

DVO REAL ESTATE – A “GAP EQUITY” MULTIFAMILY INVESTOR

DVO Real Estate provides a unique “gap equity” investment for real estate owners to facilitate the acquisition or recapitalization of value-add and core-plus properties as well as ground up developments in select submarkets throughout the United States. The senior preferred structure combines favorable aspects of typical JV investments and structured debt products, eliminating hard pay provisions yet allowing the Sponsor to maintain the majority of upside.

6,100+

TOTAL UNITS
ACQUIRED

\$1.1b+

TOTAL TRANSACTION
CAPITALIZATION

28

TOTAL ASSETS
ACQUIRED

Target Deal Characteristics

Class B-/C+ multifamily asset in B locations

16%+ deal IRR over a five year hold period

Class A multifamily developments in A locations

Max leverage of 70% LTC or 75% LTV

50 or more units with a deal cap of \$15-50mm

15-20%+ rent upside via unit renovations

\$4-15+ million total “gap equity” requirement

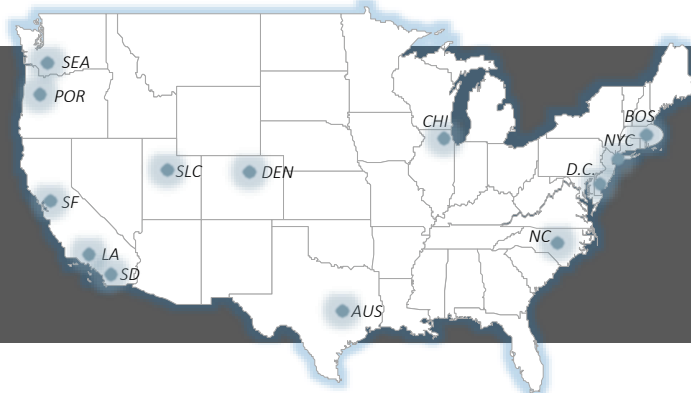
Acquisition price below replacement cost

Target Submarket Characteristics

High barriers to entry with limited supply pipeline

Demonstrated wage and population growth

Close proximity to diverse employer base



Advantage of Gap Equity – Highest Sponsorship Upside with No Risk of Default

Typical Terms	JV Equity	DVO Gap Equity	Preferred Equity/Mezz
Carried Interest	20-30% above a 10% IRR	30-50% above a 15% IRR	Minimal if any
LP Contribution	Up to 90% of required equity	Up to 85% of required equity	Up to 65% of required equity
Subordination	No hard pay or Sponsor subordination	Sponsor subordination to a 9-10% return; accrued pref.	Full subordination with an 8-10% current hard pay
Lender Restrictions	None	None	Typically not permitted by Agency lenders and banks
Investment Term	Varies by Investor	Target 3-7 year investment horizon	Fixed term reduces Sponsor flexibility in business plan