Frequently Asked Questions – Birgo Heartland Multifamily Fund V LP

Fund Overview

Q: Who is Birgo?
A: Founded in 2012, Birgo is a vertically integrated real estate investment firm specializing in workforce housing properties in the Heartland of America. The firm manages $345+ million in assets across 3,600+ units and has distributed more than $45 million to investors since inception.

Q: What is Birgo Heartland Multifamily Fund V LP?
A: Birgo Heartland Multifamily Fund V LP (the "Fund" or "Fund V LP") is a real estate investment fund designed to provide institutional and family office investors exposure to workforce housing in the Heartland. The Fund seeks to build a well-diversified portfolio of multifamily properties, targeting both stabilized properties for reliable income and value-add opportunities for enhanced returns. The Fund aims to capitalize on Birgo's market expertise and operational efficiencies to generate strong, risk-adjusted returns.

Q: What is the Fund's strategy?
A: Fund V LP follows a dual-pronged strategy: (1) acquiring stabilized properties with strong in-place cash flow to provide steady distributions, and (2) selectively targeting underutilized assets with clear value-add potential through renovations and operational improvements. By leveraging Birgo's vertically integrated platform, the Fund enhances property performance through cost-effective management, strategic capex, and disciplined acquisitions in supply-constrained markets with strong fundamentals (e.g. Pittsburgh, Columbus, Cleveland, Indianapolis, Cincinnati, and Louisville). This approach balances downside protection with growth potential, allowing the Fund to navigate evolving market conditions while maximizing returns.

Q: Why is Birgo raising this fund right now?
A: As the market evolves, Birgo believes now is the right time to execute a more balanced strategy that allows us to have strategic flexibility to navigate investments that generate steady distributions and capitalize on value-add opportunities in markets with reduced competition and limited transaction volume.

Q: How does the Fund's strategy differ from previous Birgo funds?
A: Unlike previous funds focused solely on value-add or stabilized deals, Fund V builds a blended portfolio utilizing renovation and operational efficiency tactics that we've mastered over the past decade. Fund V LP also caters primarily to institutions and family offices, offering institutional-grade governance reporting and strategy execution.

Q: What makes this Fund unique compared to other competitive funds?
A: We believe this Fund is unique in the marketplace due to the combination of three factors:

1. ***Track record*** - 2025 is Birgo Capital's 10th year managing private funds! This is the opportune time to leverage our existing track record and launch with scale.

2. ***Exclusive access*** - Providing exposure to a diverse group of multifamily assets within our target markets is not common within the real estate investment landscape. We've essentially developed an index fund for Heartland multifamily, and provide exclusive access to this safe and reliable asset profile. Furthermore, our reputation as a buyer allows us to get first glances at deals from the brokerage and ownership community before they're widely marketed, a major competitive advantage in this industry!

3. ***Impact*** - In addition to strong financial returns, we're creating a "double bottom line" by providing clean, well-maintained housing and quality customer service to an often overlooked resident population, and addressing the societal shortfall of quality affordable housing.

Q: What are the risks to the Fund and how will Birgo mitigate them?
A: Like any real estate investment, Fund V LP is subject to market cycles, interest rate fluctuations, and operational risks. Birgo mitigates these risks through:

- **Acquiring below** replacement cost creating a built-in margin of safety that minimizes risk of capital loss in downturns. For value-add deals, we pay particular attention to the inclusion of capital expense costs in the interpretation of "replacement cost." This enables strong investor returns without relying on aggressive underwriting assumptions.
- **Disciplined underwriting and strategic leverage** prevents over-leverage and enhances flexibility (distributions, refinances, business plan pivots, etc.). Fund V targets 50-75% LTV/LTC and fixed-rate and floating-rate debt from agencies and banks as a function of deal specifics.
- **Proven operational efficiencies** with Birgo's in-house management and construction teams work to minimize costs and maximize tenant retention.
- **Strategic capital deployment** to maximize rent growth and property appreciation with a focus on overall fund level returns.
- **Diversified portfolio approach** by blending stabilized assets with select value-add projects we reduce reliance on any single deal in any single market.

Q: What is the term of the Fund?
A: 7-years, starting in June 2025.

Q: How much capital is Birgo raising for this fund?
A: $100 million, scalable to $150 million.

Q: Has the Fund already acquired some properties?
A: No, the Fund has not acquired any properties at this point. However, the Fund has pre-identified approximately $30m worth of acquisitions that it is currently pursuing.

Q: Who is the Birgo team that oversees and manages the Fund's portfolio?
A: Birgo's 100+ team members oversee acquisitions, asset management, investor relations, marketing, accounting, operations (property management, maintenance, and leasing), and human resources. The founding team has managed all Birgo funds since inception.

Economics

Q: What is the total target return for the Fund?
A: Annualized net internal rate of return (IRR) of 13% to 16% per year net multiple on invested capital of 2.3x to 2.9x within the 7-year intended fund life, along with 5% to 7% cash distributions annualized upon stabilization.

Q: Will the Fund make quarterly distributions?
A: Yes, commencing 12 months from inception.

Q: How does the Fund's manager make money?
A: In addition to a base 2% annual asset management fee, the Fund's manager is compensated through an incentive allocation (explained below) tied to the Fund's performance. Its affiliates also receive property management fees, brokerage fees, and other operational fees for the ongoing servicing and management of the portfolio.

Q: How is the incentive allocation calculated?
A: First, the preferred return amount of 8% goes to the investors. For everything above the preferred return, the returns are allocated 80% to the investors and 20% to the manager, subject to an incentive "catch up."

Q: What is the incentive "catch up"?
A: After the preferred return is met, 100% of profit will be allocated to the Fund manager until it has received 20% of the Fund's total annual returns. Thereafter, profit is allocated according to the 80/20 split, with 80% going to the investors and 20% going to the manager.

Q: How much capital are the principals investing in the Fund?
A: Birgo's principals have collectively committed to investing $5,000,000 into the Fund.

Q: Do the principals personally guarantee the Fund's mortgages?
A: Yes, the principals do regularly personally guarantee the Fund's recourse mortgages, which allows the Fund to obtain the most competitive lending terms available in the marketplace and strongly aligns the incentives of the investors and the manager.

Investor Experience

Q: Can I invest through an LLC, LP, or trust?
A: Yes. Investors can invest as an individual, through an LLC, trust, partnership, or whichever vehicle they prefer, subject to owner and investor requirements.

Q: How will I be kept up-to-date on my investment?
A: Quarterly updates on Fund activity are distributed via email, financial statements are posted to the investor portal, and all investors are encouraged to attend the annual investor meeting. Additionally, our investor relations team is happy to discuss the status of the Fund with you at any time. They can be reached at InvestorRelations@birgo.com.

Q: Is there a place where I can log in to see information on the Fund and my investment?
A: Birgo utilizes AppFolio Investment Manager as its portal for investors, and this fund will be administered through that portal. This contains all historical legal documents, quarterly reports, tax documents, and contribution/distribution history, as well as details on the properties within the portfolio.

Q: Will my commitment be called upfront or drawn down over time?
A: Commitments to this fund are generally funded upfront, with the exception of investments over $5 million, which may be called over an 18- to 24-month period.

Q: How often will I receive distributions?
A: We expect that the Fund will pay quarterly distributions, after approximately 12 months from inception, typically one month following the quarter-end. So, distributions are paid at the end of January, April, July, and October.

Q: When should I expect to receive my principal back?
A: Distributions of principal will come when the Fund either sells or refinances a property. The Fund will likely start to experience liquidity events approximately halfway through its life, and these will continue intermittently through Fund termination.

Q: Are there tax benefits to investing in the Fund?
A: Significant tax benefits are anticipated for domestic, US investors. Generally, investors can expect to experience tax losses through depreciation in the early years of the Fund. When properties are sold, we expect to generate long-term capital gains.

Q: Does the fund have a third-party CPA firm review its financial statements?
A: Yes, the Fund's financial statements are reviewed annually by a nationally-recognized CPA firm.

Q: Will I receive a K-1? If so, when can I expect to receive the K-1 each year?
A: Yes, all investors will receive a K-1. Our goal is to issue K-1s by March 15th of each year.