



**KAYNE ANDERSON**

# **Kayne Anderson Real Estate Partners VII (“KAREP VII”)**

**1Q24**

**Nebraska Investment Council**

**June 2024**

This is a marketing communication for Professional Investors

**KAYNEANDERSON.COM | CONFIDENTIAL**

# Experience in Alternative Target Sectors Since 2007

Track record of focused investment in target real estate sectors: medical office, seniors housing, and student/multifamily housing



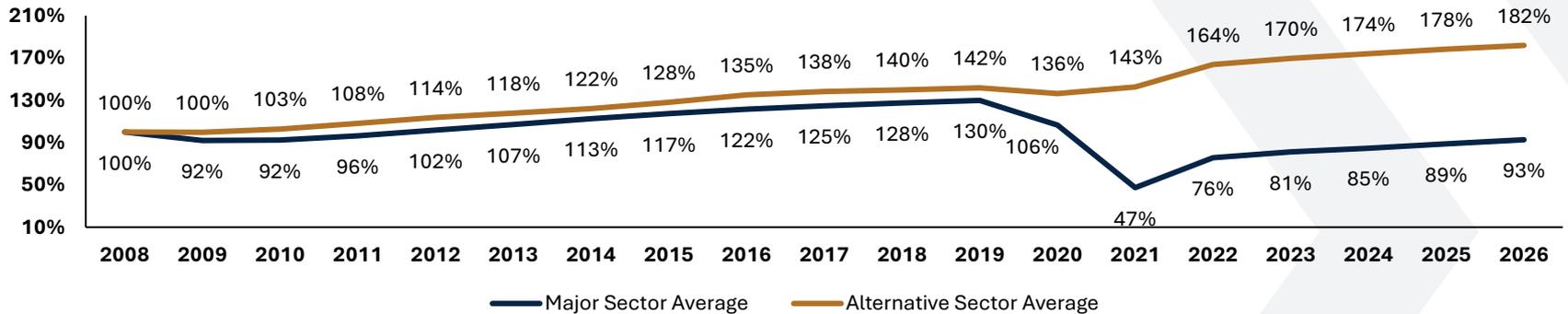
*Past performance is not a guarantee of future results.* 1) Gross Asset Value (GAV) as of December 31, 2023, and represents 100% ownership for equity investments. GAV for debt investments represents fair value as of the reporting date for Kayne Anderson Real Estate's Freddie Mac positions and 100% of whole loans. Number is rounded to the nearest whole number. 2) AUM is an estimate as of January 31, 2024, and is based on the net asset value ("NAV") as of December 31, 2023, for each investment vehicle plus unfunded capital commitments as of January 31, 2023. It does not include distributions or withdrawals since the NAV date. 3) Information as of December 31, 2023. There can be no assurance that any of these professionals will remain with the Fund or that past performance of such professionals serve as an indicator of his or her performance or success. 4) Acquisition / Development metrics are as of December 31, 2023, and include closed deals. 1) Opportunistic Fund Series includes all opportunistic closed end funds that are fully invested or committed for investment, and realized co-investment vehicles, including KAREP I – KAREP VI, and Aston Gardens. Diversification does not assure a profit or protect against loss in a declining market.

# Focused Strategy in Alternative Sectors

Exceptional operating performance — even during two separate market downturns

Alternative sectors with “need-based” characteristics and strong demand drivers maintained outperformance during the 2008 downturn and the 2020 Covid-19 pandemic, as well as exhibited substantial growth compared to traditional real estate sectors.

Indexed Same Store Net Operating Income Growth (%) Since 2008 Downturn<sup>1</sup>



## Key attributes of target sectors

### Medical Office

- » Steadily growing healthcare demand
- » Creditworthy tenancy
- » High occupancy and retention rates
- » Acceleration of the aging population

### Seniors Housing

- » Acceleration of the aging population
- » Needs-based nature of senior care
- » Positive absorption trends
- » Wealthier tenant base

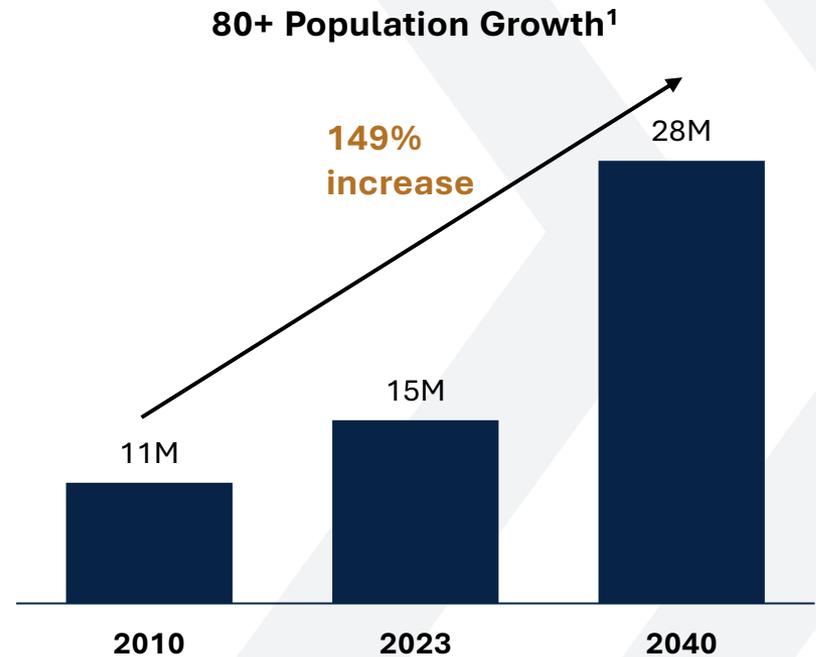
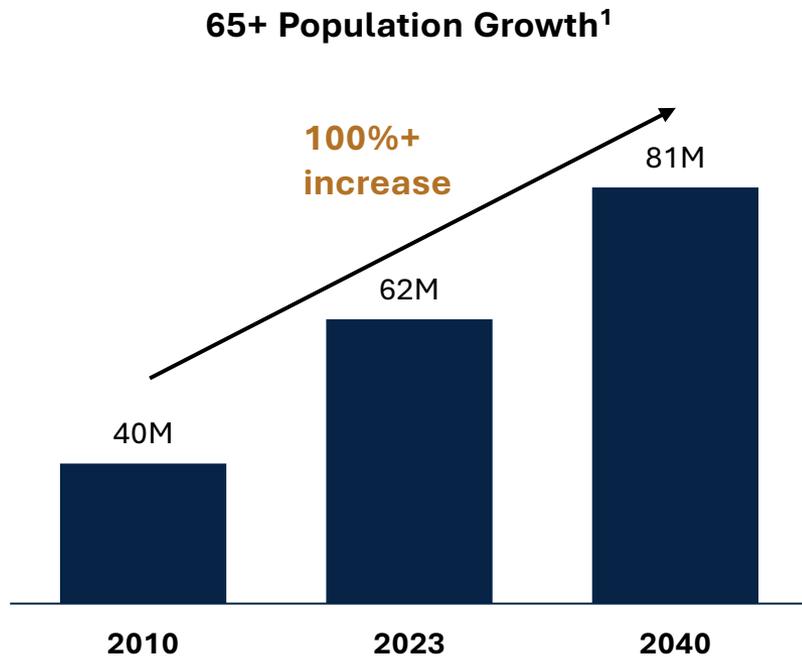
### Student Housing

- » Robust growth in demand for post-secondary education in Power-5 athletic conferences
- » Significant barriers to develop new supply pedestrian to campus
- » Historical increase in demand for higher-education during economic downturns

<sup>1</sup>) Green Street, as of February 2024. Major real estate sector average includes office, hotel, industrial, retail (mall and strip centers) and multifamily; alternatives sector average includes healthcare, which represents medical office & seniors housing, self storage, and student housing through 2021, and healthcare and self storage from 2022-2026 (due to lack of data availability).

# Strong Demographic Tailwinds...

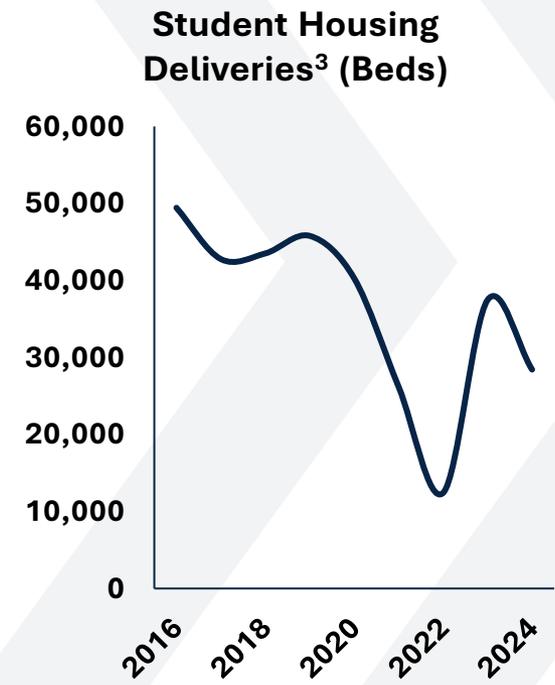
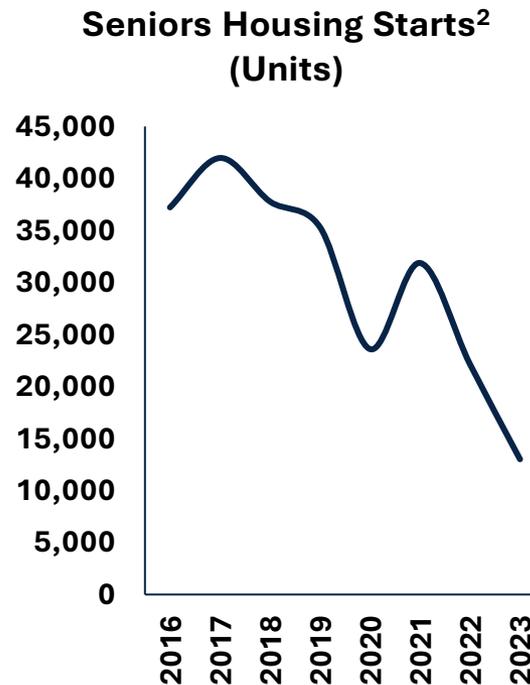
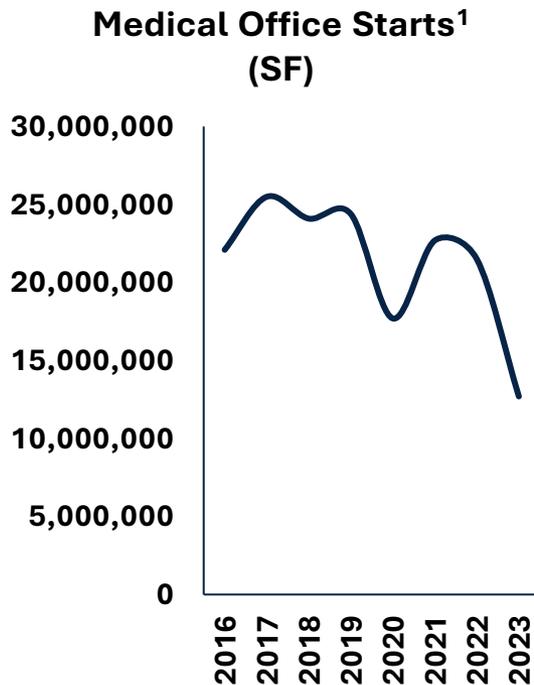
Unprecedented senior population growth projected to bolster seniors housing and MOB demand



Source: 1) Organisation for Economic Co-Operation and Development, as of December 2023.

# ...Coupled with Constricting New Supply

## New construction down across our key sectors



Sources: 1) Revista, as of December 2023. 2) NIC MAP® Vision, as of December 2023. 3) RealPage Axiometrics, as of Fall 2023. 2024 reflects projected beds delivered.

# Why is Kayne Anderson Real Estate different?

## Strategic Advantages

---

### *We believe...*

- » To be successful in these operationally-intense sectors, deep operational knowledge and active asset management is critical. The platform was **uniquely designed with an operator-orientation and vertical integration.**
- » Cost basis is the largest driver of return on investment. As such, we approach the investment market with **discipline during times of asset inflation and lean in during times of dislocation.**
- » It is crucial to be fully embedded in the specialized sectors in which we invest. In addition to **17 years of in-house experience and deep relationships**, we have identified who we believe to be the **strongest operators in each sector and established exclusive or proprietary relationships** with them.
- » Having agility, flexibility, and consistent access to capital is essential to transacting effectively in these sectors. Through our expertise and relationships across the capital stack in these sectors, we have established a **reputation as a certainty of close buyer and have unfettered access to institutional debt** when others don't.
- » The ability to aggregate portfolio exits often drives a premium at sale in these less-institutionalized sectors. Because of our unique approach, we can **curate bespoke, single-operator portfolios efficiently** and sell at scale to institutional buyers.

# Why now?

KAREP VII's target sectors are demonstrating fundamentals not seen in a decade and economic volatility is driving a healthy pipeline of deal flow

Sector	Fundamentals	Opportunity
<b>Medical Office</b>	<ul style="list-style-type: none"> <li>» Steadily growing demand for outpatient healthcare services and increased consolidation of medical practices</li> <li>» New supply growth has declined 37% over the past three years<sup>1</sup></li> <li>» Same-store NOI growth of 2.9%, 30% above the sector average since 2010<sup>1</sup></li> <li>» National occupancy has not dipped below 90% since 2007<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>» Large health systems continue to expand their ambulatory footprint through acquisition of regional/local practices</li> <li>» Economic conditions are motivating health systems to focus on their services business, where their dollar is better spent</li> <li>» These health systems are seeking liquidity from their real estate through sale-lease-back transactions</li> </ul>
<b>Student Housing</b>	<ul style="list-style-type: none"> <li>» Growing enrollment at large primary state schools<sup>2</sup></li> <li>» 2022-23 academic year was a record year for operational performance</li> <li>» Fall 2024 preleasing at record levels, rent growth remains robust<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>» Economic stress driving questions around the value proposition of smaller, private universities and causing consolidation of enrollment towards flagship universities</li> <li>» Due to the scarcity of equity and debt, merchant builders with time-sensitive development projects in flagship university markets have limited liquidity when seeking to exit</li> </ul>
<b>Seniors Housing</b>	<ul style="list-style-type: none"> <li>» “Silver Tsunami” of 80+ population hitting shore</li> <li>» Covid-19 and capital markets stifled new construction starts</li> <li>» Occupancy steadily rebounding after pandemic</li> <li>» NOI growth outlook ranks among the highest in the U.S. over the next five-years<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>» Opportunity to acquire assets in strong demand markets that are stabilizing after Covid-19 disruption</li> <li>» Delays in business plans, inability to refinance loans, and closed-end funds nearing the end of their fund lives will likely drive seller motivation in coming quarters</li> </ul>

*Past performance is not a guarantee of future results. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by the projections shown above. The “Opportunity” column described above is based on certain assumptions and beliefs of the General Partner. Such forward looking statements, beliefs or assumptions may prove to be incorrect. 1) Revista, as of Q3’23. Decline in new supply reflects trailing-twelve-month completions by square feet from Q3 2018 – Q3 2023. Reflects trailing-twelve-month same-store NOI growth. 2) Yardi, Matrix Student Housing Report Q3 2023; 3) Green Street Advisors, as January 2024. The statements above reflect Kayne Anderson’s views and opinions as of the date hereof and not as of any future date. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results.*