-market, multifaceted value-add opportunity
- Acquire at a below-market basis
- Above-market cap rate
- Generate above-market returns