



**KOVITZ**  
DIVERSIFIED REAL ESTATE FUND

Guided by value.



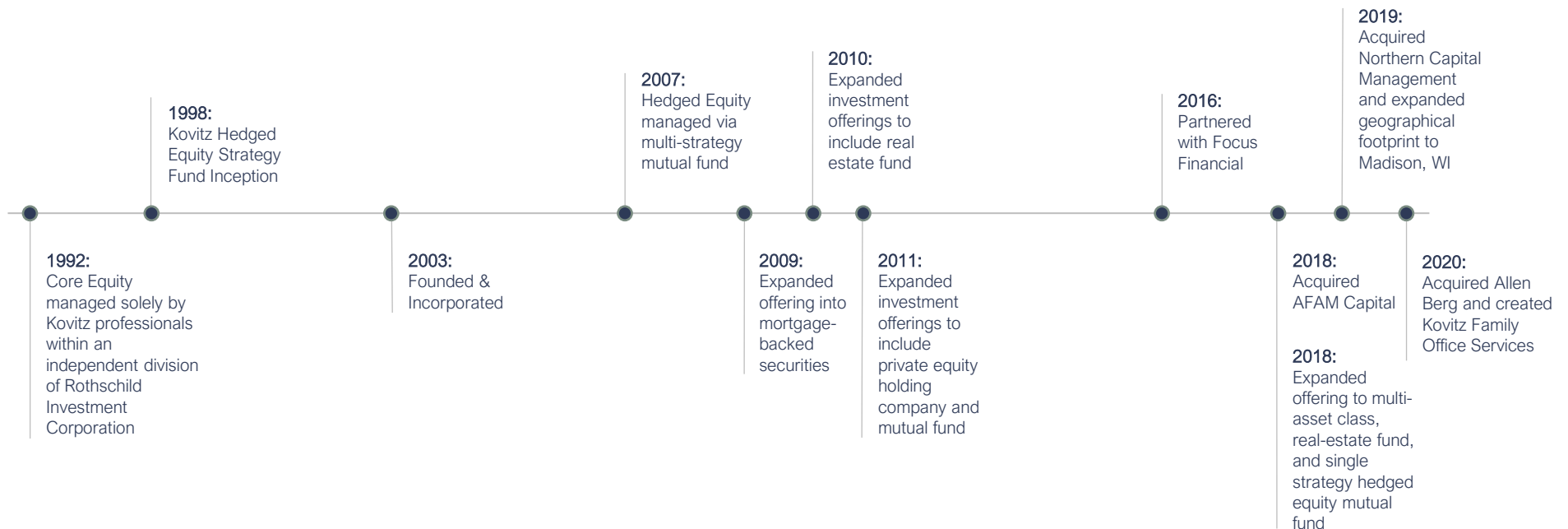
## KOVITZ DIVERSIFIED REAL ESTATE FUND

- ◆ Kovitz Diversified Real Estate Fund, LLC (“KRE” or the “Fund”) seeks attractive risk-adjusted returns from direct investment in high-quality commercial real estate.
- ◆ The Fund’s management includes the real estate expertise of Hill Capital Group LLC (“AHC”), which has a robust understanding of real estate operations, including municipal entitlements, construction, leasing and asset management.
- ◆ The Fund has identified multiple Operating Partners with extensive experience and successful track records and has engaged them (typically in joint ventures) to invest in specific properties. The activities of the Operating Partners and all other investment activities of the Fund are overseen by the Fund’s Investment Committee.
- ◆ The Fund seeks to create a diversified portfolio across the risk/reward spectrum, with exposure to major U.S. real estate sectors, including multifamily, industrial, retail, office, and on an opportunistic basis, to niche sectors such as self storage, student housing or assisted living.
- ◆ The Fund targets current yields of 5%, and total annualized returns from income and capital appreciation of 12-15%, net of Fund expenses, management fees and compensation to Operating Partners and after an initial multi-year ramp-up period as the Fund deploys capital and properties stabilize operations.



## KOVITZ

We provide high-net-worth individuals, institutions and financial professionals with sound asset management and advisory strategies. We focus on long-term investment solutions, backed by our own stringent research.





## REAL ESTATE INVESTING

Kovitz launched its first private real estate fund in 2010 alongside partner Venture One Real Estate, LLC. In 2019, Kovitz expanded its real estate offerings by launching the Kovitz Diversified Real Estate Fund (KRE).

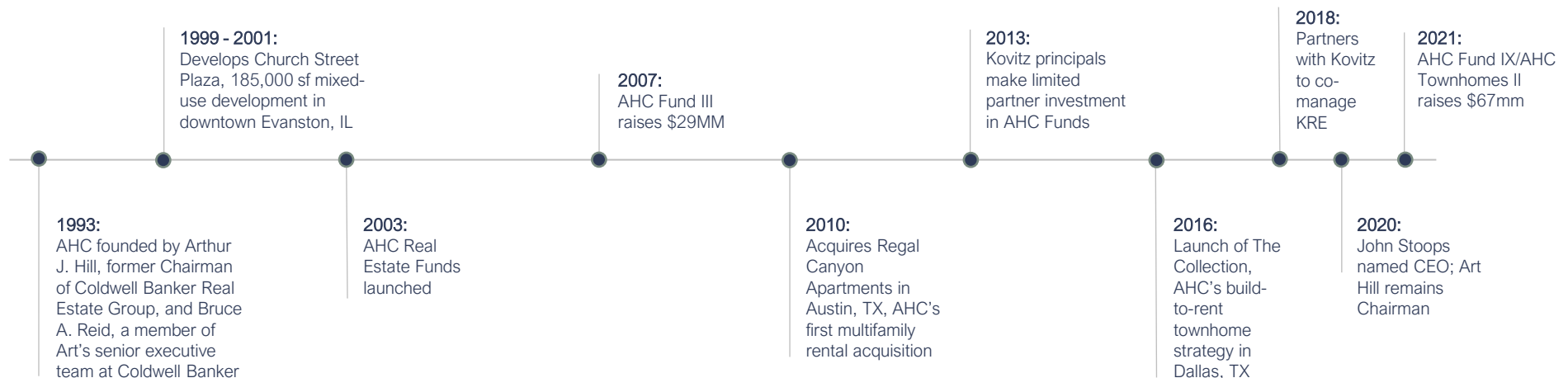
- ◆ VK Industrial VI, launched 2022, raised more than \$250 million<sup>1</sup> in capital
- ◆ KRE, launched 2019, raised more than \$90 million in capital since launch
- ◆ VK Industrial V, launched 2019, raised more than \$113 million<sup>1</sup> in capital
- ◆ VK Industrial IV, launched 2017, raised more than \$76 million in capital
- ◆ VK Industrial III, launched 2015, raised more than \$47 million in capital
- ◆ VK Industrial II, launched 2013, raised more than \$24 million in capital
- ◆ VK Industrial I, launched 2010, raised more than \$22 million in capital

1. VK Industrial V and VK Industrial VI capital raise amounts include KRE commitments of \$10 million and \$15 million, respectively.



## HILL CAPITAL GROUP LLC – AHC FUNDS

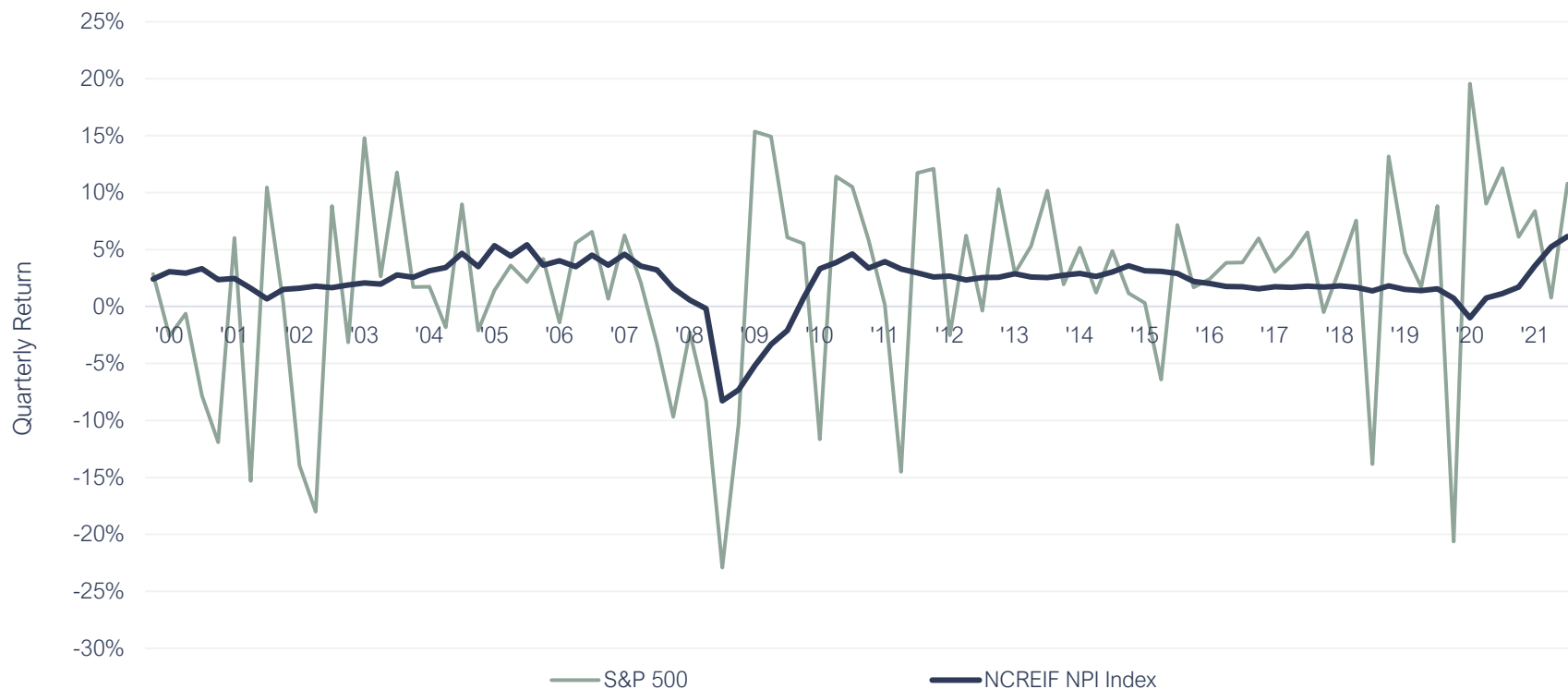
Since 2003, Hill Capital Group LLC and its predecessor entities (collectively, “AHC” or “AHC Funds”) have sponsored and managed a family of private equity real estate funds with a mission to provide high-net worth individuals and families access to direct investment in high-quality commercial real estate. AHC has made over \$1 billion in real estate investments and has compiled an impressive track record of over twenty realized investments across retail, office and multifamily sectors.





## QUARTER-TO-QUARTER, S&amp;P 500 VS. COMMERCIAL REAL ESTATE

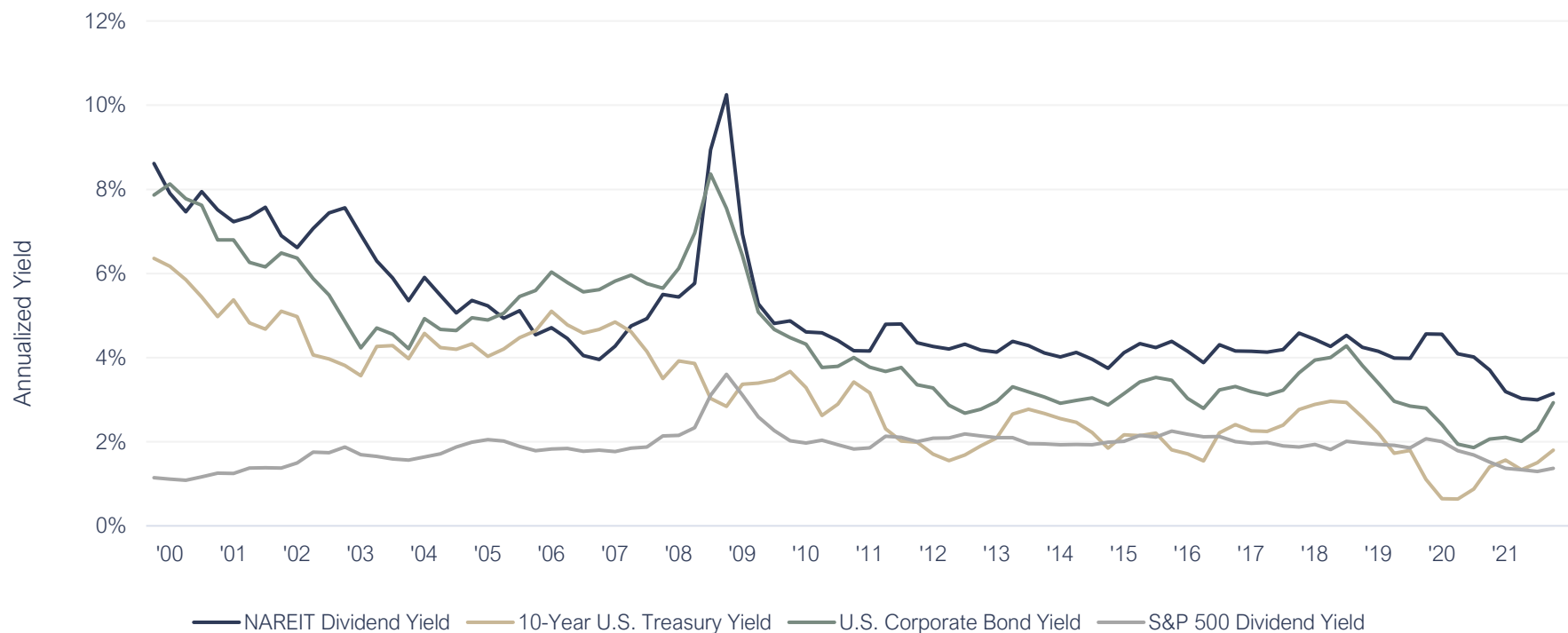
Real estate has offered equity-like returns with less volatility than public equities, as well as protection from inflation.





## ANNUAL YIELD BY INVESTMENT TYPE

Typical yields from high-quality real estate have generally been superior to dividend yields from public equities and were similar to investment-grade corporate bonds, but unlike most bonds or U.S. Treasuries, there is potential for revenue growth by increasing rents. For this reason, real estate can help provide important inflation protection that bonds and cash equivalents may not.





## KEY DIFFERENTIATORS

### SINGLE VEHICLE

The perpetual nature of the Fund and active reallocation among real estate sectors and Operating Partners allows investors to have one investment providing diversified exposure to commercial real estate and an ability to invest more or less in the Fund as personal financial goals change.

### DIVERSIFIED PORTFOLIO

Most real estate managers specialize in particular real estate sectors. KRE provides investors with exposure to major, and some niche, commercial real estate sectors across the risk/reward spectrum through one investment vehicle.

### DIRECT INVESTMENT

Direct investments in specific properties alongside Operating Partners allows for transparency and a close connection to underlying cashflows of the properties to directly align with the Fund's goals and insulate investors from the daily volatility of public equity markets.

### EXPERTISE

The Fund's Investment Committee carefully considers investment opportunities and rigorously vets our real estate Operating Partners to select top-tier professionals within the industry. This process takes extensive time, financial resources, and due diligence, affording individual investors an institutional approach to real estate investing.



## INVESTMENT STRATEGY

### COMMITMENT TO INTRINSIC VALUE

Pursue acquisition opportunities primarily with a “value-add” component which allows the Fund to be compensated with material upside for implementing good decisions, yet still provides downside protection if value-add component proves unsuccessful.

### EXTENSIVE INDUSTRY EXPERIENCE

Leverage a large network of relationships across multiple real estate asset classes. Experienced Operating Partners with extensive real estate investment experience and successful track records will identify and pursue off-market, limited market, or broken market deals.

### IDENTIFY UNIQUE BUYING OPPORTUNITIES

Invest in select markets. Many of the best investment opportunities in today’s market are deals in the \$5-50 million size range, i.e., below the investment radar of major institutional investors but in larger amounts than most individual investors can comfortably invest, as they may have difficulty obtaining capital and accessing debt financing necessary to generate desirable returns.



## RISK PROFILE AND RETURN EXPECTATIONS

		Typical Target Levered Annualized Return	General Description
<div>Lower</div> <div>Risk</div> <div>Return</div> <div>Higher</div>	Core	6-8%	<ul style="list-style-type: none"><li>◆ Long-term hold, “generational” assets</li><li>◆ Very well-located, often newer construction property in major MSA</li><li>◆ Stable rent roll with creditworthy tenant base, limited near-term tenant rollover</li><li>◆ Predictable current income yield</li></ul>
	Core-Plus	9-11%	<ul style="list-style-type: none"><li>◆ High-quality properties that require some capital investment, leasing or operational improvements to attract institutional core buyers</li><li>◆ Well-located with stable current income yield and potential for some capital appreciation if the asset can be improved to core-quality</li></ul>
	Value-Add	12-16%	<ul style="list-style-type: none"><li>◆ Properties that require significant capital investment, leasing, operational or management improvements</li><li>◆ Often purchased from a capital-constrained or non-strategic seller</li><li>◆ Usually involves repositioning work, such as unit renovations, re-tenanting with substantial vacancy, structural modifications, and re-branding</li><li>◆ Opportunity for significant growth in net operating income and capital appreciation, but in-place revenue at acquisition is typically sufficient to cover operating expenses</li></ul>
	Opportunistic	17%+	<ul style="list-style-type: none"><li>◆ High-risk/high-return, typically shorter target hold periods</li><li>◆ Properties with redevelopment or repositioning strategies that often present significant vacancy and leasing risk</li><li>◆ Ground-up development on well-located sites with compelling investment theses</li><li>◆ Potential for exit by selling to the institutional market</li><li>◆ Low or zero current yield at acquisition, most total investment return is deferred until stabilization or sale</li></ul>



## FUND OPERATING PARTNERS

The Fund seeks to identify multiple Operating Partners with extensive experience and successful track records and engage them, typically in joint ventures, to invest in specific properties. Kovitz has identified and partnered with the following top tier Operating Partners:

AHC ▲ FUNDS  
PRIVATE EQUITY REAL ESTATE

 VentureOne

Sherman   
RESIDENTIAL

 OAK  
REALTY GROUP, INC.

 29<sup>th</sup>  
Street Capital  
Real Estate Investments



SGP | STRATEGIC  
GOVERNMENT  
PROPERTIES

HBP  
HOMEBASE PARTNERS

 WATERTON

MC  
MARBLE CAPITAL

 ORIGIN  
INVESTMENTS

 winterpast  
CAPITAL PARTNERS



## SELECTED OPERATING PARTNER PROFILES

### AHC Funds

YEAR FOUNDED  
1993

ASSET CLASS  
Multifamily, Retail, Office

GEOGRAPHY  
Nationwide

CUMULATIVE INVESTMENTS  
Approximately \$1.0 Billion

Hill Capital Group LLC (AHC) manages AHC Funds, a family of private equity real estate funds with a mission to provide high-net worth individuals and families with access to direct investment quality income properties.

### Venture One

YEAR FOUNDED  
2000

ASSET CLASS  
Industrial

GEOGRAPHY  
Nationwide

CUMULATIVE INVESTMENTS  
Approximately \$2.9 Billion

Venture One Real Estate is a real estate private equity fund manager, developer and operating company specializing in the industrial property sector. Headquartered in Chicago, Venture One manages a series of discretionary value-add investment funds that target opportunities in the Chicagoland area and in the Northeast (Pennsylvania, New Jersey, New York).

### Sherman

YEAR FOUNDED  
1992

ASSET CLASS  
Multifamily

GEOGRAPHY  
Nationwide

CUMULATIVE INVESTMENTS  
Approximately \$2.0 Billion

Sherman Residential, a division of Benj. E. Sherman & Son's Inc. (BES), is a Chicago-based real estate firm that focuses on apartment ownership and commercial real estate transactions.

### Waterton

YEAR FOUNDED  
1995

ASSET CLASS  
Multifamily, Hospitality

GEOGRAPHY  
Nationwide

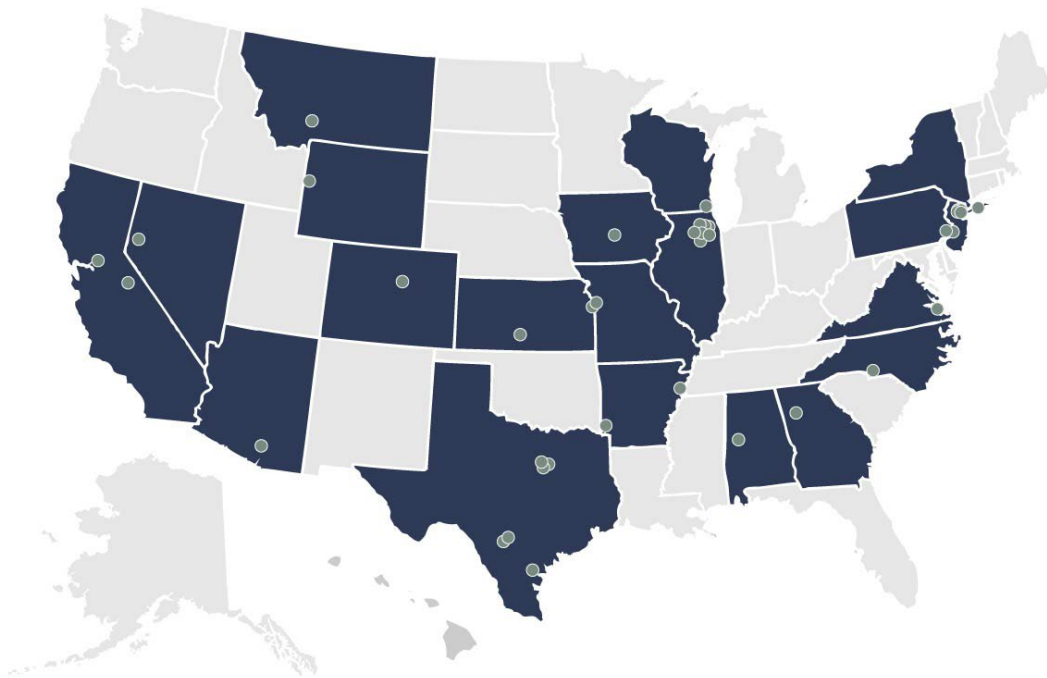
CUMULATIVE INVESTMENTS  
Approximately \$9.0 Billion

Waterton is a real estate investment and property management company headquartered in Chicago with a focus on U.S. multifamily, senior living and hospitality properties.

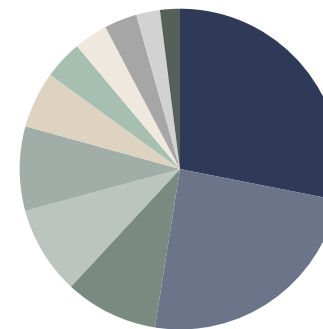


## CURRENT FUND HOLDINGS

As of December 31, 2021

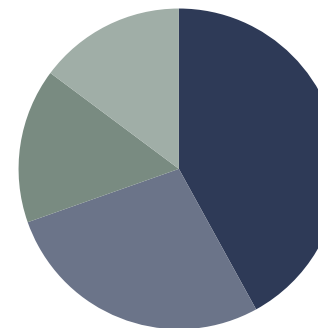


ASSET CLASS



- Multifamily, 28.1%
- Industrial, 24.4%
- Preferred Equity, 9.4%
- Multifamily Development, 8.9%
- Office, 8.5%
- Senior Living, 5.7%
- Senior, Multifamily & Student Living Development, 3.9%
- Student Housing, 3.4%
- Hospitality, 3.3%
- Real Estate Credit, 2.4%
- Hospitality Development, 2.0%

RISK PROFILES



- Value-Add, 42.0%
- Core-Plus, 27.6%
- Core, 15.6%
- Opportunistic, 14.8%



## SUMMARY OF FUND INVESTMENTS AS OF DECEMBER 31, 2021

Investment	Type	Commitment	Initial Funding Date	Funded Amount December 31, 2021 (net of return of capital)	Net Asset Value December 31, 2021	Unrealized Gain (Loss) December 31, 2021
Sherman Real Estate Fund XIII	Multifamily	\$7,500,000	Oct-18	\$4,418,205	\$6,098,008	\$1,679,802
AHC Fox Point	Multifamily	2,200,000	Apr-19	2,050,000	4,420,613	2,370,613
AHC Garland Road	Multifamily (development)	2,500,000	Apr-19	2,500,000	2,500,000	-
CA Ventures GP Fund I	Senior, Multifamily & Student Living (development)	2,000,000	Sep-19	2,000,000	2,025,847	25,847
VK Industrial V Fund	Industrial	10,000,000	Oct-19	10,000,000	12,851,813	2,851,813
AC Hotel Bozeman	Hospitality (development)	2,000,000	Dec-19	2,000,000	2,000,000	-
Oak Realty: Howard O'Hare	Flex Office Industrial	1,900,000	Jan-20	1,900,000	3,352,342	1,452,342
AHC McCormick	Multifamily	1,050,000	Feb-20	1,050,000	1,456,889	406,889
Waterton: The Virginian	Preferred Equity/Hospitality	3,000,000	Aug-20	3,000,000	3,500,821	500,821
29th SC: Lake House Martins Landing	Multifamily	2,500,000	Sep-20	2,065,000	2,374,160	309,160
Strategic Gov't Properties: Arkansas	Office	2,000,000	Sep-20	1,679,144	1,983,866	304,721
29th SC: Amber Park & Davenport	Multifamily	2,400,000	Oct-20	2,400,000	2,798,546	398,546
AHC Townhomes Collection: Dallas	Multifamily (development)	5,000,000	Dec-20	5,000,000	5,000,000	-
Marble Capital Fund III	Preferred Equity	5,000,000	Jan-21	2,742,794	2,742,794	-
Strategic Gov't Properties: Virginia	Office	2,500,000	Jan-21	2,472,767	2,472,767	-
AHC Treehouse	Multifamily	2,000,000	Feb-21	2,000,000	3,079,347	1,079,347

Continued

Net Asset Values of the Fund's investments were determined as of December 31, 2021. The values are net of Operating Partners' fees at the investment level where such fees have been accrued by the Operating Partner and/or are ascertainable. The Fund's management fee is charged at the Fund level and is not reflected in the values of the individual investments. The Manager has established a methodology for determining the value of each investment of the Fund that employs a combination of engaging independent valuation providers to prepare valuations and provide advice, preparing internal valuations using inputs provided by Operating Partners and valuation providers, and relying on independent third-party appraisals. Investments in development projects and recent investments are carried at the cost of the investment.

Please see Appendix for additional disclosures.



## SUMMARY OF FUND INVESTMENTS AS OF DECEMBER 31, 2021 (CONTINUED)

Investment	Type	Commitment	Initial Funding Date	Funded Amount December 31, 2021 (net of return of capital)	Net Asset Value December 31, 2021	Unrealized Gain (Loss) December 31, 2021
29th SC: Avail Modern Living (f/k/a Parq at Iliff Station)	Multifamily	2,200,000	May-21	2,105,741	2,306,910	201,169
AHC Ankeny	Multifamily	2,000,000	Aug-21	2,000,000	2,000,000	-
Canyon Gate Investors	Multifamily (development)	4,000,000	Aug-21	4,000,000	4,000,000	-
Winterpast: WCP KRE LLC	Senior Living	2,000,000	Aug-21	767,081	767,081	-
Winterpast: WCP Pine Valley	Senior Living	3,879,526	Oct-21	3,483,055	3,483,055	-
Waterton: Sierra Nevada Resort & Spa	Preferred Equity/Hospitality	2,358,320	Nov-21	2,358,320	2,358,320	-
Strategic Gov't Properties: State of Texas Health and Human Services	Office	2,650,000	Dec-21	2,650,000	2,650,000	-
AHC Fitzhugh	Multifamily	2,000,000	Dec-21	2,000,000	2,000,000	-
AHC Canyon Flats	Student Housing	3,500,000	Dec-21	3,500,000	3,500,000	-
AHC Hedrick	Multifamily	3,500,000	Dec-21	3,500,000	3,500,000	-
AHC Townhomes Collection: Charlotte	Multifamily (development)	3,000,000	Dec-21	1,750,000	1,750,000	-
Origin Multifamily Credit Fund	Real Estate Credit	2,500,000	Jan-22 <sup>1</sup>	-	-	-
CA Ventures GP Fund III	Senior, Multifamily & Student Living (development)	2,000,000	Jan-22 <sup>1</sup>	-	-	-
VK Industrial VI Fund	Industrial	15,000,000	Jan-22 <sup>1</sup>	-	-	-
<b>Total</b>		<b>\$104,137,846</b>		<b>\$75,392,108</b>	<b>\$86,973,178</b>	<b>\$11,581,070</b>

1. Summary of Fund Investments as of December 31, 2021 includes commitments made prior to year end that were not yet funded prior to year end.

Net Asset Values of the Fund's investments were determined as of December 31, 2021. The values are net of Operating Partners' fees at the investment level where such fees have been accrued by the Operating Partner and/or are ascertainable. The Fund's management fee is charged at the Fund level and is not reflected in the values of the individual investments. The Manager has established a methodology for determining the value of each investment of the Fund that employs a combination of engaging independent valuation providers to prepare valuations and provide advice, preparing internal valuations using inputs provided by Operating Partners and valuation providers, and relying on independent third-party appraisals. Investments in development projects and recent investments are carried at the cost of the investment.

Please see Appendix for additional disclosures.



## SUMMARY OF REALIZED FUND INVESTMENTS AS OF MARCH 31, 2022

Investment	Initial Funding Date	Sale Date	Holding Period	Total Invested Capital	Total Cash Proceeds	Realized Gain on Sale	Net MOIC <sup>1</sup>	Net IRR <sup>2</sup>
AHC White Rock	Jan-19	Sep-21	2.7 years	\$3,000,000	\$5,369,021	\$2,305,045	1.79	24.9%
Strategic Gov't Properties: Arkansas <sup>3</sup>	Sep-20	Mar-22	1.5 years	2,000,000	2,394,610	193,634	1.20	14.1%
Oak Realty: Howard O'Hare <sup>4</sup>	Jan-20	Mar-22	2.2 years	1,900,000	3,743,000	1,432,411	1.97	39.3%
Total				\$6,900,000	\$11,506,631	\$3,931,090		

1. MOIC represents the multiple (i.e., return) on invested capital. Net MOIC is calculated by dividing the investment's cumulative realized and unrealized value by the total dollar amount of capital invested by the Fund. Cumulative realized value represents all cash distributions received by the Fund through the period end date. Unrealized value represents any cash distributions, known or reasonably estimable, not yet received by the Fund as of the period end date. Net MOIC is presented net of performance and management fees charged by the Fund's operating partner for the applicable investment. Because Net MOIC represents the return on the Fund's invested capital in the applicable investment, it is not adjusted for fees and expenses of the Fund.

2. IRR represents the internal rate of return of an investment. IRR is a time-weighted average expressed as a percentage. The IRR of an investment is the discount rate at which the net present value of costs (negative cash flows) of the investment equals the net present value of the benefits (positive cash flows, including realization proceeds) of the investment. Negative cash flows of the applicable investment include contributed capital to the investment by the Fund and rely on the date the amount was paid by the Fund. Positive cash flows include distributions received by the Fund from the investment and rely on the date the amount was received by the Fund. Net IRR is presented net of performance and management fees charged by the Fund's operating partner for the applicable investment.

3. The sale of Strategic Gov't Properties: Arkansas occurred on March 9, 2022. Final distributions to the Fund and used in the calculations above are based on estimates provided by the Operating Partner.

4. The sale of Oak Realty: Howard O'Hare occurred on March 30, 2022. Final distributions to the Fund and used in the calculations above are based on estimates provided by the Operating Partner.

Summary of Realized Fund Investments does not include the underlying properties held by closed-end pooled investment funds. The Manager considers a closed-end pooled investment fund to be a single investment and will include it in the Summary of Realized Investments when all of the underlying investments have been sold and all cash distributions to the Fund have been received or are estimable.

Please see Appendix for additional disclosures.



## FUND PERFORMANCE AND NET ASSET VALUE (NAV) SUMMARY

	2019 (in millions)	2020 (in millions)	2021 (in millions)	Inception- to-Date (in millions)
Beginning NAV <sup>1</sup>	\$0.0	\$15.0	\$50.4	\$0.0
Investor Contributions	15.0	34.9	35.3	85.2
Investor Distributions	0.0	(1.0)	(2.8)	(3.8)
Reinvested Distributions	0.0	0.3	0.9	1.2
Net Profit <sup>2</sup>	0.0	1.2	11.6	12.8
Ending NAV <sup>1</sup>	\$15.0	\$50.4	\$95.4	\$95.4
Net IRR <sup>3</sup>	12.6%			
Net MOIC <sup>4</sup>	1.15x			

1. NAV represents the net assets of the Fund and includes investments, cash, and other assets and liabilities of the Fund as of the applicable period end. Net Asset Values of the Fund's investments were determined as of December 31, 2021. The values are net of Operating Partners' fees at the investment level where such fees have been accrued by the Operating Partner and/or are ascertainable. The Manager has established a methodology for determining the value of each investment of the Fund that employs a combination of engaging independent valuation providers to prepare valuations and provide advice, preparing internal valuations using inputs provided by Operating Partners and valuation providers, and relying on independent third-party appraisals. Investments in development projects and recent investments are carried at the cost of the investment.

2. Net Profit is comprised of realized and unrealized gains and losses and income distributions from the Fund's investments, and is reduced by the Fund's fees and expenses, including management fees charged by the Manager and performance and management fees charged by the Fund's operating partners.

3. IRR represents the internal rate of return of an investment. IRR is a time-weighted average expressed as a percentage. The IRR of an investment is the discount rate at which the net present value of costs (negative cash flows) of the investment equals the net present value of the benefits (positive cash flows, including realization proceeds) of the investment. Negative cash flows of the Fund include contributed capital and reinvested distributions and rely on the call due date and distribution notice date, respectively. Positive cash flows of the Fund include distributions and the period end net asset value and rely on the distribution notice date and period end date, respectively. Net IRR is presented net of fees and expenses of the Fund and performance and management fees charged by the Fund's operating partners.

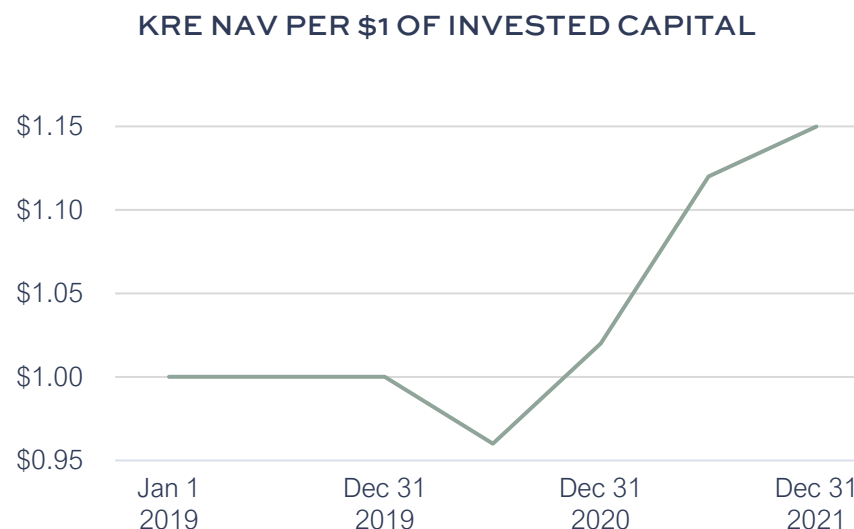
4. MOIC represents the multiple (i.e., return) on invested capital. Net MOIC is calculated by dividing the Fund's cumulative realized and unrealized value by the total dollar amount of capital invested by the Fund's investors. Cumulative realized value represents distributions paid (gross of reinvested distributions) to the Fund's investors through the period end date. Unrealized value represents the Net Asset Value of the Fund as of the period end date. Net MOIC is presented net of fees and expenses of the Fund and performance and management fees charged by the Fund's operating partners.

Please see Appendix for additional disclosures.



## KRE INVESTED CAPITAL &amp; NET ASSET VALUE (NAV)

Semi-Annual Period End	Invested Capital <sup>1</sup> (in millions)	NAV <sup>2</sup> (in millions)	NAV per \$1 of Invested Capital
1/1/2019	\$5.9	\$5.9	\$1.00
6/30/2019	\$7.5	\$7.5	\$1.00
12/31/2019	\$15.0	\$15.0	\$1.00
6/30/2020	\$24.7	\$23.6	\$0.96
12/31/2020	\$49.2	\$50.4	\$1.02
6/30/2021	\$56.2	\$62.8	\$1.12
12/31/2021	\$82.6	\$95.4	\$1.15



1. Invested Capital represents the net capital commitments funded by the Fund's investors and includes all contribution and distribution activity through the applicable period end.

2. NAV represents the net assets of the Fund and includes investments, cash, and other assets and liabilities of the Fund as of the applicable period end. Net Asset Values of the Fund's investments were determined as of December 31, 2021. The values are net of Operating Partners' fees at the investment level where such fees have been accrued by the Operating Partner and/or are ascertainable. The Manager has established a methodology for determining the value of each investment of the Fund that employs a combination of engaging independent valuation providers to prepare valuations and provide advice, preparing internal valuations using inputs provided by Operating Partners and valuation providers, and relying on independent third-party appraisals. Investments in development projects and recent investments are carried at the cost of the investment.

As an investment in private equity real estate, KRE's capital appreciation (which drives NAV) is not expected to be immediate or linear. At times there may be a lack of reported capital appreciation as stabilized revenue generation catches up to upfront acquisition, diligence, and fee cash expenditures, including, for example, in connection with development projects or major capital improvements.

Please see Appendix for additional disclosures.



## SELECTED FUND HOLDINGS



**Doverhouse**  
Dallas, Texas

AHC FUNDS – MULTIFAMILY  
219 UNITS



**116 Lehigh Drive**  
Fairfield, New Jersey

VENTURE ONE – INDUSTRIAL  
107,107 SF



**The Virginian**  
Jackson, Wyoming

WATERTON – HOSPITALITY  
170 ROOMS / 103 RV STALLS



**Pine Valley**  
Tuscaloosa, Alabama

WINTERPAST CAPITAL  
PARTNERS/VITALITY – SENIOR  
LIVING  
113 UNITS



**Lake House at Martins Landing**  
Roswell, Georgia (Atlanta MSA)

29<sup>TH</sup> STREET CAPITAL –  
MULTIFAMILY  
300 UNITS



**Marriott AC Hotel Bozeman**  
Bozeman, Montana

HOMEbase – HOSPITALITY  
(DEVELOPMENT)  
143 ROOMS



## CASE STUDY

### AHC: THE COLLECTION

#### BUILT-TO-RENT INVESTMENT THESIS

- ◆ In 2016, AHC launched a strategy to build a portfolio of condo-quality rental townhomes in the Knox-Henderson and Lower Greenville submarkets of Dallas
- ◆ The luxury townhomes are designed to appeal to professional Millennials and offer convenient access to work, restaurants, and night life, without the financial commitment of ownership or density of large apartment complexes
- ◆ The product type has fared exceptionally well during COVID-19, as more square footage, direct unit access, dedicated workspace, and private outdoor space have become highly desirable features
- ◆ AHC acquired, developed, leased and stabilized a portfolio of 186 townhomes in Dallas, branded The Collection, in their earlier vintage AHC Funds
- ◆ In-place rents at The Collection are outperforming pro forma by over 20%





## CASE STUDY

### AHC: THE COLLECTION

#### THE COLLECTION II, DALLAS

- ◆ AHC has acquired 30 existing townhomes and six development sites sufficient to build an additional 132 townhomes in the same submarket
- ◆ AHC will leverage its existing Dallas-based management infrastructure of seven employees to develop, lease and manage The Collection II
- ◆ Upon stabilization, AHC projects attractive cash-on-cash returns exceeding 8% annualized
- ◆ KRE has invested \$5 million



#### THE COLLECTION, CHARLOTTE

- ◆ Building upon the success of The Collection Dallas, AHC is expanding its luxury townhome strategy to Charlotte, in two target submarkets
- ◆ AHC owns three development sites sufficient to build 83 townhomes and three additional development sites under contract sufficient for approximately 105 additional townhomes
- ◆ KRE has invested \$3 million





## CASE STUDY

### AHC: THE COLLECTION

● THE COLLECTION I

● THE COLLECTION II



Lindell (10 units)



Hudson (8 units)



Live Oak (28 units)



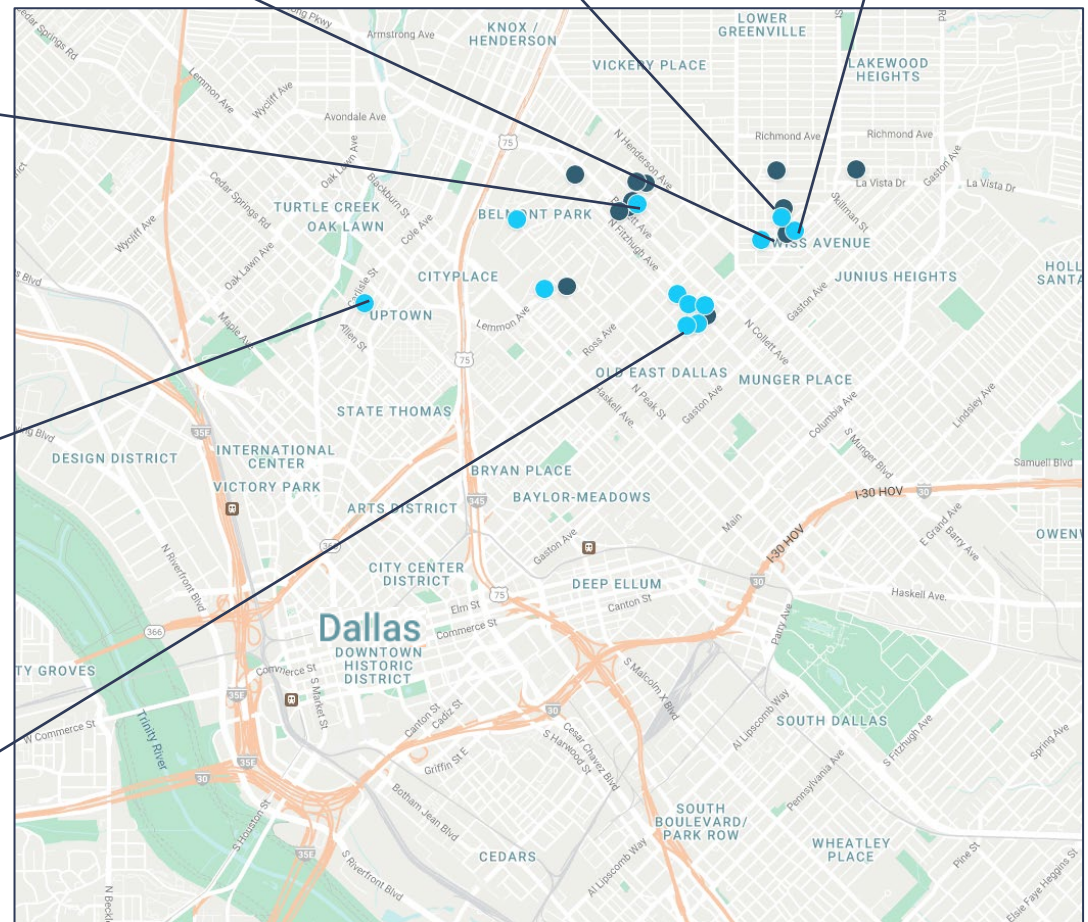
Garrett (6 units)



Cole (22 units)



Bryan (31 units)



The investment case studies referenced above are for informational purposes only and to illustrate our investment process. Statements made reflect our current opinions and are subject to change. All information is considered reliably sourced, but no representation is made that it is accurate or complete and should not be relied upon as such. This information is subject to change without notice at any time, based on the market and other conditions. Please see Appendix for additional disclosures.



## CASE STUDY

### AHC: THE COLLECTION

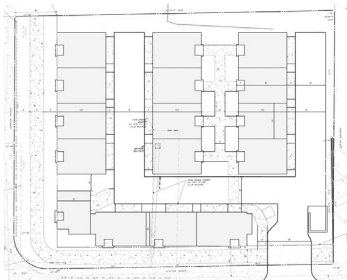
- THE COLLECTION CHARLOTTE, OWNED
- THE COLLECTION CHARLOTTE, UNDER CONTRACT



Matheson (29 units)



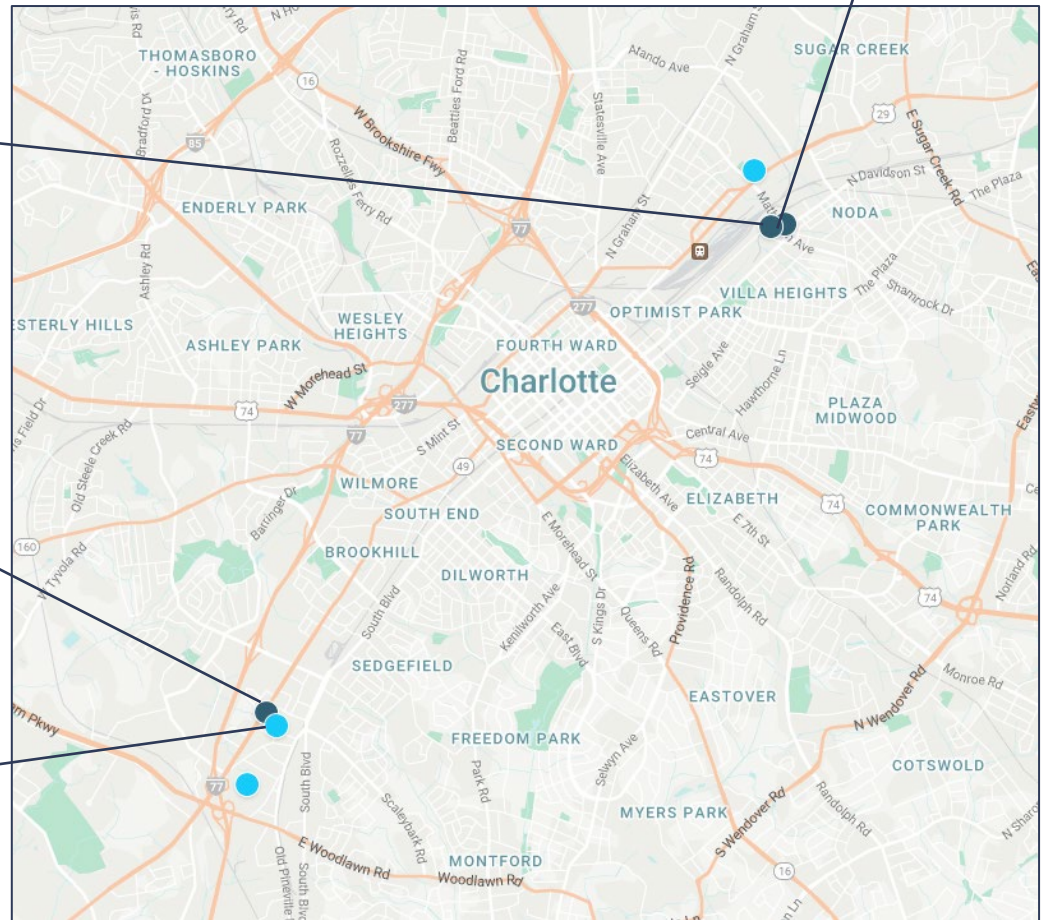
Charles (38 units)



Tryon (16 units)



Cama (36 units)



The investment case studies referenced above are for informational purposes only and to illustrate our investment process. Statements made reflect our current opinions and are subject to change. All information is considered reliably sourced, but no representation is made that it is accurate or complete and should not be relied upon as such. This information is subject to change without notice at any time, based on the market and other conditions. Please see Appendix for additional disclosures.



Summary of Key Terms	
Offering	Kovitz Diversified Real Estate Fund
Target Annual Return of Fund	12-15% (Net of Fees) <sup>1</sup>
Target Annual Cash Distributions	5% of Invested Capital (subject to available cash and sufficient reserves) <sup>1</sup>
Target Close	May 13, 2022
Minimum Investment	\$150,000 (a lesser amount will be allowed for existing KRE investors)
Capital Contributions	Capital will be called as needed
Fund Asset Management Fee <sup>2</sup>	2.5% per annum of Net Asset Value (NAV)
Term	Perpetual
Liquidity <sup>3</sup>	Semi-annual redemptions (subject to lock-up periods and available cash)

1. After an initial multiyear ramp-up period as the Fund deploys capital and operations of the Fund's investments stabilize.

2. The Fund does not charge performance fees, although Operating Partners shall charge performance and other fees, which shall be in addition to the management fee charged by the Fund.

3. Interests in the Fund are not redeemable on demand. Redemptions in all cases are subject to available cash as determined by the Manager in its sole discretion.

Please see Appendix for additional disclosures.



## Appendix



**Marc S. Brenner, JD, CPA**

**KOVITZ**  
PRINCIPAL, FOUNDER &  
VICE-CHAIRMAN  
PRESIDENT, KOVITZ REAL  
ESTATE



**John M. Stoops**

**HILL CAPITAL GROUP**  
PRINCIPAL, CHIEF  
EXECUTIVE OFFICER



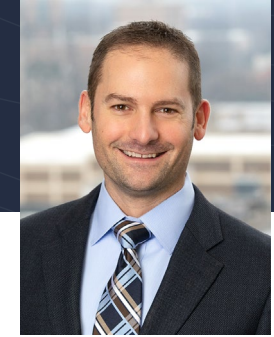
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GENERAL COUNSEL



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PRINCIPAL, CHIEF  
FINANCIAL OFFICER



**Thomas C. Zabor**

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PRINCIPAL



**Arthur J. Hill**

**HILL CAPITAL GROUP**  
CO-FOUNDER &  
CHAIRMAN



**Bruce A. Reid**

**HILL CAPITAL GROUP**  
CO-FOUNDER &  
VICE-CHAIRMAN



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**KOVITZ**  
PRINCIPAL & FOUNDER  
CO-CHIEF INVESTMENT  
OFFICER



**Roy Splanksy**

**VENTURE ONE**  
PRINCIPAL



## DISCLOSURES

The Fund is managed by KRE Manager, LLC (the “Manager”), a joint venture between Hill Capital Group LLC and Kovitz Investment Group Partners, LLC. The Manager is not registered with the SEC as an investment adviser. These materials are intended only for the person to whom they have been delivered and may not be reproduced or distributed to any other person. These materials do not constitute an offer to sell or a solicitation of an offer to purchase securities in any state or jurisdiction, but merely present an overview of the expected terms of the Fund. This document is not intended and should not be taken as any form of recommendation, or tax or investment advice and it is not intended to form the basis of any investment decision and does not purport to contain all the information that may be necessary or desirable to fully and accurately evaluate an investment in the Fund. Any offering of interests in the Fund will be made only pursuant to the Fund’s private placement memorandum, operating agreement and subscription documents (collectively, the “Offering Materials”). This document does not constitute a part of the Offering Materials. Recipients should conduct, and will be solely responsible for, their own investigation and analysis of an investment in the Fund and should consult their own professional advisors. Interests in the Fund may be acquired only by persons who meet certain specified suitability standards, as described in the Offering Materials. Past performance of prior funds or individual properties described in these materials may not be indicative of future results and it should not be assumed that investments in KRE or any individual property will be profitable or achieve the performance levels of prior funds or properties. **THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVE OR ITS TARGETED RATE OF RETURN ON ITS INVESTMENTS. THE FUND’S INVESTMENT PROGRAM WILL INVOLVE A SUBSTANTIAL DEGREE OF RISK, INCLUDING THE RISK OF COMPLETE LOSS.**

By accepting these materials, the recipient agrees to keep permanently confidential the information contained herein and made available in connection with any further investigation of the Fund or the Manager and to cause all of the recipient’s directors, officers, employees and advisors who have received such information to keep it permanently confidential. This presentation may not be photocopied, reproduced, or distributed to others, except for the recipient’s directors, officers, employees and advisors who have a need to know, at any time without the prior written consent of the Manager. Upon request, the recipient will promptly return or certify the destruction of all material received from the Manager without retaining any copies thereof. The recipient further agrees that the contents of this presentation are a trade secret, the disclosure of which is likely to cause substantial and irreparable competitive harm to the Manager and/or its investment vehicles and their respective affiliates.

These materials have been prepared for informational purposes only and upon the express understanding that it will be used for only the purposes set forth above. These materials are subject to change without notice. The Manager does not make any express or implied representation or warranty as to (i) the achievement or reasonableness of future projections, management targets, estimates, prospects or returns contained in this presentation, if any, or (ii) the accuracy or completeness of the information contained herein or made available in connection with any further investigation of the Fund. The Manager expressly disclaims any and all liability which may be based on such information, errors therein or omissions therefrom. Any third-party information contained herein was prepared by sources deemed to be reliable, but the accuracy of such information is not guaranteed.

The performance presented herein may have occurred during certain economic periods that were particularly favorable and may not repeat themselves. Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises, and similar “Act of God” events have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term and wide-spread effects on domestic and world economies and markets generally. Certain investments may have exposure to markets impacted by such events, which could result in material losses. We believe it is important to communicate the potential impact of COVID-19 on our investments. However, such assessments are subject to change and the actual impact of COVID-19 on any or all of these investments may differ materially from the information presented herein due to changes in events, conditions or circumstances on which any such assessments are based. As a result of the foregoing and other differences, the returns of the Fund and the its underlying investments may vary materially from the performance presented and may result in losses. The actual realized return on unrealized investments will depend on, among other factors, valuation of the investment at the time of disposition and the manner of sale. Certain statements contained in this document are forward-looking statements and are not guarantees of future performance and involve certain risks and uncertainties which are difficult to predict and certain assumptions that may be incomplete or erroneous. Actual events and outcomes may differ materially from what is expressed or forecasted in such forward-looking statements. Prior to investing, prospective investors should carefully review the risks associated with an investment in the Fund summarized in the Fund’s Offering Materials. Certain information herein constitutes hypothetical performance, which is for discussion purposes only. While the Manager believes the assumptions underlying such statements are currently reasonable, the recipient should note that such assumptions, including valuation, are inherently uncertain and subjective. All forward-looking statements and assumptions herein are only current as of the date hereof. The Manager expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based. No representation is being made that the Fund or its underlying investments will or are likely to achieve profits or losses similar to those presented herein. Hypothetical performance results have many inherent limitations. **PAST PERFORMANCE – ESPECIALLY HYPOTHETICAL PERFORMANCE – IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

The value of the Fund’s investments will be determined on a quarterly basis by or under the direction of the Manager. The value of each investment held by the Fund will be determined as of the last day of each calendar quarter by the Manager in its sole discretion. The Manager will establish and follow a methodology for determining the value of each investment of the Fund and may modify, alter, or improve the methodology from time to time in its sole discretion. As part of this process, the Fund will obtain independent third-party valuations or appraisals for the purpose of valuing the underlying real estate; however, the Fund will use its own internal real estate valuations from time to time. Unlike publicly traded securities, real estate assets generally cannot be marked to an established trading value. An appraisal or valuation is only an estimate of value and is not a precise measure of realizable value. Real estate valuations are subject to numerous assumptions and limitations. For any valuations prepared by the Fund, the Fund expects to utilize, with respect to most asset classes, the following methods: a discounted cash flow model in accordance with general industry standards, capitalization rates applicable in the relevant markets and comparable market transactions. However, ultimate realization of the market value of a real estate asset depends to a great extent on economic and other conditions beyond the control of the Manager and the Fund. Further, appraised or otherwise determined values do not necessarily represent the price at which a real estate investment would sell, since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller and any realization will involve transfer costs and depend on the manner of sale. As a result, if the Fund were to liquidate a particular investment, the realized value of the underlying real estate may be more or less than the appraised value or valuation of such asset.

The net asset value of any individual investment or the Fund as whole are estimates determined by the Manager using the methodology set forth herein as of the date presented and are subject to change. **Such valuations are net of Operating Partner’s fees at the investment level where such fees have been accrued by the Operating Partner and/or are ascertainable, including performance, property management and other fees payable to Operating Partners. These fees are addition to, and will not offset, the management fee payable by the Fund to the Manager. Such management fee is charged at the Fund level and is not reflected in the values of the Fund’s individual investments.**

The case studies presented herein have been selected from a larger portfolio and may not be indicative of the broader portfolio. The case studies presented herein are for informational purposes only and were selected based on providing examples of different types of transactions in different geographic locations and with different Operating Partners. Such case studies were not selected based on any performance-based criteria and there is no guarantee of future performance or suitability for investors. The case studies may be managed by different Operating Partners with different personnel.

The Fund will invest directly or indirectly primarily in real estate investments across the risk/reward spectrum which may include properties and projects that are undervalued, distressed or require unconventional financing to become viable. Such investments involve a high degree of business and financial risk that can result in substantial losses. Real estate investments are relatively illiquid and this may limit the Fund’s ability to vary its portfolio of investments in response to changes in economic and other conditions. An Operating Partner’s ability to obtain the leverage in the Fund’s investments on attractive terms will depend upon many factors, including market conditions and the prior performance. Leverage creates an opportunity for increased returns, but also creates more sensitivity to adverse financial developments or economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of the Fund’s investments. There can be no assurance that the use of leverage in the Fund’s investments will prove to be beneficial. As a result, the risk of loss associated with investments in leveraged assets is generally greater than for investments in assets with comparatively less debt.



## CONTACT US

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