



COMPANY OVERVIEW



SECURITY PROPERTIES



OUR MISSION AND VISION

Vision

To be the #1 Multifamily
Developer, Investor, and
Operator in Our Target Markets

Mission

To Provide Exceptional Returns
to Our Investors and
Outstanding Living Experiences
for Our Residents





WHO WE ARE

For over 49 years, Security Properties has focused on multifamily investments and the stewardship of capital in a fiduciary capacity on behalf of thousands of private investors and numerous institutional investors. Our diverse portfolio of performing assets and our senior management team with an average of 28 years industry experience provide an uncommon level of multifamily expertise.

That focus on multifamily housing has allowed our management team to develop outstanding skills, insights, and relationships over multiple real estate cycles. Since its formation in 1969, Security Properties and its partners have invested over \$1.6 billion of equity in multifamily real estate, representing a portfolio value of nearly \$6.4 billion. Today, the Security Properties portfolio reflects interests in 110 assets encompassing nearly 21,000 multifamily housing units – including properties under construction – making it one of the largest owners of residential real estate in the country.

Security Properties believes in candid and proactive communications with partners, lenders, employees and other constituents, and invests heavily in both the training of its people and creation of systems to ensure the longevity of our business relationships.



OUR HISTORY

Security Properties was founded by Paul Pflieger in 1969 to assist clients in managing their growing tax burdens through HUD-sponsored affordable housing investment programs. By the middle of the 1980s, the firm had a portfolio of more than 375 multifamily properties across the country and a network of thousands of private investors. The firm had also developed strong financial, legal, marketing, and investor relations skills, established construction, asset, and property management expertise, and built a strong culture as a fiduciary.

At the end of 1986, Congress amended the tax code, effectively ending the firm's syndication activities. Mr. Pflieger recruited new management to pursue new investment ventures, including utility metering services, telecommunications, and cable television. As these investments were wound up and liquidated, the firm refocused on growing and restructuring its multifamily portfolio.

By 2000, Mr. Pflieger entered semi-retirement and a new management team was recruited to commence conventional acquisition and development operations and assume responsibility for the existing portfolio of affordable assets. The end of 2010 marked the formation of Security Properties Residential, an affiliated property management company, to resume Security Properties' property management function and complement its asset management practices.



EQUITY PARTNERS

Security Properties maintains fiduciary relationships with thousands of individuals as well as numerous institutions that provide equity to investments sponsored by Security Properties. Institutions with whom we have recently partnered include:

- Admiral Capital Group
- Aetna Real Estate Investments
- AIG
- Blue Vista
- Boston Capital
- Cigna Realty Investors
- Enterprise Community Partners, Inc.
- Equity Resource Investments
- Guardian Life Insurance Company of America
- HAL Real Estate
- Hartford Investment Management
- Intercontinental Real Estate Corporation
- JP Morgan Capital Corporation
- Liberty Mutual Group
- Loma Linda University
- Lubert Adler
- New York Life
- Northwestern Mutual Real Estate Investments
- Oaktree Capital
- Pacific Coast Capital Partners
- Pacific Life Insurance Company
- PNC Realty Investors
- The Praedium Group
- Principal Real Estate Investors
- Prudential Real Estate Investors
- Real Estate Capital Partners
- Reinsurance Group of America
- State Teachers Retirement System of Ohio
- Sunroad Enterprises
- USAA Real Estate Company



MULTIFAMILY PORTFOLIO



Our experience includes acquiring or developing over 88,200 residential units at a cost of \$6.4 billion across 570 assets.

We have sold over 67,000 residential units exceeding \$3.6 billion in cost across 458 assets.



CORE BUSINESS LINES

Conventional

Affordable Housing

Development

Asset & Property Management



CONVENTIONAL



Saratoga Downs • Napa, CA

We purchase core-plus, value-add, and opportunistic multifamily assets that produce attractive investment returns. We seek deals that are either off-market or thinly marketed, and that have significant upside potential through physical enhancements or improved management.

Target markets include: Seattle, Portland, coastal Southern California, the San Francisco Bay Area, Las Vegas, Metropolitan Phoenix, Salt Lake City, Denver, and Nashville.



CHELSEA HEIGHTS · TACOMA, WA

CONVENTIONAL CASE STUDY

- Off-market acquisition from a bank as an REO asset
- Secured a ten-year tax abatement, lowering operating expenses by \$100,000 / year
- 26 of the 78 units were not completed upon purchase; Security Properties managed completion
- Sold after 24 months for \$3.8 million more than the purchase price, generating a project-level IRR of 31.4% and a 48.7% IRR to Security Properties





AFFORDABLE HOUSING



Reserve at Northglenn • Northglenn, CO

We improve communities and create investor value through the acquisition and preservation of affordable housing. We utilize a variety of funding sources and execution strategies to meet the needs of traditionally underserved populations. Our success has been driven by a collaborative approach that leverages the creativity and expertise of our own team, as well as that of our public, private, and non-profit partners. We are proud to continue Security Properties' 48-year tradition of giving back to the communities in which we operate.

Our affordable housing platform includes the purchase of properties with existing government rental subsidies, acquisition and rehabilitation of properties utilizing low income housing tax credits (LIHTC), and the preservation of existing LIHTC properties through the purchase of partnership and fee simple interests.



DIAMOND AT PROSPECT · DENVER, CO

AFFORDABLE HOUSING CASE STUDY

- 140 units – 98 affordable and 42 market rate
- Newly constructed in 2004
- Located less than one mile from the Denver CBD and proximate to Coors Field
- Acquired the GP interest in the existing partnership in 2010 and the LP interests in 2015
- Sold after more than six years of ownership resulting in an IRR to Security Properties of 51.8%





DEVELOPMENT



Sparc • Bellevue, WA

We strive to create a sense of unity and ownership among residents, retail partners, and the greater community. We approach development with a long-term perspective, promoting sustainable construction practices and the creation of a unique sense of place and identity for our residents. We attribute our success to a collaborative, team-based approach with a strong group of long-term outside consultants, including architects, engineers, and general contractors.



ON THE PARK · SEATTLE, WA

DEVELOPMENT CASE STUDY

- 268 residential units
- 47,750 sf of retail – QFC grocery anchor
- Six-story light gauge metal frame construction
- Two floors of subterranean parking
- Parkside townhouses
- Adjacent to newly planned park
- Delivered in 2010





ASSET MANAGEMENT



Panorama House • Seattle, WA

Security Properties has more than 49 years of experience with the oversight and management of multifamily assets and the stewardship of capital for over 20 institutional investors and thousands of private investors. We have managed a variety of asset types, including market rate and affordable properties, the latter subject to numerous regulatory agreements and compliance requirements.



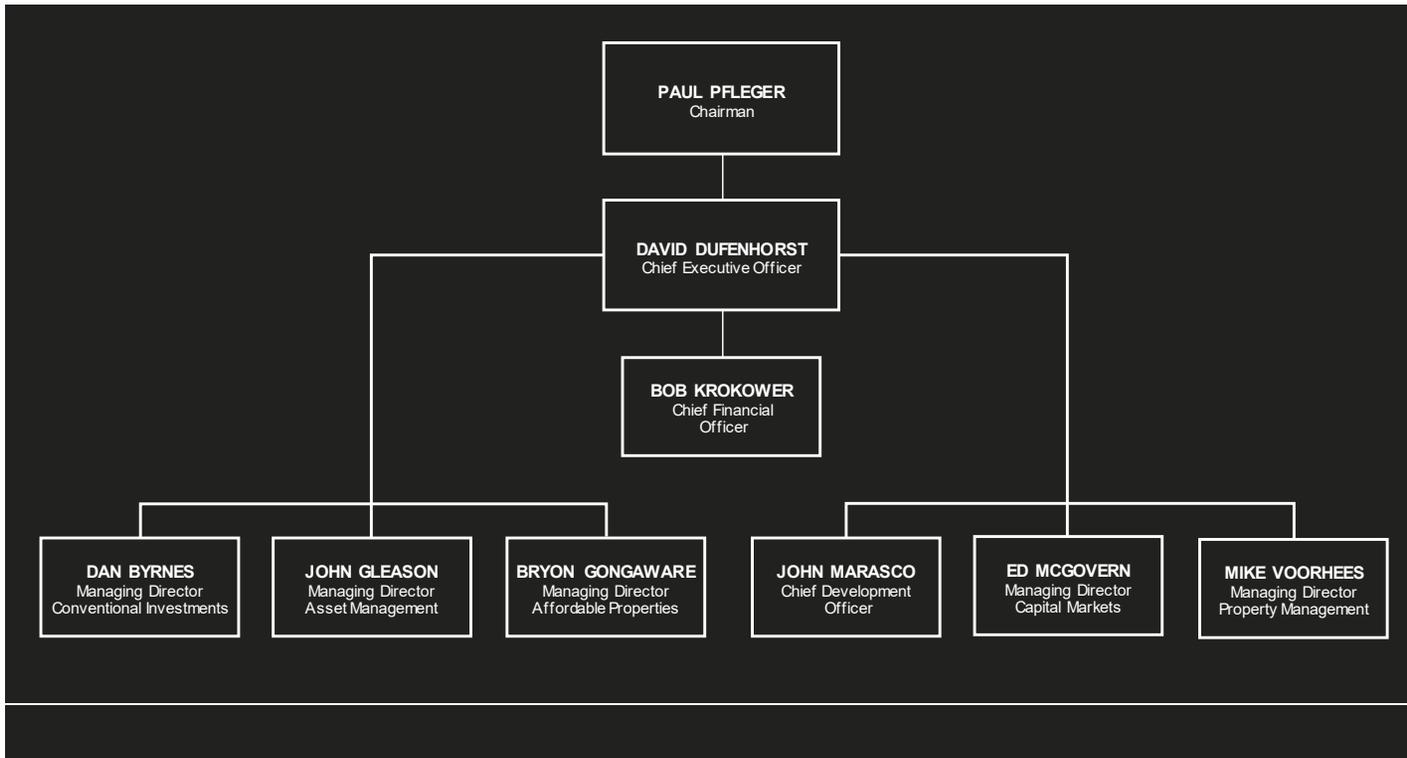
PROPERTY MANAGEMENT



Through our property management company, Security Properties Residential, we are committed to building value and delivering exceptional service to our communities and residents. We specialize in a hands-on approach that draws upon more than 49 years of ownership knowledge and management experience. We create outstanding apartment communities by employing intelligent and experienced on-site staff offering best-in-class service, combined with state-of-the-art tools and systems designed to ensure resident convenience, impeccable accounting, reporting, and operating efficiency.



SENIOR MANAGEMENT TEAM





DAVID DUFENHORST



Chief Executive Officer

Mr. Dufenhorst has 31 years of experience in real estate including asset management, acquisitions, dispositions, development, joint ventures, financing, tax planning, and accounting. During his nine years at Security Properties, Mr. Dufenhorst has closed over \$3 billion of transactions and raised over \$800 million of equity for the firm. Prior to joining Security Properties, he was the Managing Partner and President of the Torino Companies. During his 13 years at Torino he completed over \$1 billion in transactions in Arizona, California, Colorado, Nevada, Oregon, and Washington. Mr. Dufenhorst has also worked for an investment bank, a publicly traded real estate developer, and a Big 4 accounting firm. He holds a Bachelor's in Accounting from the University of Idaho and a Master's of Real Estate Development from the University of Southern California. Mr. Dufenhorst is a licensed real estate broker, a licensed CPA (inactive), a gold multifamily council member of Urban Land Institute, a board member of Long Live the Kings, a member of the National Multi-Housing Council, an Executive Member of the USC Lusk Center for Real Estate, and on the Multifamily Leadership Committee for the National Association of Home Builders.

ROBERT KROKOWER



Chief Financial Officer

Mr. Krokower has 45 years of experience in real estate finance, administration, and accounting. Prior to joining Security Properties in 2003, Mr. Krokower spent five years as Chief Financial Officer for Harbor Properties, Inc. (real estate development and property management) and Harbor Mountain LLC (ski resort operations and resort real estate). From 1992 to 1998, he operated his own consulting firm which offered financial and administrative support to real estate development and operations companies. Prior to 1992, Mr. Krokower worked as Senior Vice President of Finance and Administration, Corporate Secretary and Director of the Donald L. Bren Company and Bren Investments Properties (real estate development companies). He is a graduate of California State University with an accounting degree.



JOHN MARASCO



Chief Development Officer

Mr. Marasco has 36 years of experience developing real estate investments. Having started his career in real estate with the largest land developer in the Pacific Northwest, his particular expertise lies in land acquisition and development. Additional strengths include analysis, financial structuring, rehabilitation, construction management, asset turnaround, marketing, and sales. Prior to joining Security Properties in 1992, he served as Acquisition Manager for a Seattle-area multifamily real estate syndication and development company. He has a Bachelor's of Science from the University of Oregon and completed graduate courses at the University of Washington's Department of Civil Engineering. He maintains a Washington Real Estate Broker's license and has received a University of Washington Certificate in Commercial Real Estate. Mr. Marasco is co-chair of ULI Seattle's Workforce Housing Task Force.

DAN BYRNES



Managing Director / Conventional Investments

Mr. Byrnes has 14 years of experience in commercial real estate. He oversees all market-rate acquisitions for Security Properties. He also oversees all company-wide dispositions, having sold 52 properties totaling \$1.2 billion. In addition, Mr. Byrnes assists in structuring and overseeing day-to-day management of Security Properties' multifamily funds and private offerings. Prior to joining Security Properties, he served as a Director of Investment Sales in HFF's New York City office, where he completed over \$4.0 billion of real estate transactions, spanning all major US markets and asset types for clients including Hines, ING, UBS, GE Asset Management and Bovis-Lend Lease. Mr. Byrnes holds a Bachelor's degree in Economics-Operations Research from Columbia University and an MBA from the Haas School of Business at University of California, Berkeley.



JOHN GLEASON



Managing Director / Asset Management

Mr. Gleason has over 31 years of experience in managing multifamily, office, industrial, and retail real estate portfolios throughout the United States. Prior to joining Security Properties in 2006, Mr. Gleason held positions including Managing Director of Colliers International, Regional Vice President of DivcoWest, and General Manager at Trammell Crow, Spieker Properties, and Equity Office. Since joining Security Properties, Mr. Gleason has been instrumental in implementing processes and innovative analyses to better facilitate strategic decision making, risk mitigation, and investor communication. His latest initiative was the development and implementation of a proprietary business intelligence ("BI") platform; the new BI platform allows Security Properties to illuminate opportunities to optimize operations. During his career prior to Security Properties he played a major role in the acquisition, rehab/repositioning, and disposition of 1900/01 Avenue of the Stars in Century City, which resulted in a profit of approximately \$100 million in just 23 months. Mr. Gleason has personally negotiated over \$500 million in commercial leases and has performed the role of construction manager for over \$50 million in renovation projects. He holds a Bachelor's in Agricultural Managerial Economics from the University of California at Davis.

BRYON GONGAWARE



Managing Director / Affordable Housing

Mr. Gongaware has 18 years of experience in real estate development and investment. He is focused on the acquisition and development of affordable housing properties throughout the United States utilizing both 4% and 9% low income housing tax credits, acquisition of partnership interests, and fee simple transactions delivering sustainable cash flows. He is responsible for leading an investment team through the entire development cycle of affordable housing: from early stage planning, managing and coordinating the pre-development and construction process with contractors and architects, sourcing complex financing, securing rent increases with regulatory agencies, property lease-up strategies, and permanent financing. Mr. Gongaware's broad skill set and knowledge include construction management, asset management, property financing, and financial analytics. Prior to joining Security Properties in 2002, he worked on real estate transactions for a high net worth individual. He holds a Bachelor's Degree in Business from the University of Washington and a Certificate in Commercial Real Estate from the University of Washington.



ED McGOVERN



Managing Director / Capital Markets

Mr. McGovern has 22 years of finance and real estate experience involving private placements, investment sales of commercial real estate, securing pre-development equity, pension fund advisory, and high-rise and infill commercial real estate development. Prior to joining Security Properties in 2009, Mr. McGovern held investment positions with Schnitzer Northwest and Kennedy Associates. At Schnitzer, he was involved in the development and leasing of over two million square feet of commercial real estate in the Pacific Northwest. Over the course of his career, he has been involved with sales, capitalization, and development transactions nationally in excess of \$2 billion. He holds a Bachelor's of Science in History from the U.S. Naval Academy, an MBA from Columbia University, and a Certificate in Construction Management from the University of Washington. Ed currently serves as an Adjunct Professor in the University of Washington's Masters of Real Estate program, on the Executive Board of the University of Washington's Runstad Center, on the Board of the Seattle Alternative Investment Association, and the Corporate Board of NAIOP.

MIKE VOORHEES



Managing Director / Property Management

Mr. Voorhees has over 23 years of experience in residential real estate management. Before joining Security Properties Residential as President and Managing Director, he served as Partner and Regional Vice President for Holland Residential in the Puget Sound region. Under his tenure, the region grew from 233 units in 2003 to 25 properties with over 5,500 units. During that time frame, Mr. Voorhees supervised the renovation of 2,700 units and a total infusion of over \$18 million in capital improvements. Prior to joining Holland Residential, he served as an investment manager for Pinnacle, overseeing 14 properties with a capitalization value of approximately \$225 million. Before his days at Pinnacle, he served a District Manager for Trammell Crow for Oregon and Washington. Mr. Voorhees attended Washington State University and studied Business Administration and is a managing broker in Washington State.