



Morgan Properties closes six Freddie Mac K-Series B-Pieces across \$6.5 billion in total loans in 2020

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King of Prussia, PA According to Morgan Properties, its continued investment in the Freddie Mac K-Series space having acquired six separate K-Series B-Pieces in 2020 across \$6.5 billion in loans. The six B-Pieces that Morgan Properties acquired had a total face amount of around \$500 million.

In September 2017, Morgan Properties launched its Special Situations platform where the company invests in fixed income securities, recapitalizations and other alternative investment opportunities. Morgan Properties saw a great opportunity to leverage off its vertically integrated multifamily investment platform and further diversify in the capital stack. Since launching its Special Situations platform, Morgan Properties has closed multiple recapitalizations of large multifamily equity portfolios along with 15 Freddie Mac K-Series B-Pieces across \$15 billion in loans with a total face amount of \$1.1 billion.

“Despite 2020 being an unprecedented year, Morgan Properties continues to lead as one of the most active multifamily equity and credit investors in the nation. Our continued expansion in the Freddie K space is a testament to our conviction in multifamily fundamentals long term,” said Jason Morgan, principal of Morgan Properties. “Freddie Mac and Fannie Mae have stepped up to stabilize the housing sector during a time of tremendous uncertainty, and we feel honored to play a small role as a B-Piece investor helping ensure a functional securitization process. We look forward to continuing to grow our Special Situations platform in 2021 and beyond.”

Details on the six K-Series Deals Morgan Properties closed in 2020 are as follows:

K-105: The issuance is supported by a pool of 71 multifamily mortgage loans. At closing, the total loan balance represented by the Pass-Through Certificates was approximately \$1.5 billion and the B-Piece that Morgan Properties acquired had a face amount of approximately \$110 million. The loan metrics underlying the Pass-Through Certificates included: LTV of 67.5% at closing, which is anticipated to amortize down to 62.0% by maturity; and a weighted average net cash flow debt service coverage ratio of 1.49x.

KG-03: The issuance is supported by a pool of 24 multifamily mortgage loans. At closing, the total loan balance represented by the Pass-Through Certificates was approximately \$595 million and the B-Piece that Morgan Properties acquired had a face amount of approximately \$45 million. The loan metrics underlying the Pass-Through Certificates included: LTV of 75.1% at closing, which is anticipated to amortize down to 66.2% by maturity; and a weighted average net cash flow debt

service coverage ratio of 1.36x.

K-114: The issuance is supported by a pool of 59 multifamily mortgage loans. At closing, the total loan balance represented by the Pass-Through Certificates was approximately \$1.3 billion and the B-Piece that Morgan Properties acquired had a face amount of approximately \$98 million. The loan metrics underlying the Pass-Through Certificates included: LTV of 68.7% at closing, which is anticipated to amortize down to 63.3% by maturity; and a weighted average net cash flow debt service coverage ratio of 1.64x.

KSG-1: The issuance is supported by a pool of 28 multifamily mortgage loans. At closing, the total loan balance represented by the Pass-Through Certificates was approximately \$579 million and the B-Piece that Morgan Properties acquired had a face amount of approximately \$43 million. The loan metrics underlying the Pass-Through Certificates included: LTV of 70.6% at closing, which is anticipated to amortize down to 63.6% by maturity; and a weighted average net cash flow debt service coverage ratio of 1.55x.

K-118: The issuance is supported by a pool of 55 multifamily mortgage loans. At closing, the total loan balance represented by the Pass-Through Certificates was \$1.3 billion and the B-Piece that Morgan Properties acquired had a face amount of approximately \$97 million. The loan metrics underlying the Pass-Through Certificates included: LTV of 64.6% at closing, which is anticipated to amortize down to 59.1% by maturity; and a weighted average net cash flow debt service coverage ratio of 2.12x.

K-740: The issuance is supported by a pool of 44 multifamily mortgage loans. At closing, the total loan balance represented by the Pass-Through Certificates was \$1.3 billion and the B-Piece that Morgan Properties acquired had a face amount of approximately \$96 million. The loan metrics underlying the Pass-Through Certificates included: LTV of 59.5% at closing, which is anticipated to amortize down to 56.8% by maturity; and a weighted average net cash flow debt service coverage ratio of 2.36x.

Freddie Mac Multifamily is a leading issuer of agency-guaranteed structured multifamily securities. K-Series Deals are part of the company's business strategy to transfer a portion of the risk of losses away from taxpayers and to private investors who purchase the unguaranteed subordinate bonds, such as the "B-Piece." K Certificates typically feature a wide range of investor options with stable cash flows and structured credit enhancement.

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